

AUDITEE RESPONSE TO DRAFT REPORT

JEFFERSON COUNTY COMMISSION



BETTYE FINE COLLINS - PRESIDENT
JIM CARNs
BOBBY HUMPHRYES
LARRY P. LANGFORD
SHELIA SMOOT

JIM CARNs

COMMISSIONER, DISTRICT V
Suite 230
716 Richard Arrington, Jr. Blvd. N
Birmingham, Alabama 35203
Telephone (205) 325-5503
FAX (205) 325-5960

September 25, 2007

Mr. Dwight Gates
United States Department of Labor
Office of Inspector General
61 Forsyth Street SW
Atlanta, Georgia 30303

Dear Mr. Gates:

I have reviewed the comments presented in the draft report of the United Way of Central Alabama's (UWCA) Birmingham Works for Youth program audit (Report Number 04-07-003-03-390).

Based on my review, I asked UWCA to respond to the allegation presented in your letter dated September 18, 2007, which states: *UWCA did not operate an effective Youth Opportunity Grant program (BWY) that met the performance goals for employment, high school graduation, or college.* The response from UWCA is presented as an attachment.

I would appreciate your re-consideration of the allegation mentioned above based on the enclosed response by UWCA.

Thanking you in advance for your assistance with this matter.

Should you need any additional information pertaining to this matter, please feel free to contact Sharon Evans on my staff at 205-325-5503.

Sincerely,

A handwritten signature in cursive script that reads "Jim Carns".

Jim Carns, Commissioner

Enclosure

**United Way
of Central Alabama, Inc.**

3600 8th Avenue South
P.O. Box 320189
Birmingham, AL 35232-0189
tel 205.251.5131
fax 205.323.8730
www.uwca.org



what matters.™

September 24, 2007

Commissioner Jim Carnes
Jefferson County Commission
716 Richard Arrington Boulevard, Suite 230
Birmingham, AL 35203

Dear Commissioner Carnes:

The United Way of Central Alabama (UWCA) is taking this opportunity to respond to the U.S. Department of Labor Office of Inspector General, Office of Audit's "Discussion Draft" #04-07-003-03-390, "Complaint Involving United Way of Central Alabama's Birmingham Works for Youth Program." In particular because of information presented in the attached response, we are asking reconsideration of the substantiated finding that "UWCA did not operate an effective YOG program that met performance goals for employment, high school graduation, and college enrollment."

UWCA has experience in successfully managing effective federal, state, and locally funded programs. The YOG demonstration program, from its inception, was based upon a hybrid of the Workforce Investment Act and youth development performance indicators. UWCA, in collaboration with community partners, developed an operational model that took advantage of local strengths to develop an economic empowerment model for youth that was cost-efficient, effective and capable of replication.

In reviewing the YOG program, which for the Birmingham Works for Youth initiative, spanned a 6.3 year period of time, from September 11, 2000 through December 31, 2006, UWCA believes that it managed the program consistent with the guidelines, milestones, and directives set forth by ETA. There were instances when UWCA questioned ETA directives on program focus and expenditures, but always yielded to ETA's decision.

Regardless, UWCA operated the program in a programmatically and fiscally responsible manner under the direct oversight of ETA. We are requesting that the OIG audit conclusion be modified to state that based on the preponderance of evidence available United Way/Jefferson County operated the program consistent with guidance, guidelines, and performance goals set forth by ETA.

Sincerely,

Daniel J. Dunne, President and CEO

Please remember United Way in your will or estate plan, and please tell us when you do.
Mission: To increase the organized capacity of people to care for one another and to improve their community.

United Way was pleased to take on the challenge of establishing a Youth Opportunity Grant project to serve the Enterprise Community (EC) in Birmingham. We have appreciated the opportunity to work with ETA in serving a population with significant barriers to employment and appreciate the challenges involved on the national level in implementing this program. Marshalling community resources to compile a competitive proposal that resulted in funding to serve at-risk youth under the U.S. Department of Labor's Youth Opportunity Grant was a challenge that we deemed worthwhile and worth the risks involved. UWCA knew that success was dependent upon our work, guidance and support from ETA, Jefferson County Commission, Jefferson County WIB, residents of the Enterprise Community, the educational systems, employers, and health and human service agencies in order to coordinate a quality, community-based program that truly served those for whom it was intended.

In reviewing the YOG program, which for the Birmingham Works for Youth initiative, spanned a 6.3 year period of time, from September 11, 2000 through December 31, 2006, UWCA believes that it managed the program consistent with the guidelines, milestones, and directives set forth by ETA. We further believe UWCA operated the program in a programmatically and fiscally responsible manner under the direct oversight of ETA.

We are requesting that the OIG audit conclusion be modified to state that based on the preponderance of evidence available and the information disclosed in this response United Way/Jefferson County operated the program consistent with guidance, expectations and performance goals set forth by ETA.

Following is a table and timeline that reflects the misalignment between the BYW program implementation and performance objectives with the five-year YOG grant cycle. The OIG report does not appear to take this into consideration. For example, the OIG report states that "In March 2000, ETA awarded a one year, \$5 million YOG to the Jefferson County, Alabama Office of Community Development to provide services to 1,000 youth. Jefferson County contracted with UWCA to be its service provider for the YOG program...." ETA awarded the YOG grant to the City of Birmingham JTPA in March 2000. Since the transition from JTPA to WIA was pending, the City could not initiate the grant leading to a delay in finalizing the award. The actual award to Jefferson County was not issued by ETA until September 11, 2000. While the contract with UWCA was executed that same date, six months of the grant period had expired with no activity since neither Jefferson County nor UWCA had the legal authority or fund availability to initiate program activity.

YOG Fiscal Years	DOL	BWY
1	3/20/00-6/30/01	9/11/00-5/14/02
2	7/01/01-6/30/02	5/15/02-6/30/03
3	7/01/02-6/30/03	7/1/03-6/30/04
4	7/01/03-6/30/04	7/1/04-6/30/05
5	7/01/04-6/30/05	7/1/05-12/31/06
Months of Activity	64	76

The OIG report is accurate in stating that the target enrollment goal was 1,000 youth per year as stated in the grant proposal. On May 1, 2001, Robert Lunsford, Director of the Jefferson County Office of Community and Economic Development, responded to correspondence from Laura Cessario, Grant Officer, of 3/9/01 regarding start-up delays and enrollments. He cited significant census data declines in the EC that only became known to the County and UWCA subsequent to the 2000 census that were unavailable when the YOG proposal was written. He requested a reduction in enrollment goals to more accurately reflect the target population residing in the area. He requested a goal of 450 out-of-school and 200 in-school youth. Both Jefferson County and UWCA wanted to make it clear to ETA that the original enrollment projections were based upon 1990 census data that proved to be higher than actual population counts. There was not a response to this request for modification from ETA. The performance goal was modified to 1333 in a Memorandum from ETA on 10/21/02. (See **Attachment 1-** and **Attachment 7** for DOL Correspondence October 21, 2002)

The OIG report cites the federal funds spent by UWCA with the conclusion that the cost per enrollee exceeded what was intended. Over the 6.3 years that UWCA managed YOG grant funds, a total of \$18,886,299.27 was expended, with each year's budget and all expenditures in excess of the federal threshold approved by ETA. Rank ordering the cost of providing BWY services at the level ETA required, 39.38% of the expenditures were for salaries, benefits and payroll taxes. The second highest expenditure at 18.02% was for professional contracts and tutors. 6.56% of cost was spent for job coaches. Once again, ETA established the ratio of staff/youth and where they thought personnel needed to be increased. UWCA and ETA were in frequent discussions regarding level of staffing required, but UWCA abided by ETA's decisions. Renovation was almost 3% of the total expenditure. UWCA and Jefferson County surveyed the EC to find a location that ETA would approve. UWCA requested a waiver to utilize a site that abutted the EC which would have taken much less time and cost to renovate, but ETA rejected the request. The indirect cost paid to UWCA was 7.77%. (See **Attachment 2-Fiscal & Financial Information**).

OIG conducted a limited review of YOG and BWY as one of several sites audited nationally from February 19-March 5, 2002. (See **Attachment 3-OIG Statement of Facts & DOL Follow Up** from OIG Report) The exit interview on March 5, 2002 made suggestions for "supplemental policies and procedures ...to capture effective and efficient program operations and results." There were no significant inconsistencies identified that indicated BWY was in violation of YOG regulations. In May 2003, UWCA was audited by an independent auditor contracted by Jefferson County for financial accounting and internal controls utilizing the WIA monitoring tool developed by ADECA. (See **Attachment 4**) The report reflected "no exceptions" to UWCA's management, made no recommendations and requested no corrective action. UWCA engaged an independent auditor to conduct A-133 program and fiscal audits for FY 2001, 2002, 2003, 2004, 2005 and 2006. (See **Attachment 5-OMB Circular A-133.**) There were no findings. Once again, UWCA contends that it expended the funds in a fiscally

responsible and accountable manner with approval for each annual budget and major expenditures from Jefferson County and ETA.

In addition, ETA conducted program monitoring visits on 4/6/01, 7/16-18/01; 2/11-12/02; 9/10-12/02; 9/2-5/03. There were start-up problems that are documented. UWCA believes that its leadership was pivotal in upholding the intent of the YOG program to work through those challenges to develop a program that produced viable outcomes for high risk youth that was valued by those for whom it was designed to serve. Beginning in February 2002, ETA acknowledged the significant progress of the program and from that point until the end of December 2006 when BWY officially closed, ETA was supportive of program efforts and outcomes. (See **Attachment 1, page 2** for reference to Site Visit 4/6/01 & **Attachment 6 - DOL Site Visits.**)

The OIG report continues to state that “UWCA experienced delays in starting up its BWY program due to difficulties in finding a suitable location for the training center within the enterprise community, developing working relationships with program partners, and hiring a suitable director. Consequently, ETA reduced BWY’s expected program performance goals for participant enrollment for the initial 2-year period from 2,000 to 1,333.” While there were start-up delays, ETA did not make exceptions to the enrollment target for BWY based upon those circumstances. In a Memorandum from ETA on 10/21/02, ETA reduced enrollment goals and eliminated grant enrollments as a performance measurement for all grantees. They further re-defined program outcome measures. Birmingham’s service goal was set by ETA at 800, 400 out-of-school youth and 400 in-school youth. In addition, ETA created a performance measure of out-of-school placements per month. BWY’s target was 23. (See **Attachment 7- DOL Service Goals & DOL Correspondence.**)

Further in the report, OIG states that, “At the end of the second year, UWCA had incurred \$5.1 million in program cost while enrolling 453 participants in the BWY program, 66 percent less than the revised enrollment goal of 1,333.” Because the BWY program began six months late and was hindered in implementation by a variety of circumstances, it did not complete its second year of the grant funding until 6/30/03, eight months after ETA eliminated enrollment as a performance measurement. At that point in time, a total of 1240 youth were enrolled, 93% of the total programmatic goal (1,333) set by ETA. In response to the progress demonstrated by the program and successful ETA monitoring visits, ETA did award the remaining three year extensions. By the end of the BWY grant period (December 31, 2006), BWY enrolled a total of 1698 youth, 127.38% of the 1,333 goal set by ETA. Using the penetration denominator established by ETA (1917), BWY had an 89% penetration rate into the target population. DOL’s capacity to report program activity ended in December 2005 when the contract with Covansys ended. BWY continued to operate and maintain data based upon ETA reporting guidelines disseminated in June, 2005. (See **Attachment 8- eTeams.**)

In YOG Quarterly Data and Rate Analysis compiled by ETA through June 30, 2005, the conclusion of the YOG five-year funding cycle, BWY’s performance indicators were as follows:

Categories	BWY	Ranking Among 36 Sites
Youth Retention Rate (Jan-June 2005)	68%	13
Program to Date Participation Rate (ETA Goal 51%)	80%	24
Program to Date Completion Rate	63%	29
Program to Date Long-Term Placements	847	27

(See **Attachment 9-** Youth Opportunity Grant Quarterly Data and Rate Analysis)

This measurement was taken a full eighteen (18) months before BWY completed its YOG program activity, so it is not a final report of program performance indicators. Nevertheless, BWY exceeded the ETA-established enrollment goals and met the participation rate goals.

The OIG report compares the performance goals compared with WIA outcomes, 40% of which are listed as “Not Available.” Once again, UWCA utilized the ETA taxonomy and MIS system for collecting data and was directed by ETA regarding which component of the program was to be improved at any given time. (See **Attachment 8-** eTEAMS) eTeams, which did not become available from ETA until February 2002, did not enable BWY to monitor progress on an ad hoc basis. UWCA attempted to utilize Crystal reports to extract reports that would provide a more effective management tool, but the skill level required to interface with eTeams to yield useful reports was time and labor prohibitive. While UWCA is held accountable for management of the YOG program, at no time did UWCA have full control over program design, implementation, and/or expenditures. Decisions in these areas were made under the direction of ETA. Compiling total program data from 9/11/00-12/31/06 (a total of 76 months) and reporting the abbreviated performance indicators required by ETA, yields the following:

Enrollment	1698
Achieved GED	67
Achieved High School Diploma	174
Entered Short-Term Unsubsidized Employment	740
First-Time Placement in Unsubsidized Jobs	347
Number of Replacements	228
Entered Community College	183
Entered Four Year College	115
Entered Pre-Apprenticeship Training	10
Entered Job Corps	15
Entered CBO/Proprietary Training	13
Total Placements	1041

Once again, since data through November 2005 was captured on eTeams and subsequent data from December 2005-December 2006 is captured independently, it is impossible to compile a comprehensive report based upon 'denominators' ETA used to calculate performance measures. ETA notified that it would not set service goals beyond June 2005.

The OIG report also states that "UWCA was unable to obtain nonfederal funding for the BWY program..." and "no additional funds were raised to sustain the program." UWCA, believing in the community-based approach to workforce development for at-risk youth, submitted a collaborative proposal to the Jefferson County WIB in May, 2002 that provided an economic empowerment network integrating the three Jefferson County community college one-stops, community service providers and UWCA's workforce network developed during its successful operation of the Welfare-to-Work grant. The Jefferson County WIB funded the program for one year and then returned to its traditional funding of JTPA-model training programs and discontinued funding to the UWCA model which was based upon YOG's innovative approach. In the second year's application that was not funded, UWCA committed a local match of \$100,000 to integrate the youth WIB services with the national America's Promise network. UWCA's plan for sustainability was that the YOG program could be downsized and integrated into a larger, county-wide coordinated program that established the community colleges and the YOG site as 'hubs' for youth workforce development services in Jefferson County. UWCA and BWY program partners made efforts to engage funding partners in this endeavor to no avail.

While UWCA is in agreement with the OIG that the program had problems, we do believe we operated an effective program that served a high risk population in a very challenging environment that was far from conducive to success. The record shows we followed guidance, policies and procedures set forth by ETA for program goals, performance and expenditures.

We request that the OIG restate its finding to reflect the assertion that United Way/Jefferson County operated the project consistent with ETA guidelines, expectations and performance goals and that from February 2002 to the conclusion of the program, UWCA never received any indication from ETA that BWY was not meeting objectives. From the inception of the grant through its conclusion, BWY was never given any communication from ETA that expenditures were not in alignment with program intent.

UWCA acknowledges that over the 6.3 years of operation and with over 100 different staff and nearly 40 contract employees, human and clerical error resulted in a limited number of documentation errors. It also acknowledges that it worked with a high risk population of older youth whose residence might change on a regular basis and who might not be entirely truthful in responding to 'government' questions. However, the policies and procedures UWCA established with BWY were designed to result in a program consistent with YOG eligibility and accountability standards. Throughout this entire program that produced significant positive results for this at-risk population, UWCA was dedicated to addressing the intent of Congress in working with at-risk youth

to enable them to become productive, economically viable members of our community.
We believe that goal was achieved.