

# U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND  
TRAINING ADMINISTRATION



## RECOVERY ACT: PLANNING AND COORDINATION OF WORKFORCE DEVELOPMENT ACTIVITIES WITH FEDERAL INFRASTRUCTURE INVESTMENTS NEEDED IMPROVEMENT

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

A handwritten signature in blue ink that reads "Eelish P. Lewis".

Assistant Inspector General for Audit

Date Issued: September 30, 2011  
Report Number: 18-11-010-03-001

## BRIEFLY...

Highlights of Report Number: 18-11-010-03-001, issued 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 increase employment and training opportunities. The Recovery Act did not specifically require coordination of activities related to infrastructure investment funded by the Act. However, ETA issued TEGL 14-08 to states and local workforce areas which provided guidance on implementation of WIA funding in the Recovery Act and encouraged collaboration between the public workforce investment system and other agencies that received Recovery Act funds. ETA also undertook several planning initiatives to coordinate workforce development activities with federal infrastructure investments.

The Office of Inspector General (OIG) audited the coordination activities that were planned and conducted at the federal, state, and local levels between workforce investment activities and federal infrastructure investments funded by the Recovery Act.

### WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

1. What planning efforts have the Department of Labor, states, and local workforce investment agencies performed to coordinate workforce development activities with federal infrastructure investments elsewhere in the Recovery Act?
2. What projects and other cross-collaboration activities have the states, and local workforce agencies undertaken in terms of spending Department of Labor Recovery Act funding for workforce development activities that support federal infrastructure investments elsewhere in the Recovery Act?
3. What has been the impact of these coordination efforts in terms of employing or re-employing workers through these projects?

### 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/2011/18-11-010-03-001.pdf>

September 2011

## RECOVERY ACT: PLANNING AND COORDINATION OF WORKFORCE DEVELOPMENT ACTIVITIES WITH FEDERAL INFRASTRUCTURE INVESTMENTS NEEDED IMPROVEMENT

### WHAT OIG FOUND

We found that even though there was no specific requirement to coordinate the workforce system with federal infrastructure investments, several planning initiatives were undertaken at the federal, state, and local levels to encourage cross-collaboration. However, we found the implementation of these planning efforts was generally informal and not well-coordinated.

ETA issued guidance to the workforce system recommending strategies and encouragement to link to other federal infrastructure investments. The Secretary of Labor issued a letter directly to each Governor requesting new jobs generated by the Recovery Act be listed on the state jobs banks, and two agreements were signed between DOL and other federal agencies to initiate collaborative projects. However, the agreements were never implemented.

Cross-collaboration activities did happen in some of the states and local areas. However, we found state agencies faced significant challenges to do more because 1) staff shortages and furloughs hampered implementing new Recovery Act programs; 2) not all state agencies required contractors to post Recovery Act jobs on the state jobs banks; and 3) state recovery task forces focused primarily on meeting Recovery Act reporting requirements.

### WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training continue to strengthen cross-collaboration efforts across federal and state agencies and encourage states and local areas to continue to pursue collaboration as part of their regular practice.

The Assistant Secretary agreed with our recommendation and provided examples of how ETA is moving in a direction consistent with the recommendation.

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# Table of Contents

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<b>Independent Auditors’ Report</b> .....	1
<b>Results in Brief</b> .....	2
<b>Objective 1 — What planning efforts have the Department of Labor, states, and local workforce investment agencies performed to coordinate workforce development activities with federal infrastructure investments elsewhere in the Recovery Act?</b> .....	5
<i>Several planning efforts were initiated to coordinate workforce development activities with federal infrastructure investments; however, implementation was generally informal and not well-coordinated</i> .....	5
<b>Finding 1 – Implementation of Planning Efforts for Coordination Were Generally Informal and Not Well-Coordinated Which Produced Uneven Results</b> .....	7
<b>Objective 2 — What projects and other cross-collaboration activities have the states and local workforce agencies undertaken in terms of spending Department of Labor Recovery Act funding for workforce development activities that support federal infrastructure investments elsewhere in the Recovery Act?</b> .....	12
<i>Planned coordination activities and cross-collaboration did not happen as intended due to significant challenges</i> .....	12
<b>Objective 3 — What has been the impact of these coordination efforts in terms of employing or re-employing workers through these projects?</b> .....	16
<i>The data to analyze the impact of coordination is not available.</i> .....	16
<b>Recommendation</b> .....	17
Appendix A Background .....	21
Appendix B Objectives, Scope, Methodology, and Criteria .....	23
Appendix C Acronyms and Abbreviations .....	27
Appendix D ETA’s Response to Draft Report.....	29

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## Independent Auditors' Report

September 30, 2011

Ms. Jane Oates  
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The Department of Labor (DOL) was provided funding from the American Recovery and Reinvestment Act (Recovery Act) (P.L. 111-5) signed into law on February 17, 2009. The Recovery Act funding was provided to, among other things, increase employment and training opportunities. On March 18, 2009, the Employment and Training Administration (ETA) issued *Training and Employment Guidance Letter* (TEGL) 14-08 to states and local workforce areas on implementation of the *Workforce Investment Act (WIA)* funding in the Recovery Act. ETA strongly recommended collaboration between the public workforce investment system and other agencies that received Recovery Act funds. WithumSmith+Brown (WS+B), under contract with the DOL OIG, audited the coordination activities that were planned and conducted at the federal, state, and local levels for the period from the inception of the Recovery Act through the end of fieldwork.

Our audit objectives were to answer the questions (1) What planning efforts have the Department of Labor, states, and local workforce investment agencies performed to coordinate workforce development activities with federal infrastructure investments elsewhere in the Recovery Act?; (2) What projects and other cross-collaboration activities have the states and local workforce agencies undertaken in terms of spending Department of Labor Recovery Act funding for workforce development activities that support federal infrastructure investments elsewhere in the Recovery Act?; and (3) What has been the impact of these coordination efforts in terms of employing or re-employing workers through these projects?

The audit included a review of the WIA Recovery Act program planning processes at ETA headquarters, the United States (U.S.) Departments of Housing and Urban Development (HUD), Energy (DOE), and Education (ED), seven state workforce investment boards (SWIBs), seven local workforce investment boards (LWIBs), four state recovery task forces or similar entities, five state housing agencies, four state departments of transportation, and two state energy departments. The seven states included California, Michigan, Ohio, Tennessee, Florida, Illinois, and Georgia. The audit also included surveys conducted with these entities and a review of other corroborating data. Recovery Act funding provided by ETA to the seven states reviewed totaled approximately \$1.4 billion for WIA related activities (40% of total Recovery Act funds for this purpose).

WS+B 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 provides a reasonable basis for our findings and conclusions based on our audit objectives. Our objectives, scope, methodology, and criteria are more fully detailed in Appendix B.

## **RESULTS IN BRIEF**

The Recovery Act did not specifically require coordination of activities related to infrastructure investments funded by the Recovery Act. However, two of its purposes were to preserve and create jobs and to assist those most impacted by the recession. Therefore, even though there was no specific requirement to do so, ETA undertook several planning initiatives to coordinate workforce development activities with federal infrastructure investments funded by the Recovery Act. WS+B found these cross-collaboration efforts were generally informal and not well coordinated throughout the workforce system.

ETA promptly issued guidance to the workforce system regarding federal infrastructure investments that included recommended strategies and encouragement to link to other federal infrastructure investments. To reinforce this message, the Secretary of Labor issued a letter directly to each Governor requesting the Governors' leadership by ensuring that all new jobs generated through the Recovery Act be listed on state jobs banks, and ETA performed "readiness reviews" of all states and 153 local entities that encouraged coordination with other agencies. In addition, ETA entered into two agreements with three other federal agencies receiving Recovery Act infrastructure investment funds. However, because implementation of these planning efforts was generally informal and not well-coordinated, they produced uneven results. Additionally, we found the two agreements between the DOL and other federal agencies were never implemented as planned, although four collaborative projects related to infrastructure investments did occur between the DOL and other federal agencies.

Regarding projects and activities undertaken at the state and local levels, while we found project specific activities did occur, planned coordination activities and cross-collaboration did not happen across-the-board as ETA intended. This occurred because 1) state agencies faced significant challenges to implement new programs and spend Recovery Act funding quickly while experiencing staff shortages and furloughs, 2) not all state agencies receiving infrastructure investment funding required Recovery Act contractors to post new jobs to the workforce development system's public jobs banks, and 3) the state recovery task forces established to help coordinate these efforts primarily ended up focusing on reporting and compliance in accordance with the Office of Management and Budget's new Section 1512 reporting requirements. Four out of seven LWIBs we reviewed participated in projects and other cross-collaboration activities in terms of spending Recovery Act funding for workforce development activities that support federal infrastructure investments.

Regarding the impact of coordination efforts on the employment or re-employment of workers, we determined federal, state, and local level officials were not required to specifically track the impact of coordination efforts on the employment or re-employment of individual participants other than existing program outcome measurements. Through surveys, we obtained anecdotal information on specific outcomes at two of the seven LWIBs that resulted from coordination activities related to Recovery Act infrastructure investments. These outcomes included a) participation in a transportation construction project, which resulted in the hiring of WIA participants; b) the training and placement of participants in weatherization project-related jobs; and c) participation in an apprenticeship program and placement of graduates into a road construction apprenticeship. However, based on this anecdotal evidence that we collected, we could not determine, the impact of any coordination efforts that did occur.

We recommend the Assistant Secretary for Employment and Training continue to strengthen cross-collaboration efforts across federal and state agencies and encourage states and local areas to continue to pursue collaboration as part of their regular practice.

In response to our draft report, the Assistant Secretary for Employment and Training agreed with our recommendation and provided examples of activities it is undertaking to move in a direction consistent with the recommendation. The Assistant Secretary's response is included in its entirety as Appendix D.



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## RESULTS AND FINDING

### **Objective 1 — What planning efforts have the Department of Labor, states, and local workforce investment agencies performed to coordinate workforce development activities with federal infrastructure investments elsewhere in the Recovery Act?**

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*Several planning efforts were initiated to coordinate workforce development activities with federal infrastructure investments; however, implementation was generally informal and not well-coordinated.*

Although the Recovery Act does not require coordination of activities related to infrastructure investments funded by the Act, two of its purposes are to preserve and create jobs and to assist those most impacted by the recession. Inherent in those objectives is the intent that this funding be used to create and preserve jobs in many sectors of the economy and provide additional resources for training and placement services to unemployed workers. Because cross-collaboration was not a legislative requirement, we found implementation of planning initiatives were generally informal and not well-coordinated.

#### Department of Labor Planning Efforts

DOL undertook several planning initiatives to coordinate workforce development activities with federal infrastructure investments funded by the Recovery Act. ETA issued guidance to the state and local workforce agencies regarding federal infrastructure investments and entered into two agreements with three other Federal agencies receiving Recovery Act infrastructure investment funds. The Secretary also sent a letter to each Governor requesting that Recovery Act jobs be posted on public jobs banks, and 24 Governors implemented this change. In addition, ETA conducted 209 on-site state and local readiness reviews to determine implementation issues for the Recovery Act, including coordination issues.

To implement certain aspects of the Recovery Act relating to Workforce Investment Act activities and funding, the ETA issued TEGL 14-08 in March 2009, to state and local workforce agencies. Through this guidance, ETA strongly encouraged workforce agencies and local workforce investment boards (LWIBs) to review other parts of the Recovery Act with an eye toward identifying activities to be carried out through the Departments of Agriculture, Defense, Energy, Health and Human Services, Transportation, and other agencies; to monitor these funding streams at the state level in an effort to coordinate workforce development activities and maximize the return on each investment in terms of the number of workers employed or re-employed through such projects.

TEGL 14-08 required states to modify their plans for the implementation of the Recovery Act and submit the modified plans to ETA for approval. As part of the

submission, Attachment A, *Questions for WIA / Wagner Peyser State Plan Modifications*, required states to submit responses to specific questions, including a description of how workforce agencies planned to interrelate on workforce, economic development, and education issues, and how the state would ensure cross-agency collaboration so that workforce investments are fully tied to other investments funded by the Recovery Act outside of workforce development.

The TEGL 14-08 also provided an example for LWIBs, suggesting collaboration with local government agencies and employers creating jobs in road and bridge projects, and energy efficiency programs such as the weatherization program, among others. However, even though ETA provided planning guidance and assistance to the states, the implementation of cross-collaboration efforts was generally informal and not well-coordinated so results were uneven as indicated by the following outcomes found.

At the Federal level, DOL and HUD issued a joint letter announcing the establishment of a pilot program to link public housing residents with their LWIB and its One-Stop system in May 2009. Under the Recovery Act, Public Housing Agencies (PHAs) received funding to improve the energy efficiency of public housing communities across the country and to create and preserve jobs. In August 2009, ETA issued a notice to the state workforce agencies and LWIBs on the subject of the partnership between DOL and HUD to alert the workforce investment system to be prepared to work with representatives from local PHAs to connect public housing residents to One-Stop Career Centers.

We interviewed officials at HUD and DOL, as well as two PHAs, regarding this Memorandum of Understanding (MOU) and found that while a pilot program was conducted in one local area in the United States, the outcome of the pilot program was not successful, and therefore, this program was not replicated. The lack of success of the pilot was attributed to the competency gap between the education levels required to participate in applicable One-Stop training programs compared to the educational competency levels of many PHA residents based on administered tests. HUD is now pursuing best practices across the country on how to effectively address this gap. In addition, ETA was involved in making a regional presentation to educate public housing officials about the workforce system. HUD indicated that collaboration with ETA is important to enable them to meet the training needs of public housing residents, but further collaboration activities are subject to available resources at both agencies and at the local PHAs and WIBs.

Additionally, an MOU between the ED, DOE, and Labor was issued as a non-binding expression of intent to collaborate on linking the U.S. workforce to jobs, training and education opportunities funded by the Recovery Act and annual appropriations. This MOU is in effect for a period of 5 years, does not authorize or obligate funds, and is not legally enforceable. Its objective was to efficiently and effectively advance existing and future training and education programs; avoid duplication of effort, fill skill deficiencies and optimize matching of training programs with employment needs; provide career

ladders and pathways; and provide for a skilled workforce in clean energy and energy efficiency.

The MOU was to establish a framework to assist these Departments in collaboration and information exchange. The Departments were to establish an Oversight Committee to facilitate and oversee the implementation efforts and provide periodic reports to the Departments on the status of collaborative efforts. We interviewed officials at DOL, ED, and DOE regarding this MOU, and found that it was never implemented as planned. For example, the Oversight Committee was never established, and quarterly meetings were not conducted as intended.

However, we found several collaborative projects related to infrastructure investments that did occur between DOL and DOE. DOL participated in the Middle Class Task Force Council on Environmental Quality report, *Recovery Through Retrofit*<sup>1</sup> by contributing workforce expertise in designing training programs for workers and developing work safety guidelines. DOL also encouraged LWIBs to participate as supporting partners in the Energy Regional Innovation Cluster (E-RIC) in Philadelphia, Pa., to recruit, train, and place workers in jobs created in the E-RIC. In addition, several projects funded through ETA's Recovery Act discretionary grants related to green job projects also involved on-going collaboration between DOL and DOE.

Officials at both HUD and DOE stated that many cross-collaborative initiatives at the federal level were developed from informal networks between individuals across agencies. Because of the lack of an Oversight Committee, some of the challenges noted were not knowing who to reach out to, resource constraints, and differences in the populations served.

**Finding 1 – Implementation of Planning Efforts for Coordination Were Generally Informal and Not Well-Coordinated Which Produced Uneven Results**

Although ETA encouraged states to identify strategies for coordinating with other state agencies and took initiative to develop partnerships with other federal agencies at the national level, the implementation of these planning efforts was generally informal and not well-coordinated which produced uneven results. This occurred due to stretched resources, the lack of a legislative requirement, and the lack of prior existing relationships between agencies to facilitate collaboration efforts. Additionally, we found the two agreements with other federal agencies were never implemented as planned, although several collaborative projects related to infrastructure investments did occur between DOL and other federal agencies.

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<sup>1</sup> The objective of this project was to develop a *Workforce Guide for Home Energy Upgrades*. It involved collaboration between the Departments of Energy, Education, and Labor, the Environmental Protection Agency, the Small Business Administration, and other agencies.

State Level Planning Efforts

State level planning efforts were uneven across the states selected for audit and in most instances did not reflect a coordinated cross-collaboration effort between state agencies receiving Recovery Act funding. We performed structured interviews and reviewed related documents and web sites in the states of 1) California, 2) Illinois, 3) Michigan, 4) Florida, 5) Tennessee, 6) Ohio, and 7) Georgia. Our objective was to determine the extent of planning efforts to coordinate workforce development activities with federal infrastructure investments funded by the Recovery Act.

For each of the seven states, we performed structured interviews of officials from the state workforce agency / state workforce investment board (SWIB), state recovery taskforce or entity, state transportation or energy agency, state housing agency, and LWIB. We reviewed other corroborating information and documents provided to us including states’ modified strategic plans, local plans, MOUs or other agreements between agencies, project outcomes, and reports submitted to the [www.recovery.gov](http://www.recovery.gov) website.

For the seven states in our sample, we also analyzed the modified State plan, including TEGL 14-08 Attachment A, *Questions for WIA / Wagner Peyser State Plan Modifications*, to determine how they specifically addressed the planned coordination activities between workforce development activities and federal infrastructure investments. All of the states identified activities they planned to perform in this area, which included meetings with other state agencies, and specific projects that would be explored. The following summarizes the relevant aspects of the state plans:

<b>State</b>	<b>Relevant Coordination Activities Planned</b>
California	California would create the Green Collar Jobs Council, which includes representatives from energy, education, and workforce-related State agencies, as well as environmental organizations.
Michigan	The Michigan Department of Energy, Labor, & Economic Growth (DELEG), would create a strategic alliance uniting energy, workforce, and economic growth with many key initiatives to ensure a continuation of education and training opportunities including the Road Construction Apprenticeship Readiness (RCAR) project, among others.
Illinois	The Illinois Workforce Investment Board would create task forces for the following key sectors of the economy: healthcare, manufacturing, transportation and logistics, information technology, and agriculture. The Department of Commerce and Economic Opportunities and the Illinois Workforce Partnership will sponsor a series of Recovery Act regional roundtable meetings with leaders in each of these sectors.
Florida	The Florida workforce system would be in active dialogue and relationship with the state’s energy offices and Department of Community Affairs in the area of energy efficiency and weatherization and the related Recovery Act funds. Connection with the Department

State	Relevant Coordination Activities Planned
	<p>of Environmental Protection would also occur with the water associations in Florida and nationwide for water infrastructure projects.</p> <p>From a workforce perspective, Florida would look closely at other potential infrastructure projects, like roadways, bridges, and other improvement projects. As part of the “Accelerate Florida” initiative, the Governor emphasized that maintaining, constructing, and expanding Florida’s transportation system contributes to economic security. These types of projects can be labor intensive and Florida would work to ensure that a ready supply of workers would be available to support the projects as the funding becomes available.</p>
Ohio	<p>State agencies would interact on workforce and economic development issues in a variety of forums, including regularly scheduled and ad hoc inter-agency meetings designed to improve cross-agency communication and collaboration. Additionally, quarterly meetings of the Governor’s Workforce Policy Advisory Board would provide cabinet-level officials with the opportunity to coordinate workforce development programs and activities.</p>
Georgia	<p>A state-level Recovery Act Implementation Group was established to discuss strategies and develop cross-agency teams to leverage Recovery Act funds.</p>
Tennessee	<p>The Volunteer State Solar Initiative, a comprehensive solar-energy and economic-development program, would use up to \$62.5 million in federal Recovery Act funds to advance job creation, education, research, and renewable-power production in Tennessee. WIA state funding would support on-the-job training for eligible new hires.</p> <p>Clean Energy and Green Jobs - The state level agencies would work together to use new resources through the Recovery Act and the Tennessee Energy, Industry and Construction Consortium to recruit new industries and develop career awareness to Tennessee. Funding strategies, policy, and education would be discussed in a statewide conference.</p>

Source: FY2009 State WIA Plan Documents

In addition to the state plan analysis, our discussions with state workforce officials investigated the extent of communication about planning activities between different state agencies and local agencies. Although not required by ETA, four SWIBs provided communication in the form of guidance/technical assistance to LWIBs regarding federal infrastructure recovery projects. Specifically, Tennessee and Illinois held training meetings with LWIBs that included discussion about coordination activities. Ohio provided guidance via Policy Letters to LWIBs and required Recovery Act transportation job postings on the state job bank website. The California Employment Development Department (EDD) provided guidance/technical assistance regarding federal

infrastructure recovery projects and attended meetings with other agencies and LWIBs regarding how coordination should occur.

The other state agencies, such as housing and transportation reported they did not receive any communication from federal or state officials regarding coordination of efforts between workforce development and federal infrastructure investments, except for the Tennessee housing agency that received guidance from the state recovery task force.

Local Level Planning Efforts

Local level planning efforts were primarily driven by individual initiative and informal networks that already existed, rather than a systematic, organized effort. Many LWIBs were also required to submit modified local plans to the states to describe how they planned to spend Recovery Act and regular WIA funding. We reviewed the modified local plans submitted to the state for the LWIBs in our sample. Although some local plans did make reference to coordinating with other agencies, these were very general statements and none of the plans reviewed identified any specific projects or activities relating to cross-collaboration on Recovery Act infrastructure investments. The relevant aspects of the local plans are summarized below:

<b>LWIB</b>	<b>Relevant Aspects of Plan</b>
City of Detroit WIB (Michigan)	Described the green jobs that have been identified as high-growth occupations according to the State’s regional analysis. The local plan also describes coordination efforts with transportation on referral services.
Tennessee LWIB	Implemented a collaborative effort between private industries, local education boards, local housing authorities, and other local governments to operationally define programs and activities. This collaboration would encourage the entities to work together to implement the comprehensive local adult and youth service delivery systems.
Central Ohio LWIB	The Ohio modified state plan specifically required the central Ohio LWIB to participate as an active member of the inter-agency meetings to further strengthen partnerships with agencies and respective agency staff.
Los Angeles City WIB (California)	Identified construction needs as an employment opportunity.
Cook County WIB (Illinois)	Required delegate agencies to coordinate outreach and recruitment with WIA mandated partners, the business community, community-based organizations, non-for-profit/for-profit organizations, educational programs and governmental agencies.
Atlanta WIB (Georgia)	Addressed the availability of services to be coordinated with other providers to avoid duplication of funding.

<b>LWIB</b>	<b>Relevant Aspects of Plan</b>
South Florida WIB	The Community Workforce Program (CWP) is a partnership with Miami-Dade County’s Agency to provide construction trades training to residents. The Program integrated the processes of recruitment, development and training to improve time-to-productivity for the County’s Capital Construction workforce. In practice, this means construction contracts, such as the Marlins stadium, would require a certain percentage of residents be employed.

Source: FY2009 Local WIB Plan Documents

For each of the seven states in our sample, we selected one LWIB in each state to perform structured interviews and reviewed other corroborating data relating to coordination activities with federal infrastructure investments. Four LWIBs we interviewed planned specific coordination activities, including the City of Detroit, South Florida, East Tennessee, and Central Ohio LWIBs. These planned coordination activities included transportation projects, neighborhood revitalization, health and medical information technology training, weatherization, and construction training projects.

However, weaknesses in implementation of these planning efforts at the federal, state, and local level produced uneven collaborative results between workforce investment activities and federal infrastructure investments. Had there been a legislative requirement for greater cross-collaboration across agencies at all levels, more effective, formalized efforts may have resulted.



**Objective 2 — What projects and other cross-collaboration activities have the states and local workforce agencies undertaken in terms of spending Department of Labor Recovery Act funding for workforce development activities that support federal infrastructure investments elsewhere in the Recovery Act?**

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*Planned coordination activities and cross-collaboration did not happen as intended due to significant challenges.*

Although project specific activities did occur at the state and local levels, we found that coordination activities and cross-collaboration at the state and local levels did not happen as planned. State agencies faced several significant challenges, which impeded cross-collaboration activities; agencies receiving infrastructure investment funding did not need to utilize the workforce development system to staff projects; and the state recovery task forces established to help coordinate these efforts primarily ended up focusing on reporting and compliance.

State Level Activities

The seven states we audited received the following amounts of Recovery Act funding from the Employment and Training Administration in WIA program funds for workforce development activities:

State	Amount
California	\$ 535,617,440
Michigan	197,117,236
Illinois	173,094,909
Florida	165,019,783
Ohio	153,073,770
Georgia	99,994,007
Tennessee	71,721,699
Total	\$1,395,638,844

Three of the seven state workforce agencies stated that they participated in projects and other cross-collaboration activities in terms of spending Recovery Act funding for workforce development activities that support federal infrastructure investments, as follows:

- The California SWIB provided training opportunities as part of the California Energy Commission to address California’s green initiative, and the SWIB lead the Green Collar Job Council to help workers gain access to jobs while supporting the State-wide energy efficiency strategies, such as green infrastructure construction and retrofit.

- Michigan’s Department of Energy, Labor, and Economic Growth (DELEG) placed energy auditors for the Bureau of Energy, trained statewide health record managers for the Community Health Agency, and mandated all jobs to be posted to the Talent Bank system used by the workforce development agencies, among other projects. The modified Michigan state plan describes the Road Construction Apprenticeship Readiness Program (RCAR) as a pre-apprenticeship program to provide personalized training in job readiness skills necessary in construction trades over a 3-year period. The RCAR program was developed and implemented through a partnership including faith and community-based partners, the Michigan Department of Transportation, the Michigan Department of Energy, Labor & Economic Growth, trade unions and local Michigan Works Agencies (LWIBs). This program is organized by the state and implemented by the LWIBs, and includes formal agreements regarding provisions of services. The Michigan SWIB was not able to provide information concerning the funds obligated or expended in this program as they did not maintain this data.
- Tennessee worked with other state agencies and institutions of higher education on several downtown revitalization projects. The SWIB also collaborated with the State Department of Energy on a solar institute to train solar installers. The SWIB coordinated activities with the State Department of Human Resources, other State agencies, and LWIBs to implement a pilot program in one county using Temporary Assistance to Needy Families (TANF) funding from the U.S. Department of Health and Human Services (HHS) to subsidize employment with other State agencies and private employers. The SWIB handled eligibility, while the LWIB handled personnel placement. Approximately \$10.8 million was spent through this program, and the largest number of employees placed within state agencies was the Tennessee Department of Transportation. Plans were then developed for four additional counties, each receiving between \$2 and \$4 million, and the SWIB contracted directly with the LWIB in these counties for the provisions of these services.

Ohio, Illinois, Florida and Georgia did not participate in federal infrastructure investment projects with other agencies at the state level. SWIB officials reported to us that they coordinated with other state agencies on non-infrastructure related projects, did not receive any requests from other agencies on coordination of infrastructure investments, did participate in recovery task forces, and used Recovery Act funding primarily to provide local workforce areas additional capacity for ongoing activities.

The states faced several significant challenges, which hindered their ability to undertake these types of coordination activities. Some of these challenges included the following:

Challenge	States Reporting Challenge
The need to spend funds quickly in accordance with the Recovery Act while coordinating with other agencies takes time they did not have.	California Michigan Florida Georgia Tennessee
Statewide staffing problems presented obstacles to task force participation while trying to get programs started.	California Michigan Illinois Florida Georgia
No information sharing between agencies and lack of prior coordination efforts hampered collaboration.	Michigan Illinois Florida Georgia Tennessee

We also found when state workforce agencies did not have prior existing relationships with other state agencies, coordinating activities were less likely to occur. The coordination activities were often the result of individuals who had connections or contacts with another state agency in a personal capacity, rather than a result of a systematic or organized effort.

Another factor impeding collaboration efforts was that the Recovery Act infrastructure investments received by other state agencies (e.g. Transportation, Energy) did not create a need for workforce development services, such as training or job placement. For example, none of the four State Departments of Transportation in our sample identified the need to reach out to the state workforce agencies to train or place workers for jobs. The transportation funding was generally passed down to contractors who either had already laid off workers or were struggling to stay in business. The contractors therefore did not have workforce development needs that would have resulted in these types of coordination activities.

Recovery Act task forces did not function as intended as it relates to cross-collaboration efforts for Recovery Act infrastructure projects. Each of the seven states in our sample had a statewide task force or similar entity focused on economic recovery and the Recovery Act. We contacted these taskforces and found that, although in many cases they were designed to foster collaboration efforts, they primarily ended up focusing on Section 1512 reporting and other compliance issues required as a result of the Recovery Act. In three states, these task forces were no longer in existence and in the remaining four states they had been significantly reduced in size and scope.

### Local Level Activities

Certain specific programs and projects were initiated at the local levels relating to cross-collaboration efforts. Four out of seven LWIBs in our sample stated they participated in projects and other cross-collaboration activities in terms of spending Recovery Act funding for workforce development activities that support federal infrastructure investments.

The City of Detroit WIB (Michigan) identified nine programs including collaboration with the Michigan Department of Transportation in training classes and a weatherization training program through the Detroit Department of Human Services. These nine programs stemmed from a variety of initiatives. Two of the programs were specifically listed in the Michigan modified state plan and implemented by the LWIBs. Local private organizations approached the LWIB to join as a partner in three of the programs. The remaining four programs resulted from a variety of governor-lead task forces, which prompted communication between state agencies.

The South Florida Workforce Investment Board identified two programs including training WIA participants for healthcare infrastructure investments and transportation infrastructure investments such as the construction of the Port of Miami tunnel. These two programs resulted from the State's Recovery Act Task Force taking a strategic approach to local communities bringing local leaders together to dialogue across geographic boundaries.

The East Tennessee LWIB identified several programs resulting from cross-collaboration activities. The LWIB reached out to technology centers at local colleges to develop medical information training programs. In addition, the LWIB was contacted by a number of state agencies such as the Tennessee Department of Community Economic Development to develop infrastructure work with industrial prospects. The Volunteer State Solar Initiative was detailed in the Tennessee modified state plan and implemented by local business, labor, and local and state governments.

The Central Ohio LWIB participated with a state university on a neighborhood revitalization effort and provided funding and training of WIA participants on this project. The Ohio modified state plan specifically listed the Constructing Futures pre-apprenticeship project, which was created through collaboration between transportation, labor, and construction organizations.

The Los Angeles City WIB (California), Cook County WIB (Illinois), and Atlanta WIB (Georgia) were not aware of projects with other agencies within their jurisdictions.

**Objective 3— What has been the impact of these coordination efforts in terms of employing or re-employing workers through these projects?**

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*The data to analyze the impact of coordination is not available.*

Federal, state, and local level officials were not required; and therefore, did not track outcome measures such as employing workers specifically related to federal infrastructure investments. DOL requires states to track program outcome measures related to the WIA services it provides, but does not have a means other than anecdotal data to assess the impact of coordination efforts related to federal infrastructure investments. As a result, we could not determine the impact of any coordination efforts that did occur. The only information we are able to report on was the anecdotal information provided to us.

Additionally, when an LWIB was involved in a particular program or project but was not the lead agency, the LWIB did not have outcome data on that project. LWIBs do not have outcome data on projects outside of the scope of normal reporting requirements. Although LWIBs received funding through the Recovery Act from DOL and other federal agencies, and are required to submit jobs created/retained data through the OMB required Section 1512 reporting, they correctly reported jobs created when the LWIB was the employing agency, per federal guidance. LWIB tracked participant job placement and job retention separately through an ETA reporting system, but the ETA performance reporting system does not track, and was not required to track, Recovery Act versus non-Recovery Act participant data.

Grantees and contractors that did receive Recovery Act infrastructure investment funds are reporting jobs created or retained on the Section 1512 reporting. However, grantees and contractors were not required to, and do not, report whether these jobs include WIA participants. Therefore there is no way to determine how many, if any, were a result of collaboration with the workforce system or were for hires relating to WIA participants other than anecdotal information.

Because of the lack of available reported data to analyze, we included in our sample one LWIB in each State in our sample of seven states. We obtained information on specific outcomes at two of the seven LWIBs as a result of coordination activities related to Recovery Act infrastructure investments as follows:

The South Florida WorkForce Investment Board collaborated with the Miami Department of Transportation in the hiring efforts for the Port of Miami Tunnel Project. The South Florida WorkForce is working with Bouygues Civil Works Florida (BCWF), the general contractor in the hiring process for vendor services and individuals. This partnership has resulted in 23 hires for the Port of Miami tunnel project.

The Detroit WIB collaborated with the City's Department of Human Services and local contractors to insulate walls and attics for more than 4,500 Detroit homes to be weatherized. The Detroit WIB worked with community colleges to offer free training in weatherization work without direct agreements. The LWIB used Recovery Act funds to train adult and dislocated workers in three educational groups in community colleges. Tangible outcomes resulted in 58 participants graduating and 38 participants placed in weatherization jobs. An additional six participants were placed in non-weatherization jobs.

The City of Detroit WIB participated in the Road Construction Apprenticeship Readiness Program (RCAR) with the SWIB and the State DOT. This 3-year program placed minority/low income/female participants into construction jobs. The LWIB paid a stipend during the 9-week pre-apprenticeship program, which turned into an apprenticeship with the provider. In 2009, of the 30 participants, 24 graduated, 9 were placed in road construction employment, and 6 were placed in non-road construction employment. Thirteen of the 24 graduates also went through an apprenticeship program. In 2010, of the 15 participants, 13 graduated and 12 were placed in an apprenticeship.

The remaining five LWIBs either did not participate in or were not able to provide us outcome information on collaboration efforts with federal infrastructure investment projects as this information was not tracked and maintained.

Even though it was not required by federal or state regulations and significant challenges were present, some positive outcomes did occur at the local levels by pursuing these collaboration efforts. In some cases, dialogues with other agencies occurred that had not existed before. In the cases identified above, positive outcomes did occur as it related to job placement or retention.

## **RECOMMENDATIONS**

We recommend the Assistant Secretary for Employment and Training continue to strengthen cross-collaboration efforts across federal and state agencies and encourage states and local areas to continue to pursue collaboration as part of their regular practice.

We appreciate the cooperation and courtesies that DOL personnel extended to WithumSmith+Brown during this audit.

*WithumSmith+Brown, PC*

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# Appendices

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## Appendix A

### Background

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President Obama signed the Recovery Act (P.L. 111-5) into law on February 17, 2009. The Recovery Act provides the US DOL with funding to, among other things, increase employment and training opportunities. The stated purposes of the Recovery Act are to:

- Preserve and create jobs and promote economic recovery;
- Assist those most impacted by the recession;
- Provide investments needed to increase economic efficiency by spurring technological advance in science and health;
- Invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

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 recipients of these funds deliver programmatic results.

The Recovery Act did not define “infrastructure investments.” Consequently, interpretation of “infrastructure investments” under the Recovery Act may have varied across federal agencies. These agencies included, but were not limited to the Departments of Energy, Housing and Urban Development, and Transportation. Federal agencies distributed these funds to states and non-governmental organizations as both formula and discretionary grants. State agencies obligated the funds through grants, contracts, loans or other financial mechanisms.

On March 18, 2009, the ETA issued *TEGL 14-08* to states and local workforce areas on implementation of the WIA funding in the Recovery Act. ETA encouraged collaboration between the public workforce investment system and other agencies that received Recovery Act funds. DOL recognizes that other federal agencies are providing Recovery Act funds to states and local areas for activities that could potentially create jobs and/or training opportunities for unemployed workers. The *TEGL* contains multiple references to opportunities for collaboration.

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## Appendix B

### Objectives, Scope, Methodology, and Criteria

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#### Objectives

The objectives of our audit were to determine:

1. What planning efforts have the Department of Labor, states, and local workforce investment agencies performed to coordinate workforce development activities with federal infrastructure investments elsewhere in the Recovery Act?
2. What projects and other cross-collaboration activities have the states, and local workforce agencies undertaken in terms of spending Department of Labor Recovery Act funding for workforce development activities that support federal infrastructure investments elsewhere in the Recovery Act?
3. What has been the impact of these coordination efforts in terms of employing or re-employing works through these projects?

#### Scope

Our performance audit covered the period from inception of the Recovery Act, February 17, 2009, through the end of fieldwork. We conducted our fieldwork at the ETA National Office in Washington, D.C.; at a pilot site visit in Trenton, N.J.; and through phone interviews and review of other corroborating data in seven selected states (California, Illinois, Michigan, Florida, Tennessee, Ohio, and Georgia) including a variety of State and local agencies, as well as the National Offices of the HUD, DOE, and Education.

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.

## Methodology

To accomplish our audit objectives, we obtained an understanding of the Recovery Act, which provides funding and outlines the requirements for the WIA 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. Furthermore, we reviewed ETA's website and Recovery.gov for Recovery Act-related material.

We judgmentally selected seven states to conduct structured interviews and reviewed other corroborating data at the state and local levels. In selecting the states, our objective was to achieve significant program coverage in terms of Recovery Act dollars to be expended, including infrastructure investment dollars, as well as adequate geographic coverage. Since the states and other entities selected for audit were judgmentally selected, the reported results can not be projected to all states and other entities.

At the state level, we interviewed State Workforce Agency/State Workforce Investment Board directors and program staff, officials from the State Departments of Transportation, Energy, and Recovery Task Forces or similar entities. We also reviewed the modified state plans and compared the plans to the guidance in TEGL 14-08 as it related to our audit objectives. At the local levels, we interviewed LWIB directors and program staff, reviewed modified local plans where available, and interviewed officials from Public Housing Authorities.

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, we obtained an understanding of ETA's process for coordinating collaboration with other agencies on Federal infrastructure investments. The testing of internal controls over this process was not determined to be significant to our audit objectives.

## Criteria

We used the following criteria to accomplish our audit:

- The American Recovery and Reinvestment Act of 2009, dated February 17, 2009 (P.L.111-5)
- 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) Memoranda:
  - 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. 14-08, *Allotments for Training and Employment Services as Specified in the ARRA for Activities Under the WIA*, dated March 18, 2009

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**Appendix C**

**Acronyms and Abbreviations**

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BCWF	Bouygues Civil Work Florida
CWP	Community Workforce Program
DELEG	Department of Energy, Labor, & Economic Growth
DOL	Department of Labor
DOE	Department of Energy
ED	Department of Education
EDD	Employment Development Department
E-RIC	Energy Regional Innovation Cluster
ETA	Employment and Training Administration
HHS	Health and Human Services
HUD	Housing and Urban Development
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
OIG	Office of Inspector General
OMB	Office of Management and Budget
PHA	Public Housing Authority
RCAR	Road Construction Apprenticeship Readiness
SWIB	State Workforce Investment Board
TANF	Temporary Assistance to Needy Families
TEGL	Training and Employment Guidance Letter
WIA	Workforce Investment Act
WS+B	WithumSmith+Brown



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Appendix D

ETA's Response to Draft Report

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



SEP 30 2011

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

FROM: JANE OATES *Jane Oates*  
Assistant Secretary

SUBJECT: Management's Response to the Office of the Inspector  
General's Audit of the *Recovery Act: Implementation of  
Planning Efforts to Coordinate Workforce Development  
Activities With Federal Infrastructure Investments*, Audit  
Report 18-11-010-03-001

Thank you for the opportunity to respond to the final report cited above. The Employment and Training Administration (ETA) appreciates the time and effort your staff spent to meet with my staff and to incorporate our comments into the report.

ETA is very pleased with the workforce system's ability to quickly and successfully fulfill the legislative requirements of the American Recovery and Reinvestment Act (ARRA). In addition to ensuring all of our legislative obligations were met, ETA encouraged activities and practices that would help optimize this valuable infusion of funds, including the coordination of workforce development resources with other federal infrastructure investments. The public workforce system assisted in the placement of over 6 million jobseekers into available jobs throughout the country in both Program Year 2009 and Program Year 2010 – the heart of the Recovery Act period.

The report accurately acknowledges that while coordination with Federal Infrastructure Investments was not a legislative requirement, ETA proactively issued guidance and technical assistance around this subject. Within just 30 days from the passage of ARRA, ETA outlined substantive guidance in Training and Employment Guidance Letter (TEGL) 14-08. The Secretary of Labor then issued a letter directly to each Governor requesting the Governor's leadership in "connecting workers to Recovery Act jobs" by ensuring that all "new jobs generated through the Recovery Act are listed on your state job bank" and that they "connect together the range of activities funded by the Recovery Act." As a result, at least 24 states required ARRA-created jobs to be posted to the state job banks.

In addition, ETA conducted an on-site "readiness review" of all states and 153 local entities which included information about each state's ability to coordinate with other

agencies engaged in Recovery Act activity. The feedback received from the readiness reviews informed ETA's technical assistance agenda for ARRA which included the hosting of six Regional Recovery and Reemployment forums at which the coordination activities were encouraged (e.g., Job Creation in Energy).

ETA provided further guidance through Webinars and other activities to encourage state and local workforce areas to link employment and training with new and emerging jobs. For example, ETA hosted the National *Road to Recovery* Summit which included sessions on how to develop and apply real-time labor market information (such as current job postings) to encourage optimal connection to job opportunities. Collectively, the guidance and technical assistance made an impact in the workforce system as evidenced, in part, by the fact that the seven states interviewed as part of this audit included collaboration plans and the majority of the states provided guidance or technical assistance to local areas.

We offer the following response to the sole recommendation in your memorandum.

**Recommendation:** That the Assistant Secretary for Employment and Training continue to strengthen cross-collaboration efforts across Federal and state agencies and encourage states and local areas to continue to pursue collaboration as part of their regular practice.

**ETA's Response:** ETA agrees with the Office of Inspector General (OIG) recommendation that the agency should continue to strengthen cross-collaboration efforts. The agency has engaged in a variety of activities that show the agency continues to move in a direction consistent with the recommendation. Below are some noteworthy examples:

1. *Workforce Investment Fund:* Most recently, ETA has engaged in a consultation process with Federal partners to discuss the planning, development, and implementation of the Workforce Investment Fund (WIF) which is designed to test and evaluate best practices within the workforce system. This is one of the most important investments ETA will make in recent years and several Federal partners have pledged their support. The solicitation, scheduled to be released in the fall of 2011, will encourage system change and cross-agency alignment at the state and local levels to improve employment outcomes, better connect employers with the skills they need, and increase the cost-effective delivery of services.
2. *TANF-WIA Collaboration:* A joint letter (TEGL 24-09) was issued between the U.S. Department of Labor and the U.S. Department of Health and Human Services to identify and explore areas of collaboration that support training and employment opportunities for low-income families, particularly opportunities to place eligible TANF participants in subsidized employment. The guidance encourages cross-collaboration efforts, stating "it is our hope that this national partnership focused on subsidized employment will be modeled throughout state and local TANF and workforce agencies."
3. *Career Pathways Initiative:* The Department of Labor/ETA, Department of Education/Office of Vocational and Adult Education (OVAE), and the

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Department of Health and Human Services/Administration on Children and Families (ACF) are engaged in a cross-agency partnership to promote best practices around career pathways at the state and local level. The term “career pathway” means a clear sequence of education coursework and/or training credentials which lead up a career ladder. The Federal partnership has encouraged a diverse group of representatives from state and local agencies, private and non-profit partners, and employers and members of the business community collaborate to design, craft, and implement a shared vision. More than 13 states along with their local partners are participating. Our website includes information on how the Federal partners are collaborating as well as the critical “how to” examples for state and local areas to implement this vision. In the fall of 2011, this Federal partnership will take an additional step by issuing a Quick Start Action Planner for areas interested starting up career pathways programs. Information will be made available at the Career Pathways Initiative website <https://learnwork.workforce3one.org>.

4. *Unified Planning*: The Department of Labor/ETA and its Federal partners (DOL/Veterans Employment and Training Services, Department of Education/OVAE and Rehabilitation Services Administration, the Department of Health and Human Services/ACF, Department of Agriculture/Supplemental Nutrition Assistance Program, Housing and Urban Development/Community Development Block Grant Program) are taking steps to enhance the State planning process across multiple programs and to improve the ability of States to submit a single, integrated or unified plan, which is an option available in Section 501 of the Workforce Investment Act. DOL and its Federal partners are in the process of identifying activities they can pursue together for FY 2012, including joint State consultations; issuing a joint letter to State stakeholders on key connection opportunities; providing technical assistance; and identifying joint activities or pilot projects to improve integrated program planning and alignment in 2012. In FY 2013, DOL and its Federal partners intend to issue redesigned unified planning guidance that streamlines paperwork processes and eliminates multiple and overlapping planning requirements across programs.
5. We are engaged in many other Joint Federal Initiatives, such as:
  - o MOU with SSA to provide technical assistance to the One-Stop system to better serve disabled jobseekers; and
  - o Prisoner Reentry: ETA’s Division of Youth Services and the U.S. Justice Department to strengthen communities and help ex-offenders successfully transition in those communities.

ETA appreciates the opportunity to share follow-up activities that address the concerns of the audit.

Please let us know if these on-going and planned actions results in closing this recommendation. Thank you again for the opportunity to comment. If you have any questions, please contact Christine Ollis at (202) 693-3937.

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