



June 3, 2009

The Honorable Tom Harkin  
Chairman, Subcommittee on Labor, Health and Human  
Services and Education, and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable David R. Obey  
Chairman, Subcommittee on Labor, Health and Human  
Services and Education, and Related Agencies  
Committee on Appropriations  
United States House of Representatives

On September 11, 2008, the Secretary of Labor reported a recurring violation of the Antideficiency Act (ADA) that occurred in the Senior Community Service Employment Program (SCSEP) in each of the Fiscal Years (FYs) 2003 through 2008, covering appropriations enacted for FYs 2001 through 2005. The Department reported a violation totaling \$39,450,476, and stated that the violation occurred because the Department carried over SCSEP funds from one year to the two succeeding years, in violation of provisions in the Department's appropriation acts. The Department failed to recognize that a provision in the Department's appropriation acts, which limited the availability of funds appropriated to SCSEP to one fiscal year, superseded a provision in the Older Americans Act, which authorized the Secretary of Labor to reobligate SCSEP funds beyond the end of the fiscal year.

On November 21, 2008, in response to your request, the OIG issued a report summarizing the facts surrounding the ADA violation, including DOL's delay in providing formal notification of the violation, the functions and specific activities being performed under contract to the Employment and Training Administration's Older Workers office, the options available to DOL for using sources other than SCSEP formula funds to pay for contractor-provided technical assistance, and whether the Department's proposed SCSEP regulation implementing the Older Americans Act Amendments of 2006 were consistent with the law and met the standards laid out in White House Chief of Staff Joshua Bolten's memorandum of May 9, 2008 (Report No. 25-09-001-03-360).

The September 11, 2008, DOL ADA notification letter to the President stated that the total amount of the ADA violations was \$39,450,476; however, during our review, ETA only provided documentation showing the ADA violations as \$37,461,482. At the time we issued our report, the Department could not explain the difference of approximately \$2 million (\$1,988,994) between the reported amount of the ADA violation and the amount we were able to document as recaptured and expended SCSEP funds.

Based on additional work conducted since we issued our report, we have determined that the correct amount of the ADA violation was \$37,446,115 (see Exhibits 1 and 2 for further details). The Department misidentified approximately \$1.5 million in current year appropriations as prior year recaptured SCSEP funds and mistakenly included that amount when reporting the amount of the ADA violation. Furthermore, the Department mistakenly included all recaptured prior year SCSEP funds in its ADA calculation; however, not all of the recaptured funds were expended. Specifically, ETA included approximately \$480 thousand in recaptured SCSEP funds that were not reobligated for any purpose.

ETA provided information to OIG showing that it awarded recaptured funds totaling \$18,848,027 (50.3 percent of the total ADA violation) to SCSEP grantees for program activities. Exhibit 3 lists the SCSEP grantees that received additional awards using recaptured PY 2001 – PY 2005 funds.

In addition, ETA used \$18,598,088 of recaptured funds (49.7 percent of the total ADA violation) to contract for SCSEP program support services. These program support services included the development and maintenance of the SCSEP Performance and Quarterly Results (SPARQ) system (\$4,878,572), training and assistance to grantees on the use of the SPARQ system (\$5,506,233), and assistance to grantees on improving their performance (\$8,213,283). Exhibits 4, 5 and 6 provide additional details regarding the use of recaptured funds for SCSEP program support services.

If you have any questions concerning this matter, please contact me at 202-693-5170.



Elliot P. Lewis  
Assistant Inspector General  
for Audit

Attachments

**Reconciliation of SCSEP ADA Violation**

SCSEP Funds Originally Reported as an ADA Violation	\$39,450,476
Less: Current Year Funds Incorrectly Included as Recaptured Funds	< 1,521,005>
Less: Funds Not Reobligated for Any Purpose	< <u>483,306</u> >
Amount of SCSEP ADA Violation, as adjusted	<b><u>\$37,446,115</u></b>

**Recaptured SCSEP Funds Expended on Technical Assistance Contracts  
or  
Awarded to SCSEP Grantees**

Recaptured SCSEP Funds Awarded to Grantees (See Exhibit 3 for more detailed information)		18,848,027
Development and Maintenance of the SPARQ <sup>1</sup> System (See Exhibit 4 for more detailed information)	\$ 4,878,572	
SPARQ System Support to SCSEP Grantees (See Exhibit 5 for more detailed information)	5,506,233	
Program Improvement Technical Assistance (See Exhibit 6 for more detailed information)	<u>8,213,283</u>	
Total Recaptured SCSEP Funds Expended on Technical Assistance Contracts		<u>\$18,598,088</u>
Total SCSEP Funds Recaptured, Reobligated, and Expended, Program Years 2001 – 2005		<u>\$37,446,115</u>

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<sup>1</sup>SCSEP Performance and Quarterly Results System

**Exhibit 3**

**Schedule of SCSEP Grantees That Received  
Additional Awards Using Recaptured PY 2001 – PY 2005 Funds**

<b>Grantees</b>	<b>Amount of Recaptured Funds Obligated</b>					<b>Totals</b>
	<b>PY 2001</b>	<b>PY 2002</b>	<b>PY 2003</b>	<b>PY 2004</b>	<b>PY 2005</b>	
AARP	\$200,000			\$1,569,326	\$272,209	2,041,535
ANPPM	30,000			182,345	10,000	222,345
Easter Seals	125,000	\$79,277		359,862	10,000	574,139
Experience Works	230,000			1,876,078	538,022	2,644,100
Goodwill Industries				234,972	52,891	287,863
Institute for Indian Development				32,993	69,536	102,529
Mature Services	30,000			111,853	19,456	161,309
NCCBA	30,000					30,000
NCOA	30,000			559,267		589,267
NICOA	598,799	7,294		601,392		1,207,485
National Able Network	30,000	296,612				326,612
National Caucus on Black Aged				293,072	81,398	374,470
National Council on the Aging					54,491	54,491
National Indian Council					244,244	244,244
National Pacific/Asian RC on Aging (NAPCA)	731,201	2,000,000	\$2,000,000	134,385	291,600	5,157,186
National Urban League	400,000			196,669	85,483	682,152
Operation Able				125,050	19,729	144,779
Other			35,986	62,960		98,946
Quality Career Services				32,993	10,000	42,993
Senior Service America	125,000			1,124,327	80,307	1,329,634
SER Jobs for Progress	180,000			565,382	142,450	887,832
USDA Forest Service	30,000		1,000,000	500,000		1,530,000
Vermont				41,523		41,523
Vermont Association for Training & Dev					10,677	10,677
Tennessee				329		329
The Workplace				43,937	17,650	61,587
<b>Total</b>	<b>\$2,770,000</b>	<b>\$2,383,183</b>	<b>\$3,035,986</b>	<b>\$8,648,715</b>	<b>\$2,010,143</b>	<b>\$18,848,027</b>

**Schedule of SCSEP Contractors Involved in  
Developing and Maintaining the SPARQ System**

Contractor	Amount of Recaptured Funds					Totals
	PY 2001	PY 2002	PY 2003	PY 2004	PY 2005	
KT Consulting			\$890,000			\$890,000
SAIC			750,000			\$750,000
Ancon Group			250,000			\$250,000
Mythics			115,482			\$115,482
Heitech			76,842	\$197,164	\$123,203	\$397,209
Tsystems			53,111			\$53,111
Manila			34,243			\$34,243
Colding Tech			28,500	72,860		\$101,360
Carahsoft			10,448	11,336		\$21,784
World Wide Tech			6,936			\$6,936
Oracle			5,506	34,007		\$39,513
Panamerica			4,513			\$4,513
SCM Solutions			3,600	180		\$3,780
Computer Assoc.			3,595	2520		\$6,115
Spectrum Systems			909	383		\$1,292
Creative Info Tech				847,263	799,966	\$1,647,229
T COOMBS				18,742		\$18,742
TATC			499,000			
Dynamic				14,098		\$14,098
Grafik Industries				7,290		\$7,290
Merlin International				1,945		\$1,945
DLT Solutions					7,760	\$7,760
Force 3					7,170	\$7,170
<b>Totals</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,732,685</b>	<b>\$1,207,788</b>	<b>\$938,099</b>	<b>\$4,878,572</b>

**Exhibit 5**

**Schedule of SCSEP Contractors Providing  
SPARQ System Support to SCSEP Grantees**

<b>Contractor</b>	<b>Amount of Recaptured Funds</b>					
	<b>PY 2001</b>	<b>PY 2002</b>	<b>PY 2003</b>	<b>PY 2004</b>	<b>PY 2005</b>	<b>Totals</b>
Mathematica	\$495,000	\$1,140,000	\$1,299,932	\$995,464	\$484,496	<b>\$4,414,892</b>
Affordable Supply		125,000		42,000		<b>\$167,000</b>
SAIC		924,341				<b>\$924,341</b>
<b>Totals</b>	<b>\$495,000</b>	<b>\$2,189,341</b>	<b>\$1,299,932</b>	<b>\$1,037,464</b>	<b>\$484,496</b>	<b>\$5,506,233</b>

**Schedule of SCSEP Contractors Providing  
Program Improvement Technical Assistance**

Contractor	Amount of Recaptured Funds					Totals
	PY 2001	PY 2002	PY 2003	PY 2004	PY 2005	
DTI	\$84,988	\$795,765	\$415,000	\$100,000		\$1,395,753
KRA Corporation	25,000	275,000	8,083			\$308,083
Lindberg Group	24,500					\$24,500
Industrial Strength Production	5,000	2,375				\$7,375
Coffey Communications	683	1,555,000				\$1,555,683
Exceed		535,687	347,000	211,000	135,000	\$1,228,687
TATC		319,738	50,000	322,230		\$691,968
Dah		113,211				\$113,211
Native American Management Services		97,998				\$97,998
Patricia Carroll		7,100				\$7,100
National Academies Press		6,864				\$6,864
Dorinda Fox		4,500				\$4,500
Citibank – Environics		1,400				\$1,400
Citibank – Center on Budget & Policy		300				\$300
MH West & Co			320,000	100,000		\$420,000
Communications Professional			13,196			\$13,196
Charter Oak Group				1,356,665	600,000	\$1,956,665
McNeely, Pigott & Fox	250,000			50,000	80,000	\$380,000
<b>Totals</b>	<b>\$390,171</b>	<b>\$3,714,938</b>	<b>\$1,153,279</b>	<b>\$2,139,895</b>	<b>\$815,000</b>	<b>\$8,213,283</b>