



OCT - 7 2009

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM: JANE OATES *Jane Oates*  
Assistant Secretary

SUBJECT: Response to 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 outlines ETA's corrective action plan for grant notification issues found during the Office of Inspector General's performance audit of the American Recovery and Reinvestment Act of 2009 (Recovery Act) YouthBuild grantees.

ETA has sent out a letter from the YouthBuild Grant Officer, Donna Kelly, via e-mail to all current YouthBuild grantees, including those grantees that received funding under the Recovery Act, to alert them to the expanded participant eligibility criteria. A copy of this letter is attached.

ETA will also issue a Training and Employment Notice (TEN) to all YouthBuild grantees, the Workforce System, and ETA Regional Office staff explaining the expanded participant eligibility criteria. We will send you a copy of the TEN after it goes through ETA's clearance process and is sent to grantees.

Attachment

To: All Current YouthBuild Grantees

From: Donna Kelly, YouthBuild Grant Officer

Re: Expanded Participant Eligibility

The YouthBuild Transfer Act (PL 109-281 September 2006) authorized a transfer of the YouthBuild program from the Department of Housing and Urban Development (HUD) to the Department of Labor. The YouthBuild program is administered by DOL under a provision added to the Workforce Investment Act of 1998 (WIA). Under WIA, the term "school dropout" is defined as *"an individual who is no longer attending any school and who has not received a secondary school diploma or its recognized equivalent."* 29 U.S.C. 2801(39). Additionally, *"A youth's dropout status is determined at the time of registration. A youth attending an alternative school at the time of registration is not a dropout "*. 20 C.F.R. 664.310.

Under the WIA definition, if an individual had dropped out of high school, but subsequently enrolled in an alternative school (such as a charter school program), he or she would generally not be eligible to enroll in the YouthBuild program except under the 25% eligibility exception. See 29 U.S.C. 2918a(e)(1)(B). However, under the prior law administered by HUD, an eligible participant could be "an individual who has dropped out of high school" which we understand was interpreted to include individuals who had dropped out of high school and subsequently enrolled in an alternative school. A number of HUD YouthBuild programs' strategy was to first enroll dropouts in a charter school, providing educational services and support. They then enrolled the same individuals as full participants in the YouthBuild program.

Both the American Recovery and Reinvestment Act, P.L. 111-5 (2009) and the 2009 Omnibus Appropriations Act, P.L. 111-8 (2009) broadened the WIA YouthBuild school dropout provision for Program Years 2008 and 2009 as follows: "[T]he 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." Under these statutory provisions, a 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 provision is applicable to grant activities carried out through June 30, 2010. We anticipate that the provision will be permanently extended since such an extension is included in both the House-passed and Senate Committee-reported DOL FY 2010 appropriations bills pending before the Congress.

Finally, ETA will be issuing a Training and Employment Notice on this subject. Please contact Anne Stom at 202-693-3377 or [Stom.Anne@dol.gov](mailto:Stom.Anne@dol.gov) if you need further clarification about the Recovery and Appropriations Acts' statutory provisions on school dropouts.