



September 29, 2009



MEMORANDUM FOR: JANE OATES
Assistant Secretary
for Employment and Training

Elliot P. Lewis

FROM: ELLIOT P. LEWIS
Assistant Inspector General
for Audit

SUBJECT: Alert Memorandum: Recovery Act: YouthBuild Grantees
Have Not Been Informed of the Expanded Population
Eligible to be Served with Recovery Act Funds
Report Number: 18-09-005-03-001

This memorandum transmits the results of grant notification issues found during our performance audit of the American Recovery and Reinvestment Act of 2009 (Recovery Act) YouthBuild grantees, and recommends immediate corrective action. At the entrance conference, we agreed to notify the Department of any conditions we encountered during fieldwork that we believe needed to be addressed in a timely manner. Accordingly, we are raising concerns about notification to grantees about certain participants eligible to be served under provisions of the Recovery Act. The results included in this interim report are based on our work to date. Fieldwork is continuing and we will provide overall audit results when our work is complete.

From interviews with YouthBuild officials and the grants officer, and a review of YouthBuild grants made with Recovery Act funds, we found that the grantees were not made aware that the Recovery Act expanded the population that could be served with these funds. The Act specifies that the YouthBuild program may serve an individual who has dropped out of high school and re-enrolled in an alternative school, if that re-enrollment is part of a sequential service strategy. This language allows the YouthBuild program to serve more youths because prior to the Recovery Act, the program could not serve youths who had dropped out of high school and who had re-enrolled in an alternative school.

Because this particular YouthBuild award was made from a grant solicitation issued before the Recovery Act became law and the grants were made after the Act was passed, the potential existed for issues to arise during the transition. The grant

solicitation was issued on October 7, 2008, and not amended. The grant application closing date was January 15, 2009, and the grants were made on June 12, 2009. YouthBuild grants awarded with Recovery Act funds under the pre-Recovery Act solicitation should have notifications included in the grants on the program's criteria specific to the Act.

The Recovery Act YouthBuild grants in the amount of \$47 million awarded on June 12, 2009, contained an attachment to each grantee specifying eligibility criteria for participants to qualify for receipt of YouthBuild funds. The criteria listed did not include the criteria provided by the Act that youth who have dropped out of school and re-enrolled in alternative schools are now eligible to receive YouthBuild funds if that re-enrollment is part of a sequential service strategy. The lack of notification raises the potential that Congressional intent may not be carried-out under this program.

It is important that the Department notify Recovery Act YouthBuild grantees to ensure that they are aware of the expanded population Congress intended to be considered eligible to receive Recovery Act funds. Accordingly, we recommend that the Employment and Training Administration immediately notify all YouthBuild grantees that received Recovery Act funds to inform them of the population of individuals to be served.

We request that you take action and respond to this report within 10 days on actions taken. Please contact Michael Gilbert, Audit Director, Recovery Act Audits, at (202) 693-5173, if you have any questions.

cc: Edward C. Hugler, Senior Accountable Official for the American Recovery and Reinvestment Act of 2009
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