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**EMPLOYMENT AND
TRAINING
ADMINISTRATION**



RECOVERY ACT: ACTIONS NEEDED TO BETTER ENSURE CONGRESSIONAL INTENT CAN BE MET IN THE WORKFORCE INVESTMENT ACT ADULT AND DISLOCATED WORKER PROGRAMS

This audit was performed by WithumSmith+Brown PC, Certified Public Accountants, under contract to the Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

Elisat P. Lewis

Assistant Inspector General for Audit

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BRIEFLY...

Highlights of Report Number: 18-10-004-03-390, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act), to promote economic recovery, and assist those impacted by the recession. The Department of Labor (DOL) received \$1.75 billion for the Workforce Investment Act (WIA) Adult and Dislocated Worker programs to provide employment and training services for some of the most economically at-risk populations.

The U.S. DOL, Office of Inspector General (OIG) audited the Employment and Training Administration's (ETA's) implementing guidance, and the plans of state and local organizations that received Recovery Act funding. The Act focused on funding employment and training activities including child care and needs-related payments, to help individuals attend training. It also provided funds for institutions of higher education to train multiple individuals for high-demand jobs.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

1. How are the Recovery Act funds for WIA Adult and Dislocated Worker programs being spent or planned to be spent on employment and training services, supportive services, and administration as required by the Act?
2. How are the Recovery Act funds being spent and planned to be spent to serve targeted populations as required by the Act?
3. How are Workforce Investment Boards making use of the new flexibilities in the Recovery Act for contracting for training?
4. How are the Recovery Act funds being spent and planned to be spent for training and supporting program participants for employment in high-demand jobs, including but not limited to, "green jobs" as required by the WIA program and the Recovery Act?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, goes to:

<http://www.oig.dol.gov/public/reports/oa/2010/18-10-004-03-390>

March 2010

RECOVERY ACT: ACTIONS NEEDED TO BETTER ENSURE CONGRESSIONAL INTENT CAN BE MET IN THE WORKFORCE INVESTMENT ACT ADULT AND DISLOCATED WORKER PROGRAMS

WHAT OIG FOUND

We found ETA issued comprehensive, timely guidance to the states on Recovery Act provisions and use of funds. However, we found inconsistencies and a lack of the Act's provisions in two of six local workforce investment board (LWIB) plans. For example, a year after the Act's passage, one plan has not been completed, and another local plan does not mention the Recovery Act. We found a strong positive correlation between Recovery Act provisions contained in written state and local plans and implementation of those provisions. However, when provisions were not present or the plan was not accurate, implementation of the Act's provisions was not adequate. As a result, we believe \$24 million is at risk of not being spent in accordance with provisions of the Recovery Act. Ten percent of funds received by LWIBs are allowed to be used for administrative costs, with 90 percent required to be spent on employment and training services including supportive services. We found LWIBs supportive services accounted for up to 10 percent of Recovery Act funding. We found mixed results in terms how LWIBs are making needs-related payments to individuals in job training. Four LWIBs are making these payments or intend to make them on a limited basis; two do not plan to. There are mixed results in serving target populations; two LWIBs did not address the priority of service requirement in their plans for those on public assistance and other low income individuals. All six LWIBs are using new flexibilities in the Act by contracting directly with institutions to train multiple individuals in high-demand occupations.

WHAT OIG RECOMMENDED

To better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress we recommended the Assistant Secretary for Employment and Training take actions focusing on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions, and timeliness in developing those plans.

ETA provided comments on our report disagreeing with our conclusion that deficiencies in the New York City LWIB plan increased the risk \$24 million already obligated by the LWIB may not be spent in accordance with specific Recovery Act provisions. We disagree with ETA's comments and provide our analysis in the report.

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March 31, 2010

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The American Recovery and Reinvestment Act of 2009 (Recovery Act) was passed February 17, 2009, to preserve and create jobs, promote the nation's economic recovery, and to assist those most impacted by the recession. The Department of Labor (DOL) received \$1.75 billion in Recovery Act funds for the Workforce Investment Act (WIA) Adult and Dislocated Worker programs to supplement regular program funds. The Recovery Act emphasized expediency in spending these funds, as well as providing emphases for spending funds on employment and training activities, including training for "green jobs", and supportive services already permitted by regular WIA legislation. In addition, for the Adult program the Recovery Act required recipients of public assistance and other low income workers receive a priority of service in receiving Recovery Act funds. Furthermore, the Recovery Act provided flexibilities that allowed for contracts with institutions of higher education and other providers for training multiple individuals. The DOL Employment and Training Administration (ETA) issued policy guidance to implement the Recovery Act, within one month of the Recovery Act's passage, and about the time funding was disbursed to the states.

Our audit objectives were to determine how (1) Recovery Act funds for the WIA Adult and Dislocated Worker programs are being spent and planned to be spent on employment and training services, supportive services, and administration; (2) the Recovery Act funds are spent and planned to be spent to serve targeted populations; (3) Local Workforce Investment Boards (LWIBs) are making use of the new flexibilities in the Recovery Act for contracting for training; and (4) Recovery Act funds are being spent and planned to be spent for training and supporting program participants for employment in high-demand jobs, including but not limited to, "green jobs" as required by the WIA program and the Recovery Act.

The audit included a review of the WIA Adult and Dislocated Worker Recovery Act program planning processes at ETA headquarters, six states, and six LWIBs listed below. In addition, we reviewed early implementation efforts, and visited eighteen local service providers, including six community colleges. We selected the states in our review to ensure coverage where the targeted populations in the Recovery Act were most likely to be found based on previous WIA funding, unemployment rates, poverty levels, and high school graduation percentages; and to provide geographic coverage. Our findings apply to the locations we audited.

| | |
|----------------|---|
| California | City of Los Angeles Workforce Investment Board |
| Michigan | Detroit Workforce Development Board |
| North Carolina | Charlotte-Mecklenburg Workforce Development Board |
| New York | New York City Workforce Investment Board |
| Florida | South Florida Workforce Investment Board |
| Texas | Gulf Coast Workforce Board |

Recovery Act funding provided by ETA to the six states we reviewed totaled \$750 million. As of December 31, 2009, the states had obligated about \$465 million or 60 percent of that amount, leaving 40 percent of the amount unobligated by the states. Furthermore, as of that date, the states had spent about \$206 million. The six LWIBs we reviewed received \$91 million from the states, of which about 73 percent was obligated and about 18 percent was spent as of December 31, 2009.

RESULTS IN BRIEF

We found ETA issued comprehensive, timely guidance to the states on the use of Recovery Act funds and modifying state WIA plans. After issuing this guidance, ETA performed a readiness assessment of 209 state and local areas to determine the need for technical assistance activities related to Recovery Act implementation. Although Recovery Act plans at the state level generally followed the ETA guidance, we found inconsistencies and a lack of Recovery Act provisions in two of the six local plans we reviewed. As of March 2010, over a year after passage of the Recovery Act, one LWIB had not yet finalized its plan for spending WIA Recovery Act funds. The state agency responsible for approving the plan cited deficiencies in the plan including incomplete or incorrect application of Recovery Act provisions. At another LWIB, the LWIB addressed its plan for Recovery Act funds in a separate internal document to the state in accordance with state policy, but the official public plan made no reference to the Recovery Act. We found a strong positive correlation between the Recovery Act provisions contained in written state and local plans and implementation of those provisions by the LWIBs. Based on our inquiries, where we found the plans did not address the Recovery Act provisions, implementation activities also did not emphasize the Recovery Act provisions. As a result, when a plan does not adequately reflect Recovery Act provisions and implementing guidance from ETA, the risk increases that these funds may be spent in a way that is not consistent with Recovery Act provisions

and ETA's guidance. One of the LWIBs we visited had already obligated \$24 million or 75 percent of its Recovery Act funding, as of December 31, 2009, without having an adequate, approved plan in place before the funds were obligated. We found that a likely cause of the breakdown between the state and local plans is that WIA regulations require local plans to be amended in accordance with state policy, which makes ETA's oversight more challenging. ETA strongly encouraged the states to review their local plan modification policy noting that local plans that are outdated do not reflect the economic downturn or strategies altered by the additional funds available through the Recovery Act.

On our first objective, in terms of how Recovery Act funds were spent, we found that after the states' portion of the Recovery Act funding was allocated in accordance with various regular WIA grant and Recovery Act funding provisions, the LWIBs received 85 percent of total Recovery Act funding for the Adult program and 60 percent for the Dislocated Worker program. In accordance with regular WIA regulations, state agencies retain 15 percent, which includes 5 percent for administration, of both Adult and Dislocated Worker funds for statewide activities. An additional 25 percent of the Dislocated Worker funding is retained by the states for State Rapid Response activities, as required by law. At the LWIB level, 10 percent of the funds received by them for each program — Adult and the Dislocated Worker programs — are allowed to be used to administer the program. The remaining funds are required by the Recovery Act to be spent on employment and training activities and supportive services including childcare and transportation expenses, and needs-related payments. Information we received from LWIBs shows that supportive services overall accounted for up to 10 percent of WIA Recovery Act funding for Adult and Dislocated Worker programs. Based on our limited examination of financial reports at the LWIBs, the funds expended as of December 31, 2009, appear to be consistent with these WIA cost allocations. We found mixed results at the LWIBs in terms of making needs-related payments to provide living expenses to eligible individuals participating in job training programs. We found three of the LWIBs are making these payments on a limited basis, two do not intend to make them, and one is still planning to implement needs-related payments. Many cited financial funds delivery systems as problematic in getting funds to those in dire need who often do not have checking accounts and must use expensive check cashing services to cash any check they may receive.

Despite being adequately addressed in federal and state plans, there are mixed results at the LWIBs in terms of how well they address targeted populations in their plans, potentially limiting how well Congressional intent will be met in providing benefits to these populations. Six states indicated they are addressing these priorities in accordance with the Recovery Act. Two LWIBs failed to address the priority of service to recipients of public assistance and other low-income individuals in the Adult program as required by the Recovery Act.

All six LWIBs we audited are making use of the new flexibilities in the Recovery Act for contracting for training that allows LWIBs to contract directly with institutions of higher education or other providers to facilitate training of multiple individuals in high-demand

occupations. Contracts with the providers in this area include training for employment in the health care, pharmaceutical, transportation, construction, automotive, air conditioning and heating, and alternative energy industries. The number of individuals to be served as a result of the new flexibility is still to be determined as the programs are rolled-out by the individual providers.

All states and LWIBs reviewed included detailed data and analysis on high-demand industries and occupations, including “green jobs,” in their plans. Training services for WIA Adult and Dislocated Worker programs are required with few exceptions, to be linked to occupations in high demand or have the potential for sustained growth. In addition, the Recovery Act includes several provisions encouraging the expansion of “green jobs” training.

We recommend the Assistant Secretary for Employment and Training take actions to better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress. These actions should focus on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions and timeliness in developing those plans.

ETA provided comments on our report (1) disagreeing with our conclusion that deficiencies in the New York City LWIB plan increased the risk \$24 million already obligated by the LWIB may not be spent in accordance with specific Recovery Act provisions, (2) stating that the priority of service provision of the Recovery Act only applies to the WIA Adult program potentially affecting only \$11.4 million of the \$24 million, and (3) suggesting a table in our report was incorrectly labeled causing the table to be misleading.

The deficiencies in the New York draft modified plan are significant and affect both priority of service provisions and other provisions of the Act that ETA referred to as qualitative changes not affecting funding. Those provisions included (1) providing veterans priority of service in conjunction with priority of service for low income individuals as required under the Recovery Act and (2) having a list, required by WIA, of high-demand occupations linked directly to training services provided by both the Adult and Dislocated Worker programs. New York City’s draft modified plan subsequently included a list, which was not to be effective until January 2010. The absence of an adequate approved plan addressing Recovery Act provisions for both programs increases the risk the \$24 million obligated as of December 31, 2009, for both the Adult and Dislocated Worker programs, may not be spent in a way consistent with the Recovery Act. We made some editing adjustments to table information to remove potential ambiguities in the report.

RESULTS AND FINDINGS

Objective 1 — How are the Recovery Act funds for WIA Adult and Dislocated Worker programs being spent and planned to be spent on employment and training services, supportive services, and administration as required by the Act?

Finding 1 — The local planning process at two Local Workforce Investment Boards did not adequately address how Recovery Act funds for WIA were planned to be spent on employment and training services, supportive services, and administration.

ETA issued comprehensive policy guidance (TEGL 14-08) on March 18, 2009, one month after the Recovery Act was signed and at the time the WIA Recovery Act funds were awarded to the states. This comprehensive guidance addressed how the funds for the WIA Adult and Dislocated Worker Programs are to be spent on employment and training services, supportive services, and administration as required by the Recovery Act, as well as provided state planning requirements. TEGL 14-08 stated that each Governor sets the policy for when a local plan must be modified, such as significant changes in economic conditions and changes in financing available to the programs. ETA encouraged the states to review their local plan modification policy and to require local plans to be modified in accordance with states' policies. ETA noted that local plans that are outdated do not reflect the economic downturn or strategies altered by the additional funds available through the Recovery Act. States were also strongly encouraged to devise a local plan modification process that would ensure allocation of funds to local areas within 30 days of receipt of funds by the state and the expedient use of the funds. After issuing this guidance, ETA performed a readiness assessment of 209 state and local areas to determine the need for technical assistance activities related to Recovery Act implementation.

We found the Recovery Act planning process for Adult and Dislocated Worker programs at the state level generally followed ETA's guidance. (See Appendix A for a detailed description of the planning process.) However, we found the plan modification process at the local level did not result in the same consistent results due to differences in state policies. Based on our inquiries of state and local workforce officials and service providers, we found a strong correlation between the information included in written state and local plans and whether the Recovery Act provisions and items emphasized by ETA guidance were being implemented. In the states of New York and Texas, we noted what we believe to be deficiencies in the local planning process involving the Recovery Act funds based on our on-site inquiries and review of the modified local plans of New York City and Houston (Gulf Coast).

The New York State workforce agency requested answers to questions from its LWIBs that addressed Recovery Act implementation. The LWIB we reviewed submitted its

modified plan to the state for review in mid-September 2009. Under WIA regulations, the state can take up to 90 days to complete its review of the local plans. On December 17, 2009, the state issued a letter to the New York City WIB identifying deficiencies and clarifications needed in the plan before approval could be given. The LWIB was given 30 days to address the deficiencies and resubmit a revised plan in mid-January. Deficiencies in the LWIB plan cited by the state included that the plan did not use the correct definition of the term “low income individual” as stated in WIA legislation, the narrative on how to apply the priority of service provisions was unclear, the plan did not contain information on outreach strategies to increase awareness of veterans’ priority of service, and the plan did not contain a list of high-demand occupations and skills targeted for training services. The LWIB completed the revisions and resubmitted the plan to the state within the 30-day timeframe. As of March 4, 2010, the state still had not completed its review and approval of the plan. As of December 31, 2009, the LWIB had obligated about 75 percent, or \$24 million, of its Recovery Act funding, and the LWIB’s original modified plan with its deficiencies remained posted on the LWIB web site pending approval of the revised plan.

In April 2009, the Texas state workforce agency requested from the LWIBs a description of how the local boards planned to use Recovery Act funds to assist the state in preparing its modified state plan. The Gulf Coast (Houston) LWIB submitted a four-page document to the state in response. However, we found that the official public plan for program year 2009 makes no reference to the Recovery Act or its provisions. We also noted that this local plan was one of two local plans we reviewed that is not posted on the LWIB web site. State officials stated that this process was followed in accordance with state policy. However, TEGL 14-08 states that the first guiding principle in using Recovery Act funding is transparency and accountability. For the official public plan to be silent as to the use of Recovery Act funding and not readily available for public review, increases the risk that the funding will not be spent in accordance with Recovery Act provisions.

In both of these states, state policy regarding modification and approval of the local plans that was adequate under WIA regulations was not sufficient to address the unique circumstances associated with Recovery Act. The legislative intent of Congress was for this funding to be spent as quickly as possible and with increased transparency and accountability. In both New York City and Houston this intent was not met and as a result, there is an increased risk that these funds may not be spent in a way that is consistent with Recovery Act provisions as described in ETA’s guidance. This risk is partially mitigated in Houston based on our review and assessment of other planning and implementation activities that did address certain Recovery Act provisions.

Finding 2 — Supportive services in the form of needs-related payments are being made on a limited basis or not at all.

Information we received from LWIBs shows supportive services overall accounted for up to 10 percent of WIA Recovery Act funding for Adult and Dislocated Worker program

funds provided to them. Based on our examination of financial reports at the LWIBs, the funds expended as of December 31, 2009, appear to be consistent with these cost allocations. In accordance with regular WIA regulations, state workforce agencies retain 15 percent, which includes 5 percent for administration, of both Adult and Dislocated Worker funds for statewide activities. An additional 25 percent of the Dislocated Worker funding is retained by the state for State Rapid Response activities, as required by law. After the states' portion of Recovery Act funding allocated to the state in accordance with various regular WIA grant and Recovery Act funding requirements, the LWIBs received 85 percent of total Recovery Act funding for the Adult program and 60 percent for the Dislocated Worker funds. At the LWIB, 10 percent of the funds received by them for each program — Adult and the Dislocated Worker programs — are allowed to be used to administer the program. The remaining funds are required by the Recovery Act to be spent on employment and training activities and supportive services including childcare and transportation expenses, and needs-based payments.

The most common types of supportive services provided under the Recovery Act include child care reimbursements, transportation, and needs-related payments. Although not specifically required by law or regulation to provide needs-related payments, these payments are emphasized in the Recovery Act legislation (P.L. 111-5, Title VIII).

In addition, TEGL 14-08 also states:

Furthermore, the law requires states to ensure that supportive services and needs-related payments described in WIA section 134(e)(2) and (3) are made available to support the employment and training needs of these priority populations. The provision of supportive services and needs-related payments should also be a focus for the Recovery Act Dislocated Worker formula funds. [emphasis added]

The Recovery Act specifically emphasizes the authority to use these funds for supportive and needs-related payments to ensure participants have the means to pay living expenses while receiving training. This should allow workers to pursue training of sufficient duration to acquire skills and credentials of value that will connect them to emerging jobs as the economy recovers. [emphasis added]

Information we received from LWIBs shows supportive services overall accounted for up to 10 percent of WIA Recovery Act funding for Adult and Dislocated Worker programs. The one area in which we found supportive services were being administered differently was for needs-related payments. Needs-related payments are a form of supportive service designed to provide living expenses to those in need in order to allow them to participate in job-training programs. We found three of the LWIBs are making these payments on a limited basis, two do not intend to make them, and one is still planning to implement needs-related payments. (See Table 2 below.)

Table 2: LWIBs and Needs-Related Payments

| LWIB City | LWIB Name | Provides Limited Needs-Related Payments | Planning to Provide Needs-Related Payments |
|---------------|---|---|--|
| Los Angeles | City of Los Angeles Workforce Investment Board | YES | N/A |
| Detroit | Detroit Workforce Development Board | YES | N/A |
| Charlotte | Charlotte-Mecklenburg Workforce Development Board | YES | N/A |
| New York City | New York City Workforce Investment Board | NO | YES |
| Miami | South Florida Workforce Investment Board | NO | NO |
| Houston | Gulf Coast Workforce Board | NO | NO |

The New York City modified local plan detailed how and when needs-related payments will be made, but at the time of our fieldwork, these payments had not yet begun.

Several LWIBs indicated that by not making these payments, training could be provided to a larger number of people. A common hindrance also indicated by the LWIBs was the lack of a viable payment mechanism to make these payments due to the unique circumstances of this population. Several cited financial funds delivery systems as problematic in getting funds to those in dire need who often do not have checking accounts and must use expensive check cashing services to cash any check they may receive. Another LWIB indicated that these participant payments would be high-risk, in that the documentation required to support the eligibility and need for these payments is unclear, therefore increasing the risk of fraud or abuse and audit scrutiny.

While the reasons provided for not making needs-related payments varied, the intent of Congress is to ensure that supportive services and needs-related payments are available to support the training needs of priority populations. The need to spend Recovery Act funding quickly coupled with the lack of a viable payment mechanism and unclear documentation requirements have hindered Congressional intent being met.

Objective 2 — How are the Recovery Act funds being spent and planned to be spent to serve targeted populations as required by the Act?

Finding 3 — Not all LWIBs properly implemented priority of service as required by the Recovery Act.

We found all six state plans and four of the six local plans addressed Recovery Act priority of service requirements. However, two LWIBs did not address the priority of service requirement for low income and public assistance recipients in their plans, and based on our inquiries at the local level, there were no specific implementation activities planned to ensure these populations are being served.

The Recovery Act requires recipients of public assistance and other low-income individuals as described in the WIA Act Section 134(d)(4)(E) to receive priority in receiving Recovery Act funds for Adult employment and training activities. Under regular WIA funding, however, priority of service is only required to be applied if it is determined by the state or LWIB that their funds are limited. The Recovery Act requires priority of service be applied regardless of funding limitations. TEGL 14-08, issued by ETA, requires states to outline their plans for implementing priority of service.

Further, the Jobs for Veterans Act (P.L. 107-288) and its implementing regulations (20 CFR 1010.230) require states to insure priority of service is applied to veterans and eligible spouses. When the veteran's priority is applied in conjunction with other statutory priorities like the Recovery Act, veterans and eligible spouses who are also members of the Recovery Act priority group must receive the highest priority within that group, followed by non-veteran members of the Recovery Act priority group.

We reviewed the local plans and met with local officials in one LWIB in each state. We found the LWIBs in Detroit, Charlotte, Miami, and Los Angeles addressed the priority of service requirements while the LWIBs in New York City and Houston did not.

Table 3: Local Plan Describes Application of Priority of Service

| LWIB Name | To Recipients of Public Assistance and Other Low Income Individuals | To Veterans And Eligible Spouses in Conjunction with Priority of Service to Low Income Individuals |
|---|---|--|
| City of Los Angeles Workforce Investment Board | YES | YES |
| Detroit Workforce Development Board | YES | YES |
| Charlotte-Mecklenburg Workforce Development Board | YES | YES |
| New York City Workforce Investment Board | NO | NO |
| South Florida Workforce Investment Board (Miami) | YES | YES |
| Gulf Coast Workforce Board (Houston) | NO | NO |

The New York City and Houston LWIB WIA plans recognized the priority of service for veterans and eligible spouses, but the plans included pre-Recovery Act criteria allowing circumstances under which priority of service for low income individuals would not be required to be applied. As indicated, this policy is in accordance with the WIA formula fund legislation but does not comply with the Recovery Act. This error was corrected in the New York City draft modified plan based on the Recovery Act, and submitted to New York State for approval. As of March 4, 2010 the modified plan had not been approved and posted on the New York City web site.

We found the following key features related to priority of service at the local level include:

Table 4: Key Features on Priority of Service at the Local

| LWIB | Key Features |
|--|---|
| City of Los Angeles Workforce Investment Board | <p>Developed three new service programs to deliver training to targeted populations:</p> <ol style="list-style-type: none"> 1) Vocational Training Bridge to provide academic remediation; 2) High-growth, high-wage industry sector training program; and 3) Sector-Based Internship Academy for older youth. |

| Table 4: Key Features on Priority of Service at the Local | |
|---|--|
| Detroit Workforce Development Board | <p>Performed quarterly outreach efforts in the community to inform and educate them about the labor market.</p> <p>Veterans' resumes will appear at the top of employer searches in relevant skill categories.</p> <p>Amended the current priority of service plan, to allow the department to serve employees of local government agencies.</p> |
| Charlotte-Mecklenburg Workforce Development Board | <p>Contracted with a local community college to provide training to approximately 200 eligible participants, including low-income individuals, acquire entry-level skills in 10 selected occupations.</p> |
| New York City Workforce Investment Board | <p>No key features noted.</p> |
| South Florida Workforce Investment Board, Miami | <p>Established Designated Target Areas (DTAs), which geographically identified pockets of low-income individuals, reserving the use of Recovery Act funds for individuals located in these DTAs, and incorporating the DTAs into the electronic employment database;</p> <p>Outreach activities to targeted populations, including mobile One-Stop Centers, door-to-door visits, and phone calls;</p> <p>Brochures, posters and handouts regarding veterans services at One-Stop Centers;</p> <p>Establishing a priority ranking system in the electronic database to be used for referring candidates for training, for job openings, or for performing searches on certain priority groups;</p> <p>Veterans status information captured in the electronic employment database is used when sorting through multiple candidates for the same position; and</p> <p>Specific programs targeting priority populations.</p> |
| Gulf Coast Workforce Board, Houston | <p>No key features noted.</p> |

Where we found Recovery Act priority of service requirements for low income individuals were not adequately addressed, the LWIBs had not interpreted the requirements to be different from WIA regulations. As a result, there is an increased risk that these targeted populations are not being adequately served in these local areas in accordance with the Recovery Act.

Objective 3 — How are Local Workforce Investment Boards making use of the new flexibilities in the Act for contracting for training?

We found the LWIBs were making use of this new flexibility to varying degrees. The Recovery Act included a provision that local boards may enter into contracts with an institution of higher education or other eligible training provider if the board determines it would facilitate training of multiple individuals in high-demand occupations without limiting customer choice. Prior to passage of the Recovery Act, educational institutions and training providers were generally only able to provide training through the use of a student’s individual training account (ITA) and were required to be on the state’s list of eligible providers.

Because this type of contracting is mostly a function of the local boards, we targeted our efforts at the six LWIBs we visited. We reviewed the local plans, discussed the plans with local officials, made inquiries of one educational institution, and reviewed other relevant information. The number of individuals to be served as a result of this Recovery Act provision is still to be determined, but the following table summarizes the extent to which the LWIBs are planning to use this new flexibility.

| State | Status | Training Focus | Training Classes Planned/Provided |
|--------------------------|---|---|--|
| California/Los Angeles | Awarded a contract to one local community college district. | Health Care; Health Care Education; Transportation | LA Community College District plans to run courses as part of the High Growth sector Initiative. |
| Michigan/Detroit | Contracted with technical education centers, which are part of the community college system | Construction trades, welding manufacturing/machinists, automotive technician, information technology, and nursing | Michigan Technical Education Centers provide customized training, certificate programs, and college degree programs. |
| North Carolina/Charlotte | Entered into a \$200,000 contract with a community college to cover 200 students. | Healthcare, Professional and Technical Services | Central Piedmont Community College offers high demand certificate training programs including Medical Reimbursement, Medical Office Administrative procedures, Heating and Air Conditioning, Development Disabilities Specialist, and Pharmacy Technician. |

Table 5: Use of Institutions of Higher Learning

| State | Status | Training Focus | Training Classes Planned/Provided |
|------------------------|---|---|--|
| New York/New York City | Partnered with a university system for approximately 9 training programs; partnered with five community-based organizations for 12 training programs; and partnered with two other institutions for five training programs. | Healthcare | The City University of New York increased its focus on cohort training, specifically in the healthcare industries, offering associate degree programs in Registered Nursing; Radiology Technician; Paramedic; and Electrical Technician. |
| Florida/Miami | Contracted with a community college to conduct a nursing program for approximately 40 students; working with employers who will guarantee job placements. | Healthcare | Miami Dade College will provide training to approximately 40 students in nursing. The intent is to purchase cohorts of training programs. |
| Texas/Houston | Contracted with 11 training providers, including 7 colleges. | Educational Services, Health Services, Specialty Trade Contractor, and etc. | Houston Community College has entered into 1 contract to operate 3 programs as a result of the Recovery Act to provide teacher certification; green job training (250 individuals in various energy efficient occupations such as solar panel installation); and pipe designers and drafter. |

Based on our discussions with state and local workforce officials as well as community colleges, this new flexibility is expected to facilitate the training of larger numbers of individuals which has increased the ability of the One-Stop Centers to better meet the high demand for employment and training assistance in the current economy.

Objective 4 — How are the Recovery Act funds being spent and planned to be spent for training and supporting program participants for employment in high-demand jobs, including but not limited to, “green jobs” as required by the WIA program and the Recovery Act?

We found that all the states and LWIBs generally included detailed data and analysis in its modified plans of industries and occupations with projected short- and/or long-term growth. These analyses were frequently supplemented with additional information, such as key skills and training demands needed for these growth occupations and industries. High demand occupations in the six states we reviewed included:

| State | High Demand Career Areas |
|----------------|---|
| California | Professional and Business Services; Government (includes public education); Health Care and Social Assistance; Accommodation and Food Services; Retail Trade. |
| Michigan | Healthcare Practitioners and Technical Occupations; Business and Financial Operations; Computer and Mathematical Occupations; Healthcare Support Occupations; Community and Social Services Occupations |
| North Carolina | Education and Health; Trade, Transportation and Utilities; and Professional and Business Services. |
| New York | Healthcare; Education; Manufacturing, Information Technology, Finance, Communications; Construction; Manufacturing |
| Florida | Educational services; Health care; government; Professional and Technical Services; Construction. |
| Texas | Educational Services, Health Care Services, Food Services; Administrative and Support Services; Professional, Scientific, and Technical Services. |

Employment and training services provided under WIA for the Adult and Dislocated Worker programs are required with few exceptions by WIA to be directly linked to occupations that are in demand in the local area or for occupations determined by the local board to be in sectors of the economy that have a high potential for sustained demand or growth. Therefore, the Recovery Act did not impose any new requirements for the occupations or industries that training should be provided for. TEGL 14-08 also emphasizes that through the Recovery Act, a number of federal programs will receive

large investments in programs and projects that could create “green jobs.” ETA encouraged states to recognize opportunities to prepare workers for green jobs related to other sources of federal funding, and to expand existing training programs that have the potential to prepare workers for careers in renewable energy and other green jobs. ETA also awarded competitive grants to states for green jobs training initiatives, which were outside the scope of our audit.

Green jobs initiatives are primarily being coordinated at the state level. We found the state and LWIBs in the early stages of planning and implementing activities related to green jobs training. Activities included performing green jobs surveys and data analysis, developing green jobs definitions, producing a green jobs report, incorporating green jobs components into job searches, mapping federal and state stimulus programs to green sectors and related occupations, and identifying skills required for in-demand green industries.

The LWIBs plan to identify and implement applicable training programs, in conjunction with other state and local agencies, as this initiative goes forward. However, in the short-term, the increased demand for training services in the current economy may result in Recovery Act funding primarily being applied to job training in other high-demand sectors.

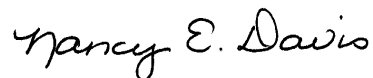
We found ETA issued comprehensive, timely guidance to the states on the use of Recovery Act funds and modifying state WIA plans. Although plans for implementing the Recovery Act appeared adequate at the federal and state levels, we found inconsistencies and the lack of Recovery Act provisions in local plans. For example, as of March 2010, over a year after passage of the Recovery Act, one LWIB had not yet finalized its plan. The state agency responsible for approving the plan cited deficiencies in the plan including incomplete or incorrect application of Recovery Act provisions. At another LWIB, the LWIB addressed its plan for Recovery Act funds in a separate internal document to the state in accordance with state policy, but the official public plan made no reference to the Recovery Act. We found a strong positive correlation between the Recovery Act provisions contained in written state and local plans and implementation of those provisions by the LWIBs. Based on our inquiries, where we found the plans did not address the Recovery Act provisions, implementation activities also did not emphasize the Recovery Act provisions. As a result, when a plan does not adequately reflect Recovery Act provisions and implementing guidance from ETA, the risk increases that these funds may be spent in a way that is not consistent with Recovery Act provisions and ETA’s guidance. One of the LWIBs we visited had already obligated \$24 million or 75 percent of its Recovery Act funding, as of December 31, 2009, without having an adequate, approved plan in place before the funds were obligated. We found that a likely cause of the breakdown between the state and local plans is that WIA regulations require local plans to be amended in accordance with state policy which makes ETA’s oversight more challenging. While we found local plan

modification processes did follow states' policies, as required by WIA regulations, some plans did not adequately address the key provisions of the Recovery Act.

Recommendation

We recommend that the Assistant Secretary for Employment and Training take actions to better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress. These actions should focus on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions and timeliness in developing those plans.

We appreciate the cooperation and courtesies that ETA and state and local workforce personnel extended to us during this audit.



Nancy E. Davis CPA CGFM
Partner
WithumSmith+Brown PC

Appendices

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Appendix A

Background

The Recovery Act was signed into law by the President on February 17, 2009, to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. As of March 12, 2010, Congress provided \$70.6 billion to DOL (See Table 1 below). Title VIII of the Recovery Act provided to the Department of Labor (DOL) \$1.75 billion for the Workforce Investment Act (WIA) Adult and Dislocated Worker programs to supplement annual WIA appropriations to the states.

Table 1: Department of Labor Recovery Act Funding, as of March 12, 2010

| Program | Amount ^a (millions) | Percent |
|--|-----------------------------------|---------------|
| Unemployment Insurance | \$65,687 | 93.00 |
| Training and Employment Services | 3,950 | 5.59 |
| State Unemployment Insurance and Employment Service Operations | 400 | 0.57 |
| Community Service Employment for Older Americans | 120 | 0.17 |
| National Emergency Grants for Health Insurance Coverage | 150 | 0.21 |
| Job Corps | 250 | 0.35 |
| Departmental Management | 80 | 0.11 |
| Total | \$70,637^b | 100.00 |

^a – The amounts other than “Unemployment Insurance” were obtained from the Recovery Act dated February 17, 2009. The “Unemployment Insurance” amount was provided by the Office of the Assistant Secretary for Administration and Management, DOL, and includes amounts made available for Federal and State Extended Benefits, Extension of Emergency Unemployment Compensation, 2008, and Federal Additional Unemployment Compensation programs.

^b – The total amount does not include \$6 million provided to the OIG to provide oversight over the Department’s Recovery Act activities.

The WIA Adult program provides employment and training services to assist all adults eighteen years and older to find meaningful employment. Where funds are limited, a priority of service for intensive and training services must be given to recipients of public assistance and other low-income individuals. The WIA Dislocated Worker program primarily serves individuals who have been terminated or laid off and who are unlikely to return to a previous industry or occupation. The program provides a range of services that include job search assistance and skills retraining to help eligible jobseekers re-enter the workforce with benefits and the prospect of a more secure future.

The Recovery Act includes three primary provisions related to these programs:

- It provides Recovery Act funding for WIA employment and training activities including supportive services and needs-related payments.
- It requires recipients of public assistance and other low income individuals regardless of funding limitations be given priority in receiving services.
- It provides that a local board may award a contract to an institution of higher education or other eligible training provider if the local board determines that it would facilitate the training of multiple individuals in high-demand occupations and the contract does not limit customer choice.

WIA regulations (20 CFR 661.220 and 20 CFR 661.345-355) define the program planning process to be followed at both the state and local levels in order to be eligible for annual WIA funding. It requires at the state level:

The State Plan must be submitted in accordance with planning guidelines issued by the Secretary of Labor. The planning guidelines set forth the information necessary to document the State's vision, goals, strategies, policies and measures for the workforce investment system (that were arrived at through the collaboration of the Governor, chief elected officials, business and other parties), as well as the information required to demonstrate compliance with WIA, and the information detailed by WIA and these regulations....

Modifications to the state plans may be required from time to time when “*changes in federal or state law or policy substantially change the assumptions upon which the plan is based, or when states' vision, strategies or policies change.*”

On March 18, 2009, in response to the passage of the Recovery Act and in coordination with the disbursement of funds to the states, the ETA issued Training and Employment Guidance Letter (TEGL) No. 14-08, *Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009*. The purpose of this TEGL was to provide policy guidance on the use of Recovery Act funds, as well as specific instructions for modifying state plans. ETA required that existing state plans be extended for an additional year, July 1, 2009, through June 30, 2010, and modified to address how states will use funding under the Recovery Act and meet the growing demand for workforce services in the current economy. Modified plans were to be submitted to ETA for review by June 30, 2009. ETA indicated that these state plans would be used to communicate to the public each state's plan for implementing Recovery Act funds and as a baseline for monitoring states' implementation.

In addition, in April and May of 2009, ETA undertook a Recovery Act readiness assessment and technical assistance consultation process and visited 209 state and local areas. This assessment combined with input from six Recovery and Reemployment forums held throughout the country, provided ETA with information

necessary for planning and conducting technical assistance activities. In addition, ETA held a series of forums, webinars, teleconferences, and meetings and posted numerous technical assistance guidelines to its recovery website.

TEGL 14-08 also stated that each Governor sets the policy for when a local plan must be modified, such as significant changes in economic conditions and changes in financing available to the programs. ETA encouraged the states to review their local policy and to require local plans to be modified in accordance with states' policies. States were also strongly encouraged to devise a local plan modification process that would ensure allocation of funds to local areas within 30 days of receipt of funds by the state and the expedient use of the funds.

Recovery Act funding was disbursed to the states in accordance with the regular WIA grant funding formulas. State workforce agencies retain 15 percent, which includes 5 percent for administration, of both Adult and Dislocated Worker funds for statewide activities. An additional 25 percent of the Dislocated Worker funding is retained by the state for State Rapid Response activities. The remaining 85 percent of Adult program funds and 60 percent of Dislocated Worker funds are allocated to the LWIBs based on WIA program funding formulas. At the local level, 90 percent of the funding received is to go to provide employment and training activities, childcare and transportation expenses, and needs-related payments, all of which are typically referred to as supportive services; and 10 percent is to be used for administration.

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Appendix B

Objectives, Scope, Methodology, and Criteria

Objectives

The objectives of our audit were to determine:

1. How are the Recovery Act funds for WIA Adult and Dislocated Worker programs being spent or planned to be spent on employment and training services, supportive services, and administration as required by the Act?
2. How are the Recovery Act funds being spent and planned to be spent to serve targeted populations as required by the Act?
3. How are Workforce Investment Boards making use of the new flexibilities in the Recovery Act for contracting for training?
4. How are the Recovery Act funds being spent and planned to be spent for training and supporting program participants for employment in high-demand jobs, including but not limited to, “green jobs” as required by the WIA program and the Recovery Act?

Scope

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objectives. We conducted our fieldwork at the ETA National Office in Washington, D.C. and various states and Local Workforce Investment Boards.

We audited ETA’s, states’, and LWIBs’ planning efforts related to Recovery Act funding for WIA Adult and Dislocated Worker programs. We also observed early implementation efforts by those entities where possible. In order to ensure adequate audit coverage and to meet the objectives of the audit, we selected six states, using a two-stage approach; the first stage to include the dollar amount of the funding, and the second stage to include other qualitative factors in support of the audit objectives. We then selected one LWIB in each of the following states. Our findings apply to the locations we audited.

| State | LWIB City |
|----------------|-------------|
| California | Los Angeles |
| Florida | Miami |
| Michigan | Detroit |
| New York | New York |
| Texas | Houston |
| North Carolina | Charlotte |

Our performance audit was not designed to, and we did not, perform a financial audit of the amounts obligated or expended at any of the states and LWIBs.

Methodology

To accomplish our audit objectives, we obtained an understanding of the Recovery Act Title VIII, which provides funding and outlines the requirements for the WIA Adult and Dislocated Workers programs. We also conducted interviews with ETA officials from the Office of Workforce Investment and reviewed implementation guidance including TEGL 14-08 and other documentation. Further, we reviewed ETA's website and Recovery.gov for Recovery Act-related material.

We judgmentally selected six states to conduct on-site fieldwork at both the state and local level. In selecting the states, our objective was to achieve significant program coverage in terms of Recovery Act dollars to be expended, adequate geographic coverage, and the potential to cover the largest concentrations of priority populations. In order to achieve these objectives, we used an upper-level threshold of \$50 million of total Adult and Dislocated Worker Recovery Act funding to reduce the potential list of states to nine. We then further analyzed these nine states and ranked them using the following factors: 1) unemployment rate, 2) civilian labor workforce 3) poverty percentage, and 4) high school diploma percentage. We gave each state a combined ranking and selected the top six ranked states. We reviewed the geographic regions of the top six states and determined they provided adequate coverage.

Within each state, we visited one LWIB. In the absence of detailed funding allocation information at the LWIB level in each state, we selected the largest cities in the states, either in terms of total population or total civilian workforce. We also considered such factors as the unemployment rate of the city compared to the state's overall unemployment rate, as well as the percentage of individuals below the poverty level. This resulted in the selection of the six LWIBs identified in this report.

We collected data on modified state and local plans and uses of Recovery Act funds during interviews and follow-up meetings with state and local officials. Based on our examination of this information, we consider these data sufficiently reliable for the purposes of providing background information on Recovery Act funding for this report. Our selection of states and local WIBs is not a random selection and therefore cannot be generalized to the total population of state and local agencies.

At the state level, we interviewed State Workforce Agency/State Workforce Investment Board directors and program staff, reviewed the modified state plans and compared the plans to the guidance in TEGL 14-08 as it related to our audit objectives. We also reviewed state waiver requests and guidance issued to the LWIBs regarding the Recovery Act and modified local plans.

At the local level, we interviewed LWIB directors and program staff, reviewed state guidance to the LWIBs and any modifications made to the local plans against Recovery Act requirements. At each of the six LWIBs, we visited and interviewed officials from a One-Stop Center, a training provider, and an institution of higher education, for a total of 18 local service providers.

A performance audit includes gaining an understanding of internal controls considered significant to the audit objectives, testing controls, and testing compliance with significant laws, regulations, and other requirements. For this assignment, the ETA, state and LWIB public plans for distributing the Recovery Act funds were considered the specific internal controls to ensure the process works effectively and that the Congressional intent in the Recovery Act could be met. We evaluated those plans accordingly to determine how well they contribute to carrying out the provisions of the Recovery Act.

Criteria

We used the following criteria to accomplish our audit:

- American Recovery and Reinvestment Act of 2009, dated February 17, 2009
- Workforce Investment Act of 1998, as amended, dated August 7, 1998
- WIA Regulations – 20 CFR 660 through 667, dated August 11, 2000
- Office of Management and Budget (OMB) Memorandums:
 - M-09-10: *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated February 18, 2009
 - M-09-15: *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated April 3, 2009
- Training and Employment Guidance Letter No. 13-08 (TEGL 13-08), dated March 6, 2009
- Training and Employment Guidance Letter No. 14-08 (TEGL 14-08), dated March 18, 2009
- Training and Employment Guidance Letter No. 10-09 (TEGL 10-09), dated November 10, 2009

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Appendix C

Acronyms and Abbreviations

| | |
|--------------|--|
| CFR | Code of Federal Regulations |
| DOL | Department of Labor |
| DTA | Designated Target Areas |
| ETA | Employment and Training Administration |
| ITA | Individual Training Account |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| P.L. | Public Law |
| Recovery Act | American Recovery and Reinvestment Act of 2009 |
| TEGL | Training and Employment Guidance Letter |
| WIA | Workforce Investment Act |
| WIB | Workforce Investment Board |
| LWIB | Local Workforce Investment Board |

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Appendix D

Employment and Training Administration Response

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



MAR 29 2010

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

FROM: JANE OATES *for Beardsford*
Assistant Secretary

SUBJECT: Recovery Act: Actions needed to Better Ensure
Congressional Intent Can Be Met in the Workforce
Investment Act Adult and Dislocated Worker Programs

Thank you for the opportunity to respond to your report cited above. The Employment and Training Administration took aggressive action to ensure that states and local areas were well equipped to meet congressional intent for the Workforce Investment Act (WIA) funds provided under the Recovery Act. While we agree that local areas may benefit from additional technical assistance to better implement two areas of emphasis for the Recovery Act funds – required priority of service for low income populations in the Adult formula program, and encouraged supportive services and needs related payments – we strongly disagree that local planning processes increased the risk that Recovery Act funds would not be spent in a manner consistent with the Recovery Act.

Below are specific responses to findings or content in the report.

1. Local workforce areas were authorized to spend Recovery Act funds under the state-approved local plans already in place at the time of Recovery Act enactment.

The report states that one New York local Workforce Investment Board (LWIB) had already obligated a portion of its Recovery Act funding without having an adequate, approved plan in place before funds were obligated. This is not the case. The local area was operating under an approved local plan when it obligated the Recovery Act WIA funds. In TEGL 14-08, ETA set the expectation that LWIBs quickly begin spending Recovery Act funds, regardless of when a revised local plan was approved by the states. In TEGL 14-08, ETA further acknowledged that comprehensive planning takes time, and provided states until June 30, 2009 to modify their state plans to add information about implementation of the Recovery Act. Lastly, WIA regulations at 20 CFR 661.255 provide that the Governor establishes policies for local plans. New York State and New

York City complied with WIA and state regulations, and met ETA's expectations as established in TEGL 14-08 for timely expenditure of funds.

Local areas already have many years of experience operating WIA-funded employment and training programs. While it is desirable for all local areas to have a plan that reflects the additional funds provided by the Recovery Act, the plans already in place satisfied the requirements of law and regulation.

2. The Recovery Act provision that priority of service must be given for public assistance recipients and other low income populations extends only to the Adult formula program.

ETA finds misleading the report's conclusion that the deficiencies noted and corrected in the New York City LWIB plan increased the risk that \$24 million was spent in a way not consistent with the Recovery Act's provisions. The deficiencies highlighted by the report and corrected by the LWIB (an inaccurate definition of "low income individual" and the unclear description of how priority of service provisions were applied) may have affected how the LWIB used the \$11.4 million obligated in WIA Adult funds received under the Recovery Act. However, these deficiencies did not affect how the LWIB used the \$12.4 million the LWIB obligated in WIA Dislocated Worker funds received under the Recovery Act; the WIA Dislocated Worker program focuses on workers displaced from their employment rather than a single focus on serving low income individuals. The other deficiencies noted by the state (inadequate outreach to veterans and a lack of a list of high-demand occupations and skills) may be considered qualitative weaknesses of the plan but simply do not put funds at risk for being spent in a way not consistent with Recovery Act provisions. These areas were neither emphasized nor required by the Recovery Act or WIA; as the report notes, the local plan did describe procedures to implement veterans' priority of service as required by ETA guidance and the Jobs for Veterans Act.

3. The Table on page 10 of the report is incorrectly labeled.

ETA finds misleading the table found on page 10 of the report that displays two sets of table headings for a single table and inaccurately seems to indicate that some local areas did not describe priority of service for veterans and eligible spouses. The sentence immediately preceding the Table is also misleading as it states that the New York City and Houston LWIBs' plans did not address priority of services. However, the sentence immediately following the Table states that all six local areas examined included a description of veterans' priority of service in its local plan, in accordance with requirements under the Jobs for Veterans Act and ETA guidance.

4. ETA will provide additional technical assistance to help local areas implement the priority of service for low-income individuals and the provision of supportive services and needs related payments.

As identified in the Readiness Consultations conducted with all states and 150 local areas, we agree that local areas face challenges in providing needs related payments and other supportive services, and will provide additional technical assistance on issuing such payments. Additionally, we recognize that some local areas may benefit from additional information and assistance in implementing priority of service for low-income populations in the Adult program, and will provide such assistance as needed.

5. ETA considers local planning processes, in conjunction with technical assistance and monitoring, to be sufficient to ensure that Recovery Act funds are spent as intended by congress.

The report recommends that the Assistant Secretary take actions to better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress. The report further recommends that these actions should focus on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions and timeliness in developing those plans.

ETA already has a robust technical assistance and monitoring plan in place to ensure that WIA Adult and Dislocated Worker program funds are spent as intended by the Congress. As stated in the report, ETA issued comprehensive policy guidance one month after the Recovery Act was signed. After issuing this guidance, ETA performed a readiness assessment of 209 state and local areas to determine the need for technical assistance activities related to Recovery Act implementation. In addition, ETA provided a program of technical assistance through six regional Recovery and Reemployment meetings and additional webinars, and we continue to monitor implementation in the states.

We believe that the local planning processes as prescribed by WIA law, along with ETA monitoring practices, are sufficient to ensure that local areas spend funds in accordance with Recovery Act intent. We further believe that the effectiveness of the local planning processes has been validated with the rapid expansion of services and increase in performance and training that has occurred as a result of the additional Recovery Act funding for WIA activities.

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