

**U.S. Department of Labor  
OFFICE OF INSPECTOR GENERAL**

**Office of Audit**

## **BRIEFLY...**

Highlights of Report Number: 18-11-005-03-315, 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 most affected by the recession. The Department of Labor (DOL) received an additional \$400 million in Wagner-Peyser grant funds for states. In appropriating these funds, Congress required that \$250 million of the \$400 million be spent for reemployment services (RES) for Unemployment Insurance (UI) claimants. Authority to obligate the additional RES funds provided by the Act expired on September 30, 2010.

The Recovery Act required agencies to implement an unprecedented level of transparency and accountability to ensure the public could see where and how their tax dollars were being spent and what results the spending produced. The U.S. DOL Office of Inspector General (OIG) audited the Employment and Training Administration's (ETA) implementation and oversight of the RES funding to determine if the Act's requirements were achieved.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objectives were to answer the following questions:

1. Did the Department establish sufficient and timely planning and reporting procedures to assure adequate oversight of how reemployment services funds were used?
2. Did states use reemployment services funds under the Recovery Act, as intended?
3. What were the outcomes of the states' use of the Recovery Act RES funds?

### **READ THE FULL REPORT**

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

<http://www.oig.dol.gov/public/reports/oa/2011/18-11-005-03-315.pdf>.

**March 2011**

## **RECOVERY ACT: DOL COULD HAVE BETTER MONITORED THE USE OF RES FUNDS TO ADHERE TO STANDARDS FOR TRANSPARENCY AND ACCOUNTABILITY**

### **WHAT OIG FOUND**

DOL moved quickly after the Act's passage to allocate funds to states and develop and issue general guidance on allowable spending categories and reporting formats. For the most part, the states visited said the guidance provided by DOL was timely. However, we found that DOL needed to provide additional guidance to direct spending more effectively and to report more meaningful results. For example, DOL could have directed the states to use the RES grants to correct claimant service-related weaknesses that had been identified by several organizations. Moreover, DOL guidance did not ensure the level of transparency and accountability the Recovery Act required. Thus DOL could not provide a breakout of how the 54 states and territories spent RES funding.

The states we visited said that the RES funding had helped provide more and better quality services to UI claimants. However, DOL did not establish adequate standards for client service, or collect enough information on state activities to demonstrate whether the funds were effectively and efficiently spent. The standards of transparency and accountability established by the Act were not met because of the lack of results oriented goals, objectives, and measurable outcomes.

### **WHAT OIG RECOMMENDED**

We recommend to the Assistant Secretary for Employment and Training that DOL:

- Establish priorities, outcome measures and effective data collection systems for future Wagner-Peyser funding to address program weaknesses and better measure the services states provide to UI claimants,
- Develop monitoring and financial reporting requirements to enable DOL to report how effectively federal funds were spent by states employment and reemployment services, and
- Determine from independent analysis what state experiences were and identify best practices, areas for improvement, and short and long term achievements. DOL can then use this information to set goals and measures for outcomes and achievements for future funding

ETA disagreed with one recommendation and did not provide responses which adequately addressed the other two recommendations. As requested by ETA the OIG has added material that provides additional information about what ETA did to provide guidance to the states.