

Appendix E

ETA Response to Draft Report

U.S. Department of Labor

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



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MEMORANDUM FOR ELLIOT P. LEWIS
Assistant Inspector General

FROM: JANE OATES *Jane Oates*
Assistant Secretary for
Employment and Training

SUBJECT: OIG Audit of Job Corps Needs to Improve Reliability of Performance
Metrics and Results
Draft Report #26-11-004-03-370

This memorandum responds to the subject draft audit report, dated September 23, 2011, Job Corps Needs to Improve Reliability of Performance Metrics and Results. We appreciate the opportunity to provide input to this draft audit report as well as to the recent discussion draft report and “statement of facts.” The Employment and Training Administration (ETA), which manages and administers the Office of Job Corps (OJC), appreciates the Office of Inspector General’s (OIG’s) efforts to identify areas in which the program’s performance metrics can be improved.

First, ETA is committed to maintaining a sound performance metrics system for all of its programs, including Job Corps. We take great pride in the work we do on behalf of youth and adults across the nation, and our efforts fully support the Department’s priorities to achieve “Good Jobs for Everyone.” We recognize that performance metrics are critical in reflecting both program results and worthwhile taxpayer investment. The Job Corps program, in particular, serves youth in targeted, at-risk populations. For over four decades, Job Corps has made a difference in young people’s lives by helping them gain academic and career technical training credentials, complemented by placement in employment, education, the military, and apprenticeship, with defined career paths that will lead them to economic self-sufficiency.

As such, ETA takes responsibility for any invalid Job Training Matches (JTM) identified by the OIG, which constitute the primary finding of this report. The OJC, in coordination with the ETA Office of Contracts Management (OCM), will assess liquidated damages to applicable contractors that have misrepresented these placements. However, ETA believes the vast majority of the OIG audit report misrepresents OJC’s performance management system, disregards the changes implemented to ensure reliability in performance data (as the OIG audit was conducted using outdated policies and procedures), and, in some areas, is inaccurate. ETA officials, including representatives from the Offices of Job Corps, Policy, Development and Research, and Workforce Investment, met with the OIG and provided information on multiple occasions to substantiate and clarify ETA’s and OJC’s performance metrics systems.

ETA's response is divided into four sections, to align with the items addressed in the report: **Job Training Match, Performance Metrics, Cost Efficiency Measures, and Evaluation.**

Job Training Match

The OIG expressed three concerns with Job Corps' Job Training Match Metric: 1) Invalid JTM placements; 2) military and educational placements as JTMs; and 3) the placement of Job Corps students in entry-level positions as a poor use of resources.

Invalid Job Training Matches

ETA takes responsibility for those JTMs that were found to be invalid and will assess liquidated damages to the responsible contractors. However, ETA would like to reiterate that we have taken steps to address this concern. As a result, over 90% of the placements audited by the OIG were matched to training using policies that are no longer in place. The time period of the majority of the OIG's JTM findings (PY 2009 and October 2010) covers the previous, now-defunct JTM policy. As noted in the report, a new JTM Crosswalk was introduced to the Job Corps system in October 2010, approximately 30 days before the OIG audit began. Thus, some of the PY 2009 JTM placements that were valid at that time would not have been misreported in PY 2010. The OIG was made aware of this transition at the entrance meeting.

OJC and ETA have worked collaboratively for years to improve the crosswalk, which has had updated versions since 2002. ETA had already identified weaknesses with the PY 09 version and asked OJC and ETA's Office of Workforce Investment to better align Job Corps' crosswalk with the Occupational Information Network's Standard Occupational Classification System (O*NET-SOC). This newly-developed crosswalk substantially improves the fundamental linkage between training and placement in two ways: 1) through its introduction of Training Program Areas (TPAs) to categorize both training and job activities; and 2) in its re-creation of the entire crosswalk "from the ground up."

Many of the OIG's concerns regarding JTM matches have been resolved by the new crosswalk. Certain codes, such as "cashier," are no longer used broadly, and greater levels of detail between occupations are provided (i.e., carpenters are now treated separately from bricklayers and painters, as opposed to being grouped into "construction"). Additionally, current policy requires that career transition services contractors attest to the validity of each JTM credit in the program's electronic career transition system. This enhancement is another safeguard to ensure the data integrity of JTM placements.

Finally, the methodology used to calculate the cost of \$1,196 to provide each student with placement services is flawed. While dividing the total cost of career transition services by the number of students receiving career transition services may result in a per student cost, not all of those expenses are tied to a placement. Career transition specialists provide an array of services, beyond placement, that assist students in transitioning into the workforce or higher education. They assist in identifying housing and transportation resources, student financial aid and other forms of assistance, and providing employability skills training, such as job interviewing skills and resume building.

Military and Educational Placements as Job Training Matches

We disagree with the OIG’s finding that JTMs are overstated by 25.2% because of military and educational placements. In our opinion, these are valid training matches. In accordance with recommendations from the Secretary of Labor’s Advisory Committee on Job Corps, which submitted its final report to the Secretary in April 2008, OJC began including placements in the post-secondary institutions as JTMs. In addition to federal staff, the Secretary’s Advisory Committee consisted of members of industry, academia, labor unions, and non-profit organizations. Ultimately, the Committee recommended expanding training matches beyond traditional employment to incentivize placements that would lead Job Corps graduates to higher wage employment.

OJC worked with the military to develop a “clock hours” form that is accepted by all branches of the Armed Forces to validate Job Corps training. This process includes reviewing Job Corps’ Training Achievement Records (TARs), which list the skills, knowledge, and industry-recognized credentials a graduate gained upon completion of a training program, to identify suitable positions in the military, prior to a graduate’s enlistment. Although the OIG was provided with both the form and sample TARs, the OIG disagrees that these are valid matches.

ETA also agrees with the Secretary’s Advisory Committee that post-secondary placements are a valid match to the training Job Corps graduates receive. Job Corps graduates’ entry into post-secondary institutions, especially community colleges, continues to rise, and should be incentivized. In teaching students the values of lifelong learning and long-term career advancement, counselors, teachers, and many other center staff emphasize the importance of continuing education.

Given ETA’s position on this issue, these placements are not considered an overstatement of JTMs. Instead, ETA and the OIG have a difference of opinion on the policy defining JTMs. Under current Job Corps policy, what the OIG considers “overstatements” are actually valid training matches.

The Placement of Job Corps Students in Entry-Level Positions

We disagree with the OIG’s finding that the placement of students in jobs that require little or no training was a poor use of resources, because Job Corps was not a necessary intervention for these placements. This finding dismisses key relevant points and discounts the value of the skills achieved by our students. In fact, these students completed valid career technical training programs and received career transition readiness and employability skills instruction. Further, this finding fails to recognize:

1. the needs and background of the typical Job Corps student in attaining and retaining employment are different than those of the “typical worker,” which is the target audience for this broad O*NET definition;
2. that entry-level positions are appropriate placements for workers first entering the workforce and are the initial step in a career pathway; and
3. the adverse impact of the economic recession on the employment prospects of Job Corps’ demographic population.

A comprehensive review of Job Corps placement must begin with a solid understanding of the students served. The typical Job Corps student entering the program has not completed high school, reads slightly below the 8th grade level, has never had a full-time job, is between 16 and 24 years old, and is from an economically disadvantaged family. Many students have significant basic skills and behavioral deficiencies, lacking the skills and knowledge to gain and retain employment. As a result, Job Corps takes a holistic approach to education and training, assessing each student's needs and designing essentially an individualized program or intervention to address those needs.

For example, in the OIG sample, over 300 students had a documented disability. The lowest entry level math score was a grade level equivalent (GLE) of 1.9 (less than second grade), with the student achieving a final math assessment of 4.9 (less than fifth grade). Similar scenarios were identified in the sample students' reading scores. OJC asserts that these students certainly *did benefit* from the program's training, and that funds were not misspent to place them in entry-level jobs. Further, the 1,569 placements represent less than 10% of JTM placements and 5.9% of all PY 2009 graduate placements. Given the population that Job Corps serves, this statistic is more a testament of Job Corps' success than its shortcomings. The majority of graduates in this sample maintained retention in employment or education 12 months after the initial placement.

Further, the economic recession in recent years impacted minority youth to a much greater degree than other sectors of the population. As of August 2011, the unemployment rate for youth, ages 16-24, was over twice that of the national average of 9.1 percent. For African-American males in this age group, the unemployment rate jumps to almost 50%. This economic downturn has resulted in Job Corps youth competing in today's workforce with adults of all skill levels. Under these conditions, ETA disagrees with the OIG that valid placements in entry-level jobs equates to wasteful spending.

Finally, ETA did not state that "achieving and maintaining a basic entry level job at the end of the Job Corps experience is a crowning achievement for most students," but that "entering the workforce and maintaining employment is a first step in a student's career pathway."

Performance Metrics

ETA agrees with the OIG that 100% of Job Corps' performance metrics are aligned with the Secretary's goals and the agency's mission. Beyond this, though, ETA has concerns about the reliability and analysis of the performance metrics, especially as outlined in Exhibit 1: Analysis of Job Corps' 58 Performance Metrics. This analysis appears to be based on incorrect data. OJC has on more than one occasion provided data to revise Exhibit 1, yet the final version does not include the corrected data. For example, metrics 49¹ and 50² are identified as unpublished and not publicly available, though OJC has shared with the OIG the URLs where these metrics can be found on Job Corps' public website.

¹ Metric 50, Student on-board strength, can be found here:
http://www.jobcorps.gov/Libraries/pdf/job_corps_center_inventory.sflb

² The most recent release of metric 50, Average Length of Stay, can be found here:
http://www.jobcorps.gov/Libraries/pdf/10_3rd_qtr.sflb

Further, ETA maintains that Job Corps' performance metrics meet the intent of the Workforce Investment Act, Government Performance and Results Act, and Departmental priorities. Job Corps' metrics are derived from these requirements. Rather than burden the system with individual metrics, some metrics have been streamlined and assigned a target. For example, the graduate placement metric meets the WIA requirement to set targets for graduates placed in employment related and not related to training, as well as the number of hours worked. This metric also fulfills the requirement to collect information on the number of graduates who enter education programs, including apprenticeship, and enter the military.

Cost Efficiency

We take issue with the discussion draft's statements that Job Corps has a cost efficiency metric, that it is entitled, "cost per participant," and that it is in compliance with ETA's guidance for reporting cost efficiency.

Job Corps, like all ETA programs, does not use a cost efficiency metric. Rather, Job Corps tracks and report *cost per new enrollee* as part of its annual budget submission. It is used by management for historical and comparative purposes and to inform management decisions. It is not, however, used to drive performance and outcome decisions, as this would lead to unintended consequences. For example, Job Corps has taken steps in recent years to increase student length of stay in the program, as this leads to more positive outcomes for students. However, an increased student length of stay would increase the *cost per new enrollee*, as fewer students would move through the system. Therefore, using *cost per new enrollee* to drive performance management, instead of as an information tool to make longitudinal comparisons, would mean reducing *per student costs* at the expense of student achievement.

At this time, none of ETA's programs are using a cost efficiency measure, nor has ETA developed guidance to calculate cost efficiency. The OIG has cited the May 2010 study, "*Implementing Efficiency Measures for Employment and Training Programs*," using language that would indicate that Job Corps is out of sync with other ETA programs. This is not the case as ETA programs are not using cost efficiency metrics. In addition, the study cites significant challenges to establishing cost efficiency metrics that were ignored by the OIG.

Finally, the OIG states that Administration costs should be included when calculating Job Corps' *cost per new enrollee*. This practice would set Job Corps apart from all other ETA programs, which do not include their administration funding in participant cost calculations. Administration funding impacts only the federal workforce that oversees and monitors the program, and does not affect the direct delivery of services to students.

Throughout the course of the audit, the OIG provided a wide range of alternative cost metrics for ETA's consideration. Some of the calculations for OIG's proposed alternative measures disregarded large subsections of Job Corps' population, which the program is legislatively mandated to serve. For example, the calculation the OIG proposed for the "*cost per success*" metric did not account for any services provided to former enrollees, who receive post-enrollment services outlined in the Workforce Investment Act.. Others disregarded core services of the program, such as *cost per high school diploma completions*, which overlooked career technical training and other core services provided by the program.

Evaluations

Job Corps disagrees that the Secretary’s Advisory Committee and consultants hired to provide assessments of the program should have been managed more appropriately. This OIG finding stems not from the management of the work, but from ETA’s reluctance to adopt specific recommendations from these consultants. ETA has reiterated to the OIG that the work conducted by these entities is beneficial, even if the final recommendations are not completely implemented. In fact, ETA and OJC believe that its efforts to address management concerns by commissioning studies demonstrate sound management techniques.

ETA values the research conducted to improve its programs and services, and comprehensive analysis is conducted to review results and consider implementation strategies. To the extent feasible, ETA adopts recommendations that arise from these studies, but does not consider evaluations invaluable if they do not lead to changes in the program. In some cases, recommendations may not be cost effective, or aligned with Departmental priorities and authorizing legislation. This does not negate ETA’s commitment to explore multiple avenues to improve its programs, or the valuable impact of research and evaluation studies on all aspects of public and private sector programs, services, and initiatives.

Recommendations

ETA is committed to improving the transparency and availability of Job Corps’ performance metrics. As stated previously, ETA has already released a new JTM crosswalk that aligns Job Corps training with O*NET-SOC occupational codes, which will help Job Corps make great strides in addressing the OIG recommendations. Our responses to the draft report’s recommendations follow:

***OIG Recommendation 1.** Review and improve its performance metrics to provide decision-makers with useful and reliable information to make informed decisions regarding the program’s performance and costs. This includes ensuring metrics are complete and accurate, comply with WIA, and have reported results and established targets.*

Response: Management partially accepts this recommendation. Job Corps currently provides decision makers with reliable data to inform management and programmatic decisions. In Fiscal Year 2012, ETA will make performance outcomes more transparent to stakeholders and the public by publishing additional performance metrics as well as an annual report on WIA metrics.

***OIG Recommendation 2.** Improve oversight of its service providers to increase the number of students who find employment that relate to and utilize the vocational training received.*

Response: Management accepts this recommendation. Based on the current policies and procedures, during the 1st quarter of FY 2012, the National Director of Job Corps will issue a memorandum to Regional Offices to reiterate policies and procedures regarding oversight responsibilities, to include audit sampling during compliance assessments.

Job Corps has also created a new safeguard in its electronic system that will require all career transition services contractors to validate the relevance of a student's placements to the training. This new feature will allow for targeted internal audits and reporting centered on high-risk placement codes, such as "cashier," which have previously held the potential for excessive use.

The National Director of Job Corps will also issue a memorandum through the Regional Offices to direct career transition services contractors to strengthen policies and procedures to ensure compliance with Job Corps' policies for determining job training match placements.

Job Corps, in coordination with the ETA Office of Contracts Management, will evaluate the questionable job training match placements, and seek documentation from the applicable career transition services contractors. In the event that a contractor cannot support the questioned costs, liquidated damages will be assessed. Appropriate information to close this recommendation will be forwarded to the OIG.

We consider this recommendation resolved.

OIG Recommendation 3. *Develop a process to ensure the scope of work contracted for and conducted by consultants is managed appropriately to maximize value, ensure such investments work as planned, and result in meaningful improvements.*

Response: Management partially accepts this recommendation. ETA conducts its procurement and contracting activities in accordance with Federal Acquisition Regulations (FAR) requirements. Further, Contracting Officer's Representative responsibilities are identified in the FAR, and are strictly enforced. Thus, processes are already in place to execute the OIG's recommendations. ETA will continue to closely monitor consultants' and committees' work in assessing Job Corps, and will consider all recommendations.

We consider this recommendation resolved.

Based on the foregoing responses, we anticipate that the audit report's recommendations will be resolved and can be closed upon completion of the corrective actions.

cc: Roberta Gassman, ETA
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