

# U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING  
ADMINISTRATION**



**ETA NEEDS TO ENHANCE ITS PERFORMANCE  
EVALUATION PROCESS FOR DISCRETIONARY  
GRANTEES AT CLOSEOUT AND USE RESULTS FOR  
FUTURE GRANT INVESTMENTS**

**Date Issued: December 20, 2012**  
**Report Number: 02-13-201-03-390**



## BRIEFLY...

Highlights of Report Number 02-13-201-03-390, issued to the Assistant Secretary for Employment and Training.

### WHY READ THE REPORT

The Employment and Training Administration's mission is to contribute to the efficient functioning of the U.S. labor market by providing high quality job training, employment, labor market information, and income maintenance services operated primarily through state and local workforce development systems. ETA drives this strategic development of the workforce primarily by the investment of federal resources through grants.

One of the methods ETA uses to accomplish this is through discretionary grant programs. The discretionary grant award process encompasses all aspects of the planning, execution, oversight, and closeout of ETA awards. The goal of this phase is to complete the closeout of grants expeditiously, which includes the resolution of audits and collection of debt, and maintenance of all grant financial and performance records for evaluation and consideration in future awards.

### WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Did ETA close grants in accordance with federal and agency guidelines including analyzing final performance results for use in the pre-award phase of future grants?

### 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/2013/02-13-201-03-390.pdf>.

December 2012

## ETA NEEDS TO ENHANCE ITS PERFORMANCE EVALUATION PROCESS FOR DISCRETIONARY GRANTEES AT CLOSEOUT AND USE RESULTS FOR FUTURE GRANT INVESTMENTS

### WHAT OIG FOUND

ETA complied with federal and agency administrative guidelines, such as timeliness and financial reconciliations, at closeout. However, there was limited assurance that grants achieved their intended goals. Grantees' overall performance was not always evaluated and documented, and ETA did not demonstrate that final performance results were used in the pre-award phase to improve future grant investments.

ETA certified all sampled grantees' performance as acceptable, although achievement of grant goals ranged from 0 percent to 100 percent. This occurred because the certification process lacked criteria for defining acceptable performance. Furthermore, ETA did not follow its own rules requiring the evaluation of grantee performance. This was because ETA had not considered a need to develop and implement a process to ensure information about grantee performance was captured during the closeout phase and used for future grant design and investments.

### WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training develop criteria for determining acceptable performance for discretionary grant programs that lacked such criteria, and implement a process that captures grantee performance results for use in future grant investments.

In response to the draft report, the Assistant Secretary for Employment and Training was primarily concerned with OIG's definition of grant success, which was limited to the number of grants that met all of their individual goals. However, ETA did not address the need to develop criteria for determining acceptable performance or implementing a process that captures grantee performance results for use in future grant investments.

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**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



December 20, 2012

**Assistant Inspector General's Report**

Ms. Jane Oates  
Assistant Secretary  
for Employment and Training  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210

The mission of the Department of Labor's (DOL) Employment and Training Administration (ETA) is to contribute to the efficient functioning of the U.S. labor market by providing high quality job training, employment, labor market information, and income maintenance services operated primarily through state and local workforce development systems. ETA drives this strategic development of the workforce primarily by the investment of federal resources through grants.

One of the methods ETA accomplishes this is through its discretionary grant programs. The discretionary grant award process encompasses all aspects of the planning, execution, oversight, and closeout of ETA awards. The closeout of grants occurs during the post-performance period which begins at grant termination and ends with the final disposal of grant records. The goal of this phase is to complete the closeout of grants expeditiously, which includes the resolution of audits and collection of debt, and maintenance of all grant financial and performance records for evaluation and consideration in future awards. To this end, we designed our audit to answer the following objective:

Did ETA close grants in accordance with federal and agency guidelines including analyzing final performance results for use in the pre-award phase of future grants?

The scope of the audit covered 560 discretionary grants closed between April 1, 2010, and March 31, 2011, representing \$1.86 billion, which included 74 American Recovery and Reinvestment Act (ARRA) grants totaling \$92 million. We selected a statistical sample of 38 grants to review, totaling \$839 million, which included 5 Recovery Act grants totaling \$3.4 million.

We reviewed the 38 sampled grants to determine if grants were closed in accordance with federal and agency guidelines. We compared approved budgets to grantee general

ledgers and/or summary schedules to ensure that budgeted line items were not exceeded. We also compared performance outcomes and deliverables from grant agreements to supporting documentation provided by grantees. On-site reviews were conducted for 4 grants. During the on-site reviews, we performed transaction testing on a judgmental basis for both financial and performance data. For the remaining 34 grants, we did not perform tests on the transactions. In addition, we interviewed officials from ETA's national and regional offices.

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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS IN BRIEF**

Overall, ETA complied with federal and agency administrative guidelines, such as timeliness and financial reconciliations, at closeout. However, there was limited assurance that grants achieved their intended goals. Grantees' overall performance was not always evaluated and documented, and ETA did not demonstrate that final performance results were used in the pre-award phase to improve future grant investments.

ETA certified all sampled grantees' performance as acceptable, although achievement of grant goals ranged from 0 percent to 100 percent. This occurred because the certification process lacked criteria for defining acceptable performance (with the exception of the Senior Community Service Employment Program (SCSEP)). In the absence of a benchmark to measure grants, performance acceptability was inconsistent and ineffective. Additionally, when ETA certified grants, reasons for certifying performance as acceptable were not documented. Despite a lack of criteria or documentation to support performance, DOL regulations allow ETA to levy penalties for material non-compliance. ETA may terminate, disallow costs, or withdraw awards if a recipient is found to be in material non-compliance with the terms and conditions of an award. Based on grantee reported performance, 18 of the 22 sampled non-SCSEP grants did not meet all of their goals. However, ETA certified performance of these grants as acceptable. Without criteria for defining material non-compliance, ETA has no consistent way of applying sanctions in instances of material non-compliance. Based on our sample results, we projected that at least 208 of the total 560 discretionary grants did not meet their goals, representing over \$229 million in grant expenditures.

Furthermore, ETA did not demonstrate that grantee performance was used in the pre-award phase to improve future grant design and investments. ETA did not follow its own rules requiring the evaluation of grantee performance. This was because ETA had not considered a need to develop and implement a process to ensure information about grantee performance was captured during the closeout phase and used for future grant



design and investments. This information is relevant as many discretionary grants are awarded competitively. The ETA vetting process used during the pre-award phase focused on prior negative financial issues to prevent the awarding of future grants. ETA could not demonstrate that past programmatic performance was consistently used for evaluating future grants. However, ETA acknowledged this weakness and began including past performance criteria, beginning with Reintegration of Ex-Offenders' Solicitation for Grant Application (SGA) in January 2012, as well as SGAs for Grants Serving Juvenile Ex-Offenders, Serving Adult and Youth Ex-Offenders Through Strategies Targeted to Characteristics Common to Female Ex-Offenders and YouthBuild 2012.

We recommend the Assistant Secretary for Employment and Training develop criteria for determining acceptable performance for discretionary grant programs that lacked such criteria. Also, the Assistant Secretary should implement a process that captures grantee performance results for use in future grant investments.

### **ETA'S RESPONSE**

In response to the draft report, ETA stated that it does not believe the report title reflects the critical finding that ETA complied with federal and agency administrative guidelines. Moreover, ETA was primarily concerned with the substance of the report, in which OIG's determination of success of the discretionary grant program was limited to the number of grants that met all of their individual goals. ETA also stated that OIG made incorrect assumptions in projecting that 208 grants expended all their grant funds. ETA also identified a number of grantee-specific results that did not match the results that ETA provided. ETA's entire response is included in Appendix D.

ETA's primary concern with the substance and title of the report are interrelated. ETA needs to define acceptable performance and not certify performance as acceptable when achievement of grant goals ranged from 0 percent to 100 percent. Furthermore, OIG's projections for the 208 grants were based on final grant expenditures. ETA did not address the need for developing criteria for determining acceptable performance for its discretionary grant programs or for implementing a process that captures grantee performance results for use in future grant investments. The grantee-specific results provided by ETA were previously submitted during the audit, whereas audit results were based on evidence obtained from ETA and grantees. Where appropriate, we made technical clarifications in the report based on ETA's response to the draft report.

## RESULTS AND FINDINGS

### **Objective — Did ETA close grants in accordance with federal and agency guidelines including analyzing final performance results for use in the pre-award phase of future grants?**

*Overall, ETA complied with Federal and agency administrative guidelines in closing grants. However, performance certifications provided limited assurance that grants achieved their intended goals.*

ETA's grant closeout process is primarily administrative in nature and does not provide a clear indication as to whether grantees achieved their intended goals. Closeout specialists ensured that all forms were completed and submitted timely by grantees. They reconciled grant expenditures to award amounts, de-obligated unexpended funds or obtained refunds from grantees for overdrawn funds, and ensured the appropriate disposition of real property and equipment. Additionally, they ensured that any open audit findings and disallowed costs were resolved. However, there was limited emphasis by ETA on evaluating and documenting grantees' final performance. Moreover, ETA did not demonstrate that final performance results were used to improve future grant design.

We found that all grants in our sample were either certified with acceptable performance or did not have certification, even though achievement of grant goals ranged from 0 percent to 100 percent (see Exhibit 1, Performance Results for Sampled Grants). This occurred because the certification process included a requirement to determine performance acceptability, but lacked criteria that defined acceptable performance (with the exception of SCSEP).

*Employment and Training Order (ETO) No. 1-08, Grant Management Policies and Responsibilities within the Employment and Training Administration*, states that Federal Project Officers (FPOs) are required to certify grant performance outcomes at closeout. This certification consists of three areas: a) submission of required reports; b) determination of acceptable performance; and c) certification of grant expenses to ensure compliance with the grant agreement.

ETA complied with federal and agency guidelines regarding submissions of grantee reports and certification of grant expenditures. However, the basis used in determining acceptable performance was not defined, documented, or consistently applied.

Based on our review of completed certifications, we noted that SCSEP<sup>1</sup> had criteria for evaluating grantees performance at the end of a program year. However, ETA's other discretionary grant programs did not include written criteria or standards for determining acceptable performance. Since performance acceptability was not defined, performance certifications completed by Federal Project Officers (FPOs) were not reliable indicators

<sup>1</sup> SCSEP has regulations in place for determining acceptable performance in which grantees must meet an aggregated average total of 80 percent of 6 core performance measures.

of grantees' overall performance. Additionally, FPOs did not always document or consistently apply reasons for certifying performance as acceptable. We interviewed 16 FPOs and regional officials and were provided with the following practices for measuring performance:

- Six officials stated they used their own judgment and/or experience with the grantee to make performance certification decisions.
- Six officials stated they compared grant results to goals included in the grant agreement.
- Two officials stated they used a measure of accomplishing 80 percent of grant goals as criteria.
- Two officials stated they used a measure of accomplishing 100 percent of grant goals as criteria.

Additionally, two FPOs stated that they never certified a grant as unacceptable. Based on our assessment of the interview responses and a review of completed performance certifications, we determined that performance measures used were subjective, inconsistent, and unsupported.

In addition, we found that performance certifications were not prepared for National Emergency Grants (NEGs), nor were alternate measures or benchmarks used to evaluate their overall performance. Furthermore, our review of four NEGs revealed that results reported by three of the four grantees noted that they did not achieve all their goals. This practice further adds to the inconsistency by which the performance certification process is applied.

#### ETA Provided Limited Assurance That Grantees Achieved Goals

Our sample consisted of 38 discretionary grants – 16 SCSEP and 22 non-SCSEP grants. Based on the review of reported performance results, all 16 SCSEP grants achieved acceptable outcomes based on the regulations in place. However, 18 of the 22 non-SCSEP grants (82 percent) did not meet all of their goals, but were certified with acceptable performance by ETA. Based on our sample results, we projected that at least 208 of the total 560 discretionary grants did not meet all of their goals, representing over \$229 million in grant expenditures (see Exhibit 8 – Audit Projection Summary).<sup>2</sup>

Despite a lack of criteria or documentation to support performance, DOL regulations allow ETA to levy penalties for unacceptable performance. ETA may terminate, disallow costs, or withdraw awards if a recipient is found to be in material non-compliance with

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<sup>2</sup> Sample projected using a 90 percent confidence level, and +/- 17.65 percent precision.

the terms and conditions of an award. Without criteria for defining material non-compliance, ETA had no basis for applying sanctions.

The following table shows the achievement of outcomes/deliverables for sampled grant programs.

**TABLE 1: Performance Summary of Sampled Grants by Program**

<b>Grant Program</b>	<b>No. of Grants</b>	<b>Award (millions)</b>	<b>Grants Met All<sup>3</sup> Goals</b>	<b>Grants Did Not Meet All Goals</b>	<b>Percent of Goals Met</b>
<b>Programs without Performance Criteria</b>					
Community-Based Job Training	9	\$16.3	0	9	64
High Growth Job Training Initiative	4	7.0	1	3	72
National Emergency Grants	4	74.2	1	3	27
Other – Research & Green Jobs	3	5.7	2	1	71
Workforce Innovation & Regional Economic Development Grants	2	19.9	0	2	48
<b>Subtotal</b>	<b>22</b>	<b>\$123.1</b>	<b>4</b>	<b>18</b>	<b>57%</b>
<b>Program with Performance Criteria</b>					
SCSEP	16	\$715.9	16	0	110%
<b>Total</b>	<b>38</b>	<b>\$839.0</b>	<b>20</b>	<b>18</b>	

Twenty-two of the 38 sampled grants consisted of Community-Based Job Training (CBJT), High Growth (HG), NEGs, Research & Green Jobs grant, and Workforce Innovation in Regional Economic Development (WIRED). See Exhibits 2-6 for grant summaries for these programs. These discretionary programs all lacked written criteria for defining acceptable performance, resulting in no basis for determining achievement. Additionally, we identified 12 grantees that did not specify proposed performance goals for one or more of the ETA common measures (see Tables 2 and 3).

### *CBJT*

All 9 sampled CBJT grants, totaling \$16.3 million, failed to achieve all of their performance goals. CBJT grants are intended to improve the ability of community colleges to train and prepare workers for employment in high growth and other emerging industries. Their goals consisted of training and placing participants into employment, as well as developing curriculum and other training related deliverables. Grantees fared better in achieving their training goals, as four of nine grants exceeded their targets; however, only one grantee was able to meet its placement goal. Overall,

<sup>3</sup> Met indicates that grantees met all their performance goals.

CBJT grantees struggled to meet their completed training goals because five of the nine grants did not achieve their targets, while only 2 achieved their credential/degree goal. Only one grantee achieved its placement goal, while the other eight grantees were unable to use their training to obtain employment to the extent proposed in high-growth/high-demand industries. Nonetheless, all sampled grants within the program were certified as acceptable.

An on-site review was performed at Suffolk County Community College (SCCC). This program served incumbent workers in the High Tech Manufacturing industry who received skills upgrade through Mechatronics training. Specifically, the training was in automation and control systems, tolerance, specifications and instrumentation, and machining process. According to an SCCC official, the project received very positive feedback from industry partners. However, this grantee did not keep records to track employers' satisfaction. In addition, our review revealed that this grantee achieved its goals in regard to training incumbent workers, with the exception of the following outcomes: 1) training targets for dislocated workers were not met, and 2) participants were provided completion certificates, rather than industry recognized certifications. Per the grant agreement, this grantee would develop 6-month and 1-year, industry-recognized, advanced manufacturing certifications.

The table on the following page shows the achievement of outcomes/deliverables for sampled CBJT grants.

**TABLE 2: SUMMARY OF KEY MEASURES FOR SAMPLED CBJT GRANTS**

Grantee/ Award	Began Training*	Completed Training*	Credential/Degree*	Placed*	Retention*	Curriculum Development	*** Capacity Building
<b>Suffolk County Community College – \$2.4 million</b>							
<i>Proposed:</i>	--	400	315	--	--	2	2
<i>Actual:</i>	--	342	**	--	--	2	2
<i>% Met:</i>	--	86%	0%	--	--	100%	100%
<b>Washtenaw Community College – \$2.1 million</b>							
<i>Proposed:</i>	1,500	1,500	--	360	804	1	6
<i>Actual:</i>	4,719	4,719	4,509	173	--	1	6
<i>% Met:</i>	315%	315%	--	48%	0%	100%	100%
<b>University of Arkansas System Community College – \$2.0 million</b>							
<i>Proposed:</i>	746	746	746	373	--	1	3
<i>Actual:</i>	1,961	1455	1425	268	--	1	3
<i>% Met:</i>	263%	195%	191%	72%	--	100%	100%
<b>The Junior College District of Kansas City - Missouri – \$1.9 million</b>							
<i>Proposed:</i>	300	225	225	225	--	5	3
<i>Actual:</i>	357	270	268	169	--	5	3
<i>% Met:</i>	119%	120%	119%	75%	--	100%	100%
<b>Athens Technical College – \$1.9 million</b>							
<i>Proposed:</i>	343	302	302	257	218	4	6
<i>Actual:</i>	257	102	102	86	58	2	6
<i>% Met:</i>	75%	34%	34%	33%	27%	50%	100%
<b>Midlands Technical College – \$1.6 million</b>							
<i>Proposed:</i>	429	309	309	275	--	1	1
<i>Actual:</i>	503	185	209	279	--	1	1
<i>% Met:</i>	117%	60%	68%	102%	--	100%	100%
<b>Palm Beach Community College – \$1.5 million</b>							
<i>Proposed:</i>	460	460	345	--	--	1	3
<i>Actual:</i>	365	293	35	--	--	1	3
<i>% Met:</i>	79%	64%	10%	--	--	100%	100%
<b>UAM College of Technology McGehee – \$1.5 million</b>							
<i>Proposed:</i>	90	70	70	69	--	1	--
<i>Actual:</i>	84	44	43	17	--	1	--
<i>% Met:</i>	93%	63%	61%	25%	--	100%	--
<b>Yavapai College – \$1.3 million</b>							
<i>Proposed:</i>	140	112	112	112	--	6	3
<i>Actual:</i>	571	571	71	79	--	6	3
<i>%Met:</i>	408%	510%	63%	71%	--	100%	100%

-- Proposed targets not included in grant agreement and/or results not reported by grantee.

\* Required performance goals as stated in SGAs.

\*\* Workers received certifications; however, certifications were not industry recognized, OIG deemed deliverable not met.

\*\*\* Equipment purchases and or infrastructure development to increase the grantee's ability to provide services to the success of participants.

## *HG*

The four HG grants in our sample totaled \$7 million. Three of the four grants failed to achieve all of their performance goals related to participant placement and delivering required curricula. HG grants are part of a Presidential initiative preparing workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. Part of the HG program's mission is to establish demand-driven job training and related projects, which are designed to meet employer-defined workforce challenges. Goals for HG grants consisted of training and placing participants into employment, as well as developing curriculum and other training related deliverables. One of three grants did not achieve its placement goal, and two did not have specific targets for the number of participants to be placed.

An on-site review was performed at one grantee – the Rochester Institute of Technology (RIT). This grant was intended to solve the workforce challenges facing the advanced food and beverage manufacturing cluster of the New York Finger Lakes Region by expanding the regional capacity to train and educate the advanced food and beverage manufacturing workforce. A workforce development partnership was formed between the local Workforce Investment Boards, local manufacturers and distributors, Monroe Community College, and RIT. Our review revealed that RIT focused its training efforts on incumbent workers and that training and placement targets for youths and dislocated workers were not achieved.

The table on the following page shows the achievement of outcomes/deliverables for sampled HG grants.

**TABLE 3: SUMMARY OF KEY MEASURES FOR SAMPLED HG GRANTS**

Grantee/ Award	Began Training*	Completed Training*	Credential/Degree*	Placed*	Retention*	Curriculum Development	Capacity Building
<b>Met Goals</b>							
<b>Alabama Department of Economic &amp; Community Affairs – \$2.8 million</b>							
<i>Proposed:</i>	350	*	*	265	--	**	**
<i>Actual:</i>	1,705	1,130	681	468	--	**	**
<i>% Met:</i>	487%	323%	195%	177%	--	**	**
<b>Not Met Goals</b>							
<b>CBIA – \$1.8 million</b>							
<i>Proposed:</i>	370	320	240	--	--	2	--
<i>Actual:</i>	851	456	444	28	--	2	--
<i>% Met:</i>	230%	143%	185%	--	--	100%	--
<b>Virginia Biotechnology Association – \$1.5 million</b>							
<i>Proposed:</i>	250	250	120	--	--	1	3
<i>Actual:</i>	226	226	54	--	--	1	3
<i>% Met:</i>	90%	90%	45%	--	--	100%	100%
<b>Rochester Institute of Technology – \$0.9 million</b>							
<i>Proposed:</i>	--	775	150	175	175	3	5
<i>Actual:</i>	--	534	162	0	0	3	5
<i>% Met:</i>	--	69%	108%	0%	0%	100%	100%
-- Proposed targets not included in grant agreement and results not reported by grantee.							
* Required performance goals as stated in SGAs.							
** Measure not applicable to this grant.							

## NEGs

The sample included four NEG grants, totaling \$74.2 million. NEGs are not competitive grants, but rather are awards that are based on a need to temporarily expand the service capacity for WIA Dislocated Worker training and employment programs at the state and local levels. These grants provided funding assistance in response to large, unexpected economic events that caused significant job losses (for example, natural disasters, economic devastation, mass layoffs, etc.). However, performance certifications were not conducted for these grants, and based on reported results, we found that 3 of the 4 NEGs did not achieve all their goals. Goals for our sampled grants consisted of intensive services (for example, comprehensive assessments, individual and group counseling, career planning and development, and placement) and supportive services, (for example, transportation and childcare).

According to ETA officials, NEGs are a direct response to triggering events, each of which is unique, and grants are monitored throughout the life of the grant. They also stated that a formal performance certification is not warranted in light of changing needs and local circumstances that drive the actions. Based on our review, ETA had controls that provided some assurance regarding the level of grantee funding. Grantees are presented with an initial award amount and an approved threshold amount. ETA may



incrementally increase funding up to the threshold, once they have completed a full assessment of the actual needs served by the grant.

Our sample included the Louisiana Workforce Development grant, which served areas impacted by Hurricane Katrina and created temporary jobs to assist in the cleanup, humanitarian activities, and restoration efforts. The grant’s funding was incrementally increased on various occasions, as additional need for the project was required.

Another sampled grant awarded to the Oregon Department of Community College & Workforce Development was intended to serve 75 workers who were trade-act certified. The awarded funds provided co-enrollment services, including case management and supportive services, while workers pursued training plans over a two year period.

Our sample contained one instance where the need had not materialized as expected, and funds were de-obligated and returned to the Treasury. This grant to the State of Washington Employment Security Department was to employ 123 people for flood cleanup assistance. Once the grant was implemented, the actual number of persons needed for the effort was 36, or 29 percent, of the initial estimate. The grantee’s spending was proportional to actual services provided, as it expended \$200,616, or 29 percent, of its \$700,000 grant award.

Nonetheless, we believe that some evaluation standard should be used to determine the extent to which grant objectives in the grant agreement have been achieved. The following table shows the achievement of outcomes/deliverables for sampled NEG’s.

<b>TABLE 4: SUMMARY OF KEY MEASURES FOR SAMPLED NEG GRANTS</b>					
<b>Grantee/ Award</b>	<b>Received Intensive Services</b>	<b>Received Supportive Services</b>	<b>Employed in Disaster Relief Assistance</b>	<b>Placed</b>	<b>Regional Strategic Plan</b>
<b>Met Goals</b>					
<b>Minnesota Department of Employment &amp; Economic Development – \$0.2 million</b>					
<i>Proposed:</i>	**	**	**	**	1
<i>Actual:</i>	**	**	**	**	1
<i>% Met:</i>	**	**	**	**	100%
<b>Not Met Goals</b>					
<b>Louisiana Workforce Commission – \$73.3 million</b>					
<i>Proposed:</i>	17,150	3,565	6,420	15,300	**
<i>Actual:</i>	13,100	3,192	6,261	8,860	**
<i>% Met:</i>	76%	90%	98%	58%	**
<b>Oregon Department of Community Colleges &amp; Workforce Development – \$0.5 million</b>					
<i>Proposed:</i>	75	75	**	64	**
<i>Actual:</i>	85	72	**	32	**
<i>% Met:</i>	113%	96%	**	50%	**
<b>Washington Employment Security Department – \$0.2 million</b>					
<i>Proposed:</i>	**	**	123	**	**
<i>Actual:</i>	**	**	36	**	**
<i>% Met:</i>	**	**	29%	**	**

\*\* Measure not applicable to this grant.

*Other Programs – Research & Green Jobs Grants*

The sample also contained 2 research grants totaling \$5.6 million and 1 ARRA Green Jobs grant award for \$0.1million. The research grants fulfilled their goals, while the Green Jobs grant did not meet all of its targets. The following table shows the achievement of outcomes/deliverables for these grants.

<b>TABLE 5: SUMMARY OF KEY MEASURES FOR OTHER SAMPLED PROGRAMS</b>					
<b>Grantee/ Award</b>	<b>Completed Training</b>	<b>Placed</b>	<b>Instructors Participating</b>	<b>Curriculum Development</b>	<b>Research</b>
<b>Office of Policy Development &amp; Research</b>					
<b>MDRC – \$5.5 million</b>					
<i>Proposed:</i>	**	**	**	**	1
<i>Actual:</i>	**	**	**	**	1
<i>% Met:</i>	**	**	**	**	100%
<b>WE Upjohn Institute for Employment Research – \$0.1 million</b>					
<i>Proposed:</i>	**	**	**	**	1
<i>Actual:</i>	**	**	**	**	1
<i>% Met:</i>	**	**	**	**	100%
<b>Green Jobs (ARRA)</b>					
<b>Latin American Youth Center – \$0.01 million</b>					
<i>Proposed:</i>	100	70	4	2	**
<i>Actual:</i>	89	45	4	2	**
<i>% Met:</i>	89%	64%	100%	100%	**
** Measure not applicable to this grant.					

## WIRED

There were two WIRED grants, totaling \$19.9 million, in our sample. The WIRED initiative is a federal program designed to encourage regional collaboration among public and private entities to develop a more highly skilled workforce in order to attract economic development and jobs in the region. The performance results for these two grants were mixed. One grant met all of its training and employment goals, but fell short of its economic development goals by only meeting 18 percent of its other deliverables. The other grant failed to achieve the program’s intent of training and placing individuals because it achieved only 22 percent of its completed training and employment goals; however, the grant met 100 percent of its deliverables.

The table on the following page shows the achievement of outcomes/deliverables for sampled WIRED grants.

**TABLE 6: SUMMARY OF KEY MEASURES FOR SAMPLED WIRED GRANTS**

Grantee/ Award	Began Training*	Completed Training*	Credential/Degree*	Placed*	Retention	Curriculum Development	Other
<b>Met Goals</b>							
<b>Indiana Department of Workforce Development – \$14.9 million</b>							
<i>Proposed:</i>	8,768	6,117	690	2,510	**	1	17
<i>Actual:</i>	25,351	16,355	1,860	3,631	**	1	3
<i>% Met:</i>	289%	267%	270%	145%	**	100%	18%
<b>Not Met Goals</b>							
<b>Michigan Department of Labor – \$5.0 million</b>							
<i>Proposed:</i>	11,394	11,394	145	360	**	1	6
<i>Actual:</i>	2,907	2,451	187	78	**	1	6
<i>% Met:</i>	26%	22%	129%	22%	**	100%	100%

\* Required performance measures as stated in SGAs.

\*\* Measure not applicable to this grant.

*SCSEP grants*

The sample contained sixteen SCSEP grants, totaling \$715.9 million, and all achieved their performance goals. SCSEP is a community service and work-based training program intended for low-income, unemployed persons 55 or older with poor employment prospects, (see Exhibit 1, Performance Results for Sampled Grants – Summary of SCSEP Grants portion). The program provides subsidized, service-based training. Program funding is allocated by a formula, with 22 percent of funds allocated among the states and territories, and 78 percent to national organizations that compete to provide services.

SCSEP follows standards for determining whether grantees meet the expected levels of performance, whereby grantees are measured against proposed targets for six core indicators: Community Service, Entered Employment, Employment Retention, Average Earnings, Service Level, and Service to Most in Need. Grantees that do not meet the expected level of performance in a program year are provided technical assistance and must submit a corrective action plan to ETA. The standards require calculation of an aggregate average of the core indicators as shown below.

*20 CFR Part 641, Provisions Governing the Senior Community Service Employment Program Section 641.740(a), states:*

*Aggregate calculation of performance . . . The aggregate is calculated by combining the percentage of goal achieved on each of the individual core indicators to obtain an average score. A grantee will fail to meet its performance measures when it does not meet 80 percent of the agreed-upon level of performance for the aggregate of all the core indicators. Performance in the range of 80 to 100 percent constitutes meeting the level for the core performance measures. Performance in*

*excess of 100 percent constitutes exceeding the level for the core performance measures.*

Based on the above criteria, all sampled SCSEP grants exceeded 80 percent of the aggregate average of all core indicators. However, sample results also indicated that using the aggregate average favorably skewed overall performance, but masked low performance in other core indicators. This is most evident in Program Year 2009, whereby grantees exceeded their Service Level targets by an average of 75 percent, which skewed overall performance. Service level captures the participants' turnover rate within the grant program year. It is calculated by taking the number of participants active at any time during the reporting period divided by number of positions funded by the grant for one full-year.

#### Performance Results not used in Future Grant Investments

ETA did not demonstrate that grantees' final performance results were used in the pre-award phase to improve future grant investments. ETA did not follow ETO 1-08, which stipulates that one of the goals of the closeout phase requires that "...information regarding grantee performance and management is analyzed and the results are used in the pre-award phase to inform future grant design and investments."

The vetting process used by ETA in the pre-award phase did not evaluate potential grantees on past performance results because ETA had not included past performance as criteria in its SGAs. This was because ETA had not considered a need to develop and implement a process to ensure information about grantee performance was captured during the closeout phase and used for future grant design and investments. This information is relevant as many discretionary grants are awarded competitively. However, ETA did consider prior negative financial issues of prospective grantees to prevent the awarding of future grants. Due to the lack of criteria in defining acceptable performance and FPOs' inconsistency in the evaluation of performance, ETA had not used past performance as a means of screening prospective grantees. ETA acknowledged this weakness and started including past performance criteria, beginning with the evaluation of the Reintegration of Ex-Offenders' SGAs in January 2012, as well as SGAs for Grants Serving Juvenile Ex-Offenders, Serving Adult and Youth Ex-Offenders Through Strategies Targeted to Characteristics Common to Female Ex-Offenders, and YouthBuild 2012.

On March 4, 2011, OMB issued a draft of the Federal Awardee Performance and Integrity Information System (FAPIIS), an online data warehouse that stores performance information on grants and contracts over \$500,000. FAPIIS was developed to address requirements of the Duncan Hunter National Defense Authorization Act of 2009 (Public Law 110-417), enacted on October 14, 2008. Section 872 of this Act required the development and maintenance of an information system that contains specific information on the integrity and performance of covered federal agency contractors and grantees. Based on discussions with ETA they are awaiting further guidance on this initiative, before proceeding with any investments into additional

systems. They are currently using the System for Award Management which will in a future phase, provide a FAPIIS portal. In addition, they are planning to use the Do Not Pay List System to obtain pre-award information for use in decisions regarding potential awardees.

## **RECOMMENDATIONS**

We recommend the Assistant Secretary for Employment and Training:

1. Develop criteria for determining acceptable performance for discretionary grant programs that lack such criteria; and
2. Implement a process that captures grantee performance results for use in future grant investments.

We appreciate the cooperation and courtesy that ETA personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot Lewis  
Assistant Inspector General  
for Audit

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## Exhibits

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**Exhibit 1- Performance Summaries**

<b>PERFORMANCE RESULTS FOR SAMPLED GRANTS</b>							
<b>SUMMARY OF NON-SCSEP GRANTS</b>							
SEQ.	GRANTEE	FINAL AWARD (millions)	GRANT GOALS				
			Met	Not Met	Indeterminable	Total	Percent Met
1	LA Workforce Commission	\$73.3	0	5	--	5	0
2	WA Employment Security Dept.	0.2	0	1	--	1	0
3	UAM College of Technology	1.5	1	5	1	7	14
4	IN Dept. of Workforce Development	14.9	8	14	--	22	36
5	OR Dept. of Community Colleges & Workforce Dev.	0.5	2	2	--	4	50
6	Athens Technical College	1.9	8	8	--	16	50
7	Palm Beach Community College	1.5	5	3	2	10	50
8	Suffolk Community College	2.4	5	4	--	9	56
9	Latin American Youth Center	0.1	3	2	--	5	60
10	VA Biotech Associates	1.5	5	3	--	8	63
11	Rochester Institute of Technology	0.9	9	5	--	14	64
12	Washtenaw Community College	2.1	11	5	--	16	69
13	MI Dept. of Labor	5.1	8	3	--	11	73
14	CBIA Education Foundation	1.8	6	0	2	8	75
15	Midlands Technical College	1.6	7	2	--	9	78
16	The Junior College District of Kansas City	1.9	11	3	--	14	79
17	Yavapai College	1.3	12	3	--	15	80
18	University Of Arkansas System of Community Colleges	2.0	8	2	--	10	80
19	MN Dept. of Emp. & Economic Dev.	0.2	1	0	--	1	100
20	WE Upjohn Institute for Employment Research	0.1	1	0	--	1	100
21	AL Senior Services Economic & Community Affairs	2.8	6	0	--	6	100
22	MDRC	5.5	1	0	--	1	100
All goals not met – 18 grants		\$114.5	109	70	5	184	59%
All goals met – 4 grants		\$8.6	9	0	--	9	100%
TOTAL – 22 grants		\$123.1	118	70	5	193	61%

<b>SUMMARY OF SCSEP SAMPLED GRANTS</b>							
SEQ.	GRANTEE	FINAL AWARD (mil.)	AGGREGATE AVERAGE (%)*				
			PY '07	PY '08	PY '09	Combined	
1	National Urban League	\$2.0	--	--	89	89	
2	VA Dept. for the Aging	0.5	--	--	95	95	
3	SER- Jobs for Progress	33.0	--	--	100	100	
4	TN. Dept. of Labor and Workforce Development	0.4	--	--	100	100	
5	Senior Service America	115.4	107	99	108	105	
6	National Urban League	19.0	117	98	108	108	
7	Commonwealth of PA	10.4	115	100	112	109	
8	Goodwill Industries	24.3	110	102	117	110	
9	VA Dept. for the Aging	2.4	--	--	111	111	
10	Easter Seals	36.9	129	98	110	112	
11	AL Dept. of Senior Services	0.4	--	--	112	112	
12	Experience Works, Inc.	197.5	107	114	122	114	
13	National Caucus of Black and Aged	30.2	109	109	123	114	
14	AARP Foundation	153.9	115	103	128	115	
15	AARP Foundation	87.1	--	--	128	128	
16	GA Dept. of Human Services	2.5	--	--	130	130	
SCSEP Summary – All 16 sampled grants met or exceeded *		\$715.9	114%	103%	112%	110%	

<b>SUMMARY OF ALL SAMPLED GRANTS</b>				
	FINAL AWARD (mil.)	NON-SCSEP		
		SCSEP	SCSEP	ALL GRANTS
GOALS NOT MET	\$114.5	18	0	18
MET GOALS	\$724.5	4	16	20
ALL GRANTS	\$839.0	22	16	38

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**Exhibit 2 – Sampled Community Based Job Training Grant Summaries**

**Suffolk County Community College** Initial Award: \$2.4 million  
 November 1, 2005 to October 31, 2009 Final Award: \$2.4 million

**Grant Overview/Objectives:**

Suffolk County Community College is an educational institution that is part of the State University of New York system. The grant was employer driven, and the college proposed to provide advanced manufacturing training to 300 incumbent workers on Long Island, NY, over a 3-year period. The training project targeted shortage areas such as automation and control systems, tolerance, specifications and instrumentation, and machining processes. Additionally, the program was intended to attract over 100 dislocated and non-traditional workers. From our analysis of the grant agreement and evidence obtained from grantee and ETA officials, we identified nine outcomes/deliverables, four of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Incumbents trained	300	305	Yes
2 Incumbents receiving industry recognized certification	240	*	No
3 Dislocated workers, HS, & non-traditional college students trained	100	37	No
4 Percent from #3 (above) receiving industry recognized certification	75	*	No
5 Percent of firms expressing satisfaction in worker's training skills	80%	Not Tracked	No
6 Incorporate existing curriculum into development of five skills-based, industry-led manufacturing training modules	Yes	Delivered	Yes
7 Develop 6-month and 1-year industry-recognized advanced manufacturing certifications to address needs of industry partners	Yes	Delivered	Yes
8 Create outreach programs through partnerships with regional One-Stop target displaced, immigrant, and other emerging workers	Yes	Delivered	Yes
9 Implement career ladder/track from K-12 to college-industry and K-12 outreach programs	Yes	Delivered	Yes

\* Workers received certifications; however, certifications were not industry recognized, OIG deemed deliverable not met.

**Washtenaw Community College**  
January 1, 2007 to June 30, 2010

**Initial Award : \$2.2 million**  
**Final Award : \$2.1 million**

**Grant Overview/Objectives:**

Washtenaw Community College is an educational institution located in Ann Arbor, Michigan. The purpose of the three-year grant was to build the technical capacity of nine community colleges in southeast Michigan to deliver advanced training and develop unique Centers of Expertise in alternative energy and advanced manufacturing that integrate innovation competencies into specialized programs and train workers in the skills required to succeed in high growth, high demand industries. The focus industries of this grant were Advanced Manufacturing and Alternative Energy. From our analysis of the grant agreement; and, concurrence obtained from grant officials, we identified 16 outcomes/deliverables, 5 of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	1,500	4,719	Yes
2 Began training	1,500	4,719	Yes
3 Completed training	1500*	4,719	Yes
4 Received degree/certification	*	4,509	Yes
5 Entered employment	360	173	No
6 Employment Retention	804	**	No
7 Incumbents entered training-related employment	80	***	No
8 Incumbents' skills upgraded	890	***	No
9 Average earnings	\$12/hr.	**	No
10 Develop innovation education modules for certification	Yes	Delivered	Yes
11 Develop four Centers Of Expertise as resources for knowledge sharing between educational providers and industry partners	Yes	Delivered	Yes
12 Develop a Center For Career Advancement in advanced manufacturing to build career awareness and define career pathways at all levels	Yes	Delivered	Yes
13 Develop core innovations education modules for stand - alone certification programs	Yes	Delivered	Yes
14 Purchase equipment & curriculum specific to the areas of expertise	Yes	Delivered	Yes
15 Identify lead subject matter experts for each Center of Expertise	Yes	Delivered	Yes
16 Hire a prototype and production lab instructor	Yes	Delivered	Yes

\* Although proposed goal not provided, actuals exceeded participants served target; therefore, OIG deemed the goal was met; therefore, OIG used the began training goal.

\*\* Required performance measures as stated in SGAs

\*\*\* Per grantee, this goal was not tracked, as they stated that ETA was to track this goal.

<b>University of Arkansas System Community</b>	<b>Initial Award: \$2.0 million</b>
January 1, 2007 to June 30, 2010	<b>Final Award: \$2.0 million</b>

**Grant Overview/Objectives:**

The grant was a consortium between 3 colleges – University of Arkansas Community College at Batesville, Ozarka College, and Arkansas State University at Mountain Home – to expand existing allied health programs, cooperatively develop 6 new professional programs, require Spanish training and use multiple delivery strategies to train/license 746 new health care professionals over the 36 months. The colleges decided to focus on training for practical and registered nursing, certified nursing assistant, respiratory therapy and Emergency Medical Services (EMS) /first responder programs. Initially, there was a plan to include health information, but the colleges discovered that there was not a great student demand, nor a large employer market, so focus shifted to the preceding, though some students did complete those programs. From our analysis of the grant agreement and evidence obtained from grantee and ETA officials, we identified 10 outcomes/deliverables, 2 of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	746	1962	Yes
2 Began training	746	1961	Yes
3 Completed training	746	1455	Yes
4 Received degree/certificate	746	1425	Yes
5 Entered employment	373	268	No
6 Entered training-related employment	373	177	No
7 Various community colleges collaborate to develop a core curriculum in Nursing and Allied Health programs – Certified Nursing Assistant; Licensed Practical Nurse; Registered Nurse; EMS; Respiratory Care; Occupation Therapy; Health Information Technology; Medical Office management	Yes	Delivered	Yes
8 Recruitment and Outreach to local high schools	Yes	Delivered	Yes
9 Require Spanish training as part of Health Skills core	Yes	Delivered	Yes
10 Begin online and night/weekend nursing programs	Yes	Delivered	Yes

**The Junior College of Kansas City – Missouri** **Initial Award: \$2.0 million**  
 November 1, 2005 to October 31, 2009 **Final Award: \$1.9 million**

**Grant Overview/Objectives:**

The grant funded the Making It In KC initiative, which addressed the regional shortage of qualified entry-level workers by expanding the training program components of the Manufacturing Job-Ready Program. This training program was proposed as a 256-hour, industry-validated, credential modular curriculum. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 14 outcomes/deliverables, 3 of which were not met.

<b>Summary of Proposed and Actual Grant Outcomes</b>			
<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Admitted	300	357	Yes
2 Completed Training	225	270	Yes
3 Received Credentials	225	268	Yes
4 Entered training-related employment.	225	169	No
5 1-year retention rates will be 50% higher than that of non-participants	Yes	*	No
6 Hired at hourly wages 5-10% higher than that of non-participants.	Yes	*	No
7 Increase industry partners by 50%	Yes	Delivered	Yes
8 Manufacturing Job-Ready Program (MJ-RP) will be self-sustaining by its fourth year	Yes	Delivered	Yes
9 Develop and refine the MJ-RP	Yes	Delivered	Yes
10 Introduce MJ-RP modular, off-schedule, short-term program.	Yes	Delivered	Yes
11 Improve & expand placement processes for all programs	Yes	Delivered	Yes
12 Develop career information and program marketing materials	Yes	Delivered	Yes
13 Develop the Making It In KC initiative to raise community awareness	Yes	Delivered	Yes
14 4-day Introduction to Lean Manufacturing Workshop	Yes	Delivered	Yes

\* Required performance measures as stated in SGAs. Per grantee this goal was not tracked, as they stated it would be tracked by ETA.

**Athens Technical College** **Initial Award: \$2.0 million**  
 January 1, 2007 to June 30, 2010 **Final Award: \$1.9 million**

**Grant Overview/Objectives:**

Athens Technical College is an educational institution located in Athens, GA. The grant's objective was to increase the number of bioscience professionals entering the workforce. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 16 outcomes/deliverables, 8 of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Began training	343	257	No
2 Percent completing a degree or certificate earning state-recognized credentials.	302	102	No
3 Entered employment	257	86	No
4 Entered training-related employment	218	58	No
5 Employment retention	218	58	No
6 Average earnings (2 quarters, for those retained)	\$15,000	Not Provided	No
7 Develop a new curriculum (Careers in Biotechnology Presentation and outreach material; Gwinnet Tech Regulatory Course Compliance Curriculum and Course materials; Athens Tech Regulatory Compliance Courses Curriculum and Course Materials).	Yes	Delivered	Yes
8 Establish a bioscience education and workforce training center that serves as a career ladder point of contact.	Yes	Delivered	Yes
9 Equip laboratory facilities and staff to accommodate larger numbers of students and expand instructional capacity.	Yes	Delivered	Yes
10 Develop industry-specific training modules for employees and technicians.	Yes	Not Delivered	No
11 Provide biotechnology skills training and facilities for high school science teachers (6-8 HS teachers from each year from various local school systems in the summers).	Yes	Delivered	Yes
12 Provide access to career pathways and ladder opportunities for postsecondary students and technicians.	Yes	Delivered	Yes
13 Increase availability of weekend and evening programs for student flexibility and use distance e-learning.	Yes	Delivered	Yes
14 Provide labs and facilities for recruitment and training.	Yes	Delivered	Yes
15 Offer short-term training modules for companies in need of new employee education or incumbent employee growth opportunities.	Yes	Not Delivered	No
16 Provide biotechnology-based curriculum and laboratory training for rising 11th and 12th grade high school students.	Yes	Delivered	Yes

<b>Midlands Technical College</b>	<b>Initial Award: \$1.9 million</b>
November 1, 2005 to December 31, 2009	<b>Final Award: \$1.6 million</b>

**Grant Overview/Objectives:**

Midlands Technical College is a community college located in Columbia, South Carolina. In association with Regional Health Care Delivery System, and other organizations, the grant proposed to address the critical health care worker shortage facing the region. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified nine outcomes/deliverables, two of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	429	503	Yes
2 Began training	429	503	Yes
3 Completed training	309	185	No
4 Received degree/certificate	309	209	No
5 Entered employment	275	279	Yes
6 Entered training-related employment	55	150	Yes
7 Participants w/ 6-month wage increase from \$14.38 to \$25.87/hr.	55	414	Yes
8 Entry - Level Career Ladder	Yes	Delivered	Yes
9 CNA curriculum and materials	Yes	Delivered	Yes



**Palm Beach Community College** **Initial Award: \$1.6 million**  
 November 1, 2005 to October 31, 2009 **Final Award: \$1.5 million**

**Grant Overview/Objectives:**

For Palm Beach Community College, the primary objective of the grant was to develop its Construction Skills-on Demand Program, and to provide affordable and practical technical education to benefit the vocational needs of the Western Palm Beach County, Glades Region in Florida. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified ten outcomes/deliverables, three of which were not met, and the status of two could not be determined.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	460	365	No
2 Trained	460	293	No
3 Completion rate for dual-enrollment enrollees	80%	95%	Yes
4 Completers for PSAV, CCC, and AS/AAS enrollees	345	35	No
5 Entered employment	*	*	*
6 Entered training-related employment (annually)	75	**	**
7 Establish a construction career ladder based on the PSAV certificate and CCC programs, culminating in an AS/AAS degree	Yes	Delivered	Yes
8 Create a Glades Area Construction to train 100 students annually	Yes	Delivered	Yes
9 Develop a new data system to monitor participant outcomes	Yes	Delivered	Yes
10 Disseminate best practices to local, state and national education, business/industry and workforce institutions	Yes	Delivered	Yes

\* Required performance measures as stated in SGAs. However, no proposed data was provided; therefore, a determination on goal achievement could not be made.

\*\* Listed as a goal, but no data was provided; therefore, a determination on goal achievement was not made.

**UAM College of Technology – McGehee**  
November 1, 2005 to September 30, 2009

**Initial Award: \$1.6 million**  
**Final Award: \$1.5 million**

**Grant Overview/Objectives:**

The University of Arkansas Monticello College of Technology – McGehee proposed to provide training to participants entering the Timber industry within the State of Arkansas; and, subsequently a construction industry training component was added via a grant modification. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified seven outcomes/deliverables, five of which were not met, and the status of one could not be determined.

**Summary of Proposed and Actual Grant Outcomes**

<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Enrolled	90	84	No
2 Began training	90	84	No
3 Completed training	70	44	No
4 Received degree/certificate	70	43	No
5 Entered employment	*	17	*
6 Entered employment – for graduated participants	69	17	No
7 Curriculum development	Yes	Delivered	Yes

\* Required performance measures as stated in SGAs. However, data was not provided; therefore, a determination on goal achievement was not made.

**Yavapai College** **Initial Award: \$1.4 million**  
 January 1, 2007 to December 31, 2009 **Final Award: \$1.3 million**

**Grant Overview/Objectives:**

Yavapai College proposed to recruit participants for training in the allied health programs such as medical assistants, pharmacy technicians, respiratory therapists, and medical radiography technicians. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 15 outcomes/deliverables, 3 of which were not met.

<b>Summary of Proposed and Actual Grant Outcomes</b>				
<b>Grant Outcomes/Deliverables</b>		<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1	Served	140	571	Yes
2	Began training	140	571	Yes
3	Completed training	112	571	Yes
4	Received degree/certificate	112	71	No
5	Entered employment	112	79	No
6	Entered training-related employment	112	43	No
7	Medical Assistance Program development	Yes	Delivered	Yes
8	Pharmacy Technical Program development	Yes	Delivered	Yes
9	Phlebotomy Program development	Yes	Delivered	Yes
10	Radiologic Technology Program development	Yes	Delivered	Yes
11	Medical Records Technician Certificate Program development	Yes	Delivered	Yes
12	Medical Coding Certificate Program Sequence; Medical Coding Certificate Program Plan	Yes	Delivered	Yes
13	Allied Health Student Handbook	Yes	Delivered	Yes
14	ITV Room Equipment Guidelines & Standards	Yes	Delivered	Yes
15	Recruit and retain interested community marketing efforts, career fairs at schools, and summer health camps	Yes	Delivered	Yes

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**Exhibit 3 – Sampled High Growth Grant Summaries**

<b>Alabama Dept. of Economic &amp; Community</b>	<b>Initial Award : \$3.0 million</b>
September 6, 2005 to September 4, 2009	<b>Final Award : \$2.8 million</b>

**Grant Overview/Objectives:**

The Alabama Department of Economic and Community Affairs grant purpose was to provide job training of individuals impacted by Hurricane Katrina in high growth, high demand industries critical to the economic recovery of the Gulf Region. Additionally, the grantee proposed that at least 75 percent of the funds would be used for training. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 6 outcomes, all of which were met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	350	1699	Yes
2 Began training	350	1705	Yes
3 Completing training	*	1130	Yes
4 Received degree/certificate	*	681	Yes
5 Entered employment	265	468	Yes
6 Entered training-related employment	189	345	Yes

\* Required performance measures as stated in SGAs. Although the proposed goals for these measures were not provided, the actual number of participants reported exceeded the participants served goal; therefore, OIG deemed the goal was met.

<b>CBIA Education Foundation</b>	<b>Initial Award: \$1.8 million</b>
November 1, 2006 to March 31, 2010	<b>Final Award: \$1.8 million</b>

**Grant Overview/Objectives:**

The Connecticut Business & Industry Association Foundation grant was to provide two distinct two-course certificate programs, one in lean manufacturing and one in supply chain management. It also was to provide training for incumbent workers, community college students, and retraining individuals. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 8 outcomes/deliverables, 6 of which were met, 2 of which the status of goal attainment was indeterminable.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Served	370	851	Yes
2 Began training	370	851	Yes
3 Completed training	320	456	Yes
4 Received degree/certificate	240	444	Yes
5 Entered employment	*	28	*
6 Entered training-related employment	**	28	**
7 Develop a continuous improvement and supply chain management certificate program	Yes	Completed	Yes
8 Develop a certificate program with two courses	Yes	Completed	Yes

\* Required performance measures as stated in SGAs. However, proposed data not provided; therefore, a determination on goal achievement could not be made.

\*\* Listed as a goal, but no proposed data was provided; therefore, a determination on goal achievement was not made.

**Virginia Biotechnology Association, Inc.**  
November 1, 2006 to October 31, 2009

**Initial Award: \$1.5 million**  
**Final Award: \$1.5 million**

**Grant Overview/Objectives:**

The Virginia Biotechnology Association, Inc. grant was to create an industry recognized exam and credential system for two types of advanced manufacturing jobs within the State of Virginia – manufacturing technician and manufacturing specialist. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 8 outcomes/deliverables, 3 of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

<b>Grant Outcomes/Deliverables</b>		<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1	Served	250	610	Yes
2	Began training	250	226	No
3	Completed training	250	226	No
4	Received degree/certificate	120	54	No
5	Develop VCATS Level I certifications and assessment for manufacturing technicians	Yes	Delivered	Yes
6	Develop VCATS online course for level 1 technical content	Yes	Delivered	Yes
7	Develop VCATS Level I course outreach materials	Yes	Delivered	Yes
8	Establish a statewide certification system for manufacturing technicians and comparison of standards	Yes	Delivered	Yes

**Rochester Institute of Technology** **Initial Award: \$1.2 million**  
 November 1, 2006 to October 31, 2009 **Final Award: \$0.9 million**

**Grant Overview/Objectives:**

Rochester Institute of Technology partnered with various organizations within the Finger Lakes Region of upstate New York in order to develop courses and train both youth and incumbent workers within the food and beverage manufacturing industry. As part of this initiative the following courses were developed: Lean/Six Sigma, Reliability Maintenance, Product and Process Identification and Design, Occupational Safety and Health, and Manufacturing Processes. Training was geared to provide college credit-bearing certificate courses through program. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 14 outcomes/deliverables, 5 of which were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Incumbent/adult workers trained	600	534	No
2 Youths trained	175	0	No
3 Applied training credits to attain college level certificates, diplomas or degrees	150	162	Yes
4 Entered employment training-related employment – adult unemployed	100%	0	No
5 Entered employment – youth	175	0	No
6 Employment retention	175	0	No
7 Assemble a broad based regional industrial advisory board for training programs in advance food and beverage manufacturing	Yes	Delivered	Yes
8 Identity and repurpose existing manufacturing training material to suit needs of advanced food and beverage manufacturers	Yes	Delivered	Yes
9 Develop and define a career lattice for progression into the food and beverage manufacturing environment	Yes	Delivered	Yes
10 Develop training and undergraduate college-level courses in information technology, sensing technologies, advanced food packaging, GIS/GPS, and quality assurance – 3 new training programs proposed in each year of the ETA grant	Yes	Delivered	Yes
11 Develop 3 new certificate programs, and 12-16 courses developed and validated by the Institute's industrial advisory board	Yes	Delivered	Yes
12 Convert training programs for online/distance learning delivery	Yes	Delivered	Yes
13 Create the portal and website and link it to the regional WIB network	Yes	Delivered	Yes
14 Percent of the programs validated by the advisory board will be made available in online formats	30%	Delivered	Yes



**Exhibit 4 – Sampled National Emergency Grant Summaries**

**Louisiana Workforce Commission** **Initial Award: \$20.7 million**  
 August 29, 2005 to December 31, 2009 **Final Award: \$73.3 million**

**Grant Overview/Objectives:**

The Louisiana Workforce Commission was originally awarded the grant to create approximately 10,000 temporary jobs to assist in cleanup, humanitarian activities, and restoration efforts as a result of the Hurricane Katrina disaster that occurred on August 28-29, 2005. ETA initially awarded a grant of \$20,700,000 to the State of Louisiana Workforce Commission (formerly Department of Labor) for the grant period August 29, 2005, to August 31, 2006. ETA made several grant modifications to increase the funding to \$73,642,093 and to extend the grant period. Firstly, it approved a modification to the grant to include Hurricane Rita dislocation costs.

Funding was approved in increments until it reached the \$62,100,000 in January 2006. In May and July 2006, ETA approved additional funding for \$1,042,093. In November 2007, ETA approved additional \$10.5 million in funds and extended the grant period until June 30, 2008. Two additional grant period extensions were approved - in May 2008, to June 30, 2009, and in August 2009, to December 31, 2009. The State of Louisiana provided almost all funds to local governments to provide temporary employment assistance and other services for residents temporarily displaced.

From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified five outcomes/deliverables, none of which were met.

<b>Summary of Proposed and Actual Grant Outcomes</b>			
<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Received intensive services	17,150	13,100	No
2 Received NEG funded supportive services	3,565	3,192	No
3 Entered employment	15,300	8,860	No
4 Employed in temporary disaster relief	6,420	6,261	No
5 Exiters	17,600	*	No

\* Grantee could not produce a listing of participants; therefore, we determined goal was not met.

**Oregon Dept. of Community Colleges & Workforce Development** **Initial Award: \$0.5 million**  
 October 1, 2008 to September 30, 2010 **Final Award: \$0.5 million**

**Grant Overview/Objectives:**

The Oregon Department of Community Colleges and Workforce Development was awarded the grant to assist workers affected by the closure of a manufacturing plant. The plant workers were Trade Act program certified and the grantee proposed using the NEG funds for co-enrollment services, including case management and supportive services. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified four outcomes/deliverables, two of which was not met.

<b>Summary of Proposed and Actual Grant Outcomes</b>			
<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Received Intensive Services	75	85	Yes
2 Received supportive services (NEG-funded only)	75	72	No
3 Exiters	75	85	Yes
4 Entered employment	64	32	No

**Washington State Employment Security Dept.**  
 March 15, 2009 to April 10, 2010

**Initial Award: \$ 0.7 million**  
**Final Award: \$ 0.2 million**

**Grant Overview/Objectives:**

The Washington State Employment Security Department intended to employ individuals in flood restoration and prevention efforts. however, due to lower than expected participation, the grantee spent \$200,616. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified one outcome, and it was not met.

**Summary of Proposed and Actual Grant Outcomes**

<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Employ individuals in flood cleanup work	123	36	No

**Minnesota Dept. of Employment & Economic Development**  
 February 1, 2008 to December 31, 2009

**Initial Award: \$ 0.3 million**  
**Final Award: \$ 0.2 million**

**Grant Overview/Objectives:**

The Minnesota Department of Employment & Economic Development requested the grant to fund necessary services for dislocated workers laid off as a result of major plant closures in the Northland Region of Minnesota. The grant was an NEG Regional Innovation Grant (RIG). A RIG is a planning grant and the deliverable associated with a RIG is a Regional Strategic Plan. The grantee provided us with a copy of their Regional Strategic Plan, a SWOT analysis, and we concluded that they successfully met the terms of their grant.

**Summary of Proposed and Actual Grant Outcomes**

<b>Grant Outcomes/Deliverables</b>	<b>SOW</b>	<b>Actual</b>	<b>Met</b>
1 Develop economic SWOT analysis of the Northeast Minnesota/ Northwest Wisconsin Region	Yes	Delivered	Yes

**Exhibit 5 – Sampled Research & Green Job Grant Summaries**

**MDRC (RESEARCH)** **Initial Award: \$1.9 million**  
 March 24, 2003 to September 30, 2009 **Final Award: \$5.5 million**

**Grant Overview/Objectives:**

MDRC is a non-profit research firm created in 1974 by the U.S Department of Labor and five other federal agencies, together with the Ford Foundation, to develop and manage national demonstrations of promising interventions for low-income populations, to rigorously evaluate program impacts, and to widely communicate the results. The grantee proposed to develop a multi-year National Work Support Center Demonstration in which the Department of Labor would serve as the lead federal agency with other public and private funding sources. ETA awarded a grant of \$1,900,000 to MDRC to provide research papers, and the grant was subsequently modified several times to \$5,500,000. The grantee provided us with copies of their research work, and we concluded that they successfully met the terms of their grant.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Produce research papers related to the Federal Welfare-to-Work Program	Yes	Delivered	Yes

**W.E. Upjohn Institute for Employment (RESEARCH)**

July 1, 2008 to June 30, 2009

**Initial Award: \$0.1 million**

**Final Award: \$0.1 million**

**Grant Overview/Objectives:**

The grant's objective was to research the use of Unemployment Insurance and Employment services by newly unemployed exits from Temporary Assistance for Needy Families. The grantee provided us with copies of their research work, and we concluded that they successfully met the terms of their grant.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Produce research report titled, "Use of Unemployment Insurance and Employment Services by Newly Unemployed Leavers from Temporary Assistance for Needy Families."	Yes	Delivered	Yes

**Latin American Youth Center Youth Build (GJ)**

December 1, 2009 to November 30, 2010

**Initial Award: \$0.1 million**

**Final Award: \$0.1 million**

**Grant Overview/Objectives:**

The Latin American Youth Center YouthBuild Public Charter School requested the grant to expand its existing YouthBuild program by adding a Green Job training component – Your Role in the Green Environment curriculum – to its core vocational education offerings; as well as, offering training tracks in HVAC deconstruction and energy auditing. From our analysis of the grant agreement and evidence obtained from grantee and ETA officials, we identified two outcomes that were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Number of instructors projected to participate in capacity building activities	4	4	Yes
2 Trained	100	89	No
3 Entered employment	70	45	No
4 Expansion of existing YouthBuild curriculum to include the National Center for Construction Education and Research's (NCCER) "Your Role in the Green Environment" curriculum	Yes	Delivered	Yes
5 Addition of new training tracks in the fields of heating, ventilation, and air conditioning (HVAC); deconstruction; and energy auditing	Yes	Delivered	Yes

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**Exhibit 6 – Sampled Workforce Investment & Regional Economic Development Grant Summary**

Indiana Dept. of Workforce Development  
February 1, 2006 to January 31, 2010

Initial Award: \$ 5.0 million  
Final Award: \$14.9 million

**Grant Overview/Objectives:**

ETA initially awarded a \$5,000,000 grant to the State of Indiana Department of Workforce Development. The grant was managed by Purdue University to work with sub-grantees to provide job training and placement. The grant had four overall goals: (1) Make business entrepreneurship a vibrant, mainstream part of the region’s economic and educational culture; (2) Further develop regional cooperation across multiple jurisdictions in North Central Indiana; (3) Nurture early-stage business ventures from start-up through survival and success, creating direct and indirect employment; and, (4) Establish networks for peer support and learning for entrepreneurs and for the community leaders and policy makers who support them. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 4 outcomes and 18 deliverables, of which 14 deliverables were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual*	Met
<b>For the overall program develop the following items:</b>			
1 Program overview documents: guide, handbook, brochure, strategy, executive summary, research report, curricula and training modules, website process, timelines, transcript video	Yes	Delivered	Yes
<b>Training and Placement:</b>			
2 Began training	8,768	25,351	Yes
3 Completed training	6,117	16,355	Yes
4 Received degree/certificate	690	1,860	Yes
5 Entered training-related employment	2,510	3,631	Yes
<b>For the NCI Entrepreneurial Collaborative:</b>			
6 Increase stage 1 businesses launched in region, & related job growth	Yes	Delivered	Yes
7 Increase stage 1 businesses that transition successfully to stage 2	Yes	Not Reported	No
8 Increase microenterprise start-ups by economically disadvantaged entrepreneurs in distressed communities	Yes	Not Reported	No
9 Increase business start-ups by youth below age of 25	Yes	Not Reported	No
10 Increased funding for and participation in entrepreneurship programs	Yes	Delivered	Yes
11 Increased use of SBA for financing tools	Yes	Not Reported	No
<b>For the NCI Next Practice Cluster Initiative:</b>			
12 Coherent vision for next generation manufacturing	Yes	Not Reported	No
13 Increase in number of successfully retained or expanded businesses with the 3 clusters	Yes	Not Reported	No
14 Increase in number of new innovation and sales alliances among cluster-member firms	Yes	Not Reported	No
15 Increased enrollment at new Technical Middle college	Yes	Not Reported	No
16 Increase number of regional college graduates who are recruited by NCI companies	Yes	Not Reported	No
17 Improved visibility for north central Indiana as emerging center for adv. manufacturing & agri-business.	Yes	Delivered	Yes
<b>For the Maturity Matters Initiative (all goals apply to mature workers):</b>			
18 Increased enrollment and completion of training programs in high-skill, high wage growth occupations	Yes	Not Reported	No
19 Increase enrollment and completion of training for low-skill, incumbent workers in declining industries	Yes	Not Reported	No
20 Increase in the number of regional employers that use mature worker best practices	Yes	Not Reported	No
21 Increase in full and part-time jobs retained or gained	Yes	Not Reported	No
22 Increase wages	Yes	Not Reported	No

\* Per grantee results not tracked, OIG deemed as not met.

**Michigan Dept. of Labor** **Initial Award: \$0.1 million**  
 May 1, 2006 to June 30, 2010 **Final Award: \$5.1 million**

**Grant Overview/Objectives:**

The State of Michigan Department of Labor was awarded \$100,000, which was funded with H-1B Non-immigrant petitioner FY 2006 funds. The grant amount was subsequently modified to \$5,144,000 using multi-year H-1B Non-immigrant Petitioner funds. The grant served the geographic area of Southeast Michigan, including Detroit. Grant Modification 10, approved by ETA on February 24, 2010, changed the grant ending date by 5 months from January 29 to June 30, 2010, and significantly increased the planned number of participants to be trained by 6,013 to 11,394. The State of Michigan did not request additional funds for the increase in participants related to the modification. From our analysis of the grant agreement and evidence obtained from the grantee and ETA officials, we identified 11 outcomes/deliverables, of which 3 were not met.

**Summary of Proposed and Actual Grant Outcomes**

Grant Outcomes/Deliverables	SOW	Actual	Met
1 Participants who began workforce training	11,394	2,907	No
2 Participants who completed workforce training	11,394	2,451	No
3 Participants who attained degree/certificate	145	187	Yes
4 Participants placed in target industry	360	78	No
5 College graduate retention study	Yes	Delivered	Yes
6 My Life website	Yes	Delivered	Yes
7 Intern in Michigan website	Yes	Delivered	Yes
8 Global Detroit website	Yes	Delivered	Yes
9 Demographic Analysis Report on Adults in SE Michigan	Yes	Delivered	Yes
10 High School Students' Attitudes Towards Higher Education study	Yes	Delivered	Yes
11 Product and Technology Commercialization Curriculum	Yes	Delivered	Yes

**Exhibit 7 – Sampled Senior Community Service Employment Program Grant Summary**

PY	Community Service		Entered Employment		Employment Retention		Average Earnings (\$)		Service Level		Service to Most in Need	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
<b>AARP FOUNDATION – \$153.9 million</b>												
2007	85%	86.4%	42%	58.8%	66%	63.1%	6,803	6,875	162%	222.1%	Baseline	2.89
2008	75%	86.9%	55%	52.4%	64%	67.0%	7,151	7,465	175%	196.3%	3.17	2.74
2009	80%	88.7%	49%	50.7%	67%	64.2%	6,997	7,528	100%	243.4%	2.73	2.92
<b>AARP FOUNDATION – \$87.1 million</b>												
2009	80.0%	88.7%	48.6%	50.7%	66.8%	64.2%	6,997	7,528	100%	243.4%	2.73	2.92
<b>COMMONWEALTH OF PENNSYLVANIA – \$10.4 million</b>												
2007	82%	87.4%	31%	48.5%	65%	69.1%	6,803	6,552	162%	174.2%	Baseline	1.99
2008	85%	87.1%	48%	46.6%	69%	70.4%	6,491	6,110	175%	163.9%	2.27	2.55
2009	80%	86.2%	45%	50.0%	64%	61.2%	6,322	6,112	100%	160.2%	2.52	2.52
<b>Easter Seals – \$36.9 million</b>												
2007	77%	82.2%	24%	49.7%	61%	75.0%	6,803	7,156	162%	165.3%	Baseline	2.73
2008	77%	85.0%	46%	37.9%	72%	68.0%	6,989	7,372	159%	166.1%	2.94	2.61
2009	80%	81.1%	39%	38.6%	67%	66.3%	6,908	7,707	100%	156.5%	2.53	2.38
<b>EXPERIENCE WORKS INC – \$197.5 million</b>												
2007	85%	78.1%	42%	52.9%	58%	68.8%	6,724	6,176	162%	170.4%	Baseline	2.43
2008	74%	84.5%	53%	59.4%	57%	76.6%	6,323	6,303	156%	174.7%	2.73	2.99
2009	80%	79.1%	52%	62.8%	70%	77.0%	6,114	6,671	100%	184.8%	2.75	2.92
<b>GEORGIA DEPARTMENT OF HUMAN SERVICES – \$2.5 million</b>												
2009	80.0%	87.3%	47.0%	61.4%	65.5%	86.7%	6,011	6,421	100%	196.2%	2.49	2.58
<b>GOODWILL INDUSTRIES INTERNATIONAL INC – \$24.3 million</b>												
2007	85%	84.5%	34%	43.9%	65%	71.6%	6,803	7,177	155%	161.1%	Baseline	2.25
2008	83%	84.4%	45%	43.3%	71%	77.3%	6,798	6,812	160%	163.9%	2.40	2.49
2009	80%	80.5%	42%	47.5%	70%	78.3%	6,414	6,782	100%	168.7%	2.50	2.50
<b>NATIONAL CAUCUS AND CENTER ON BLACK AGED INC – \$30.2 million</b>												
2007	85%	84.6%	42%	47.1%	63%	85.1%	6,722	6,633	160%	156.1%	Baseline	1.77
2008	82%	95.3%	45%	44.1%	73%	85.2%	6,162	7,233	158%	168.6%	2.08	2.04
2009	80%	87.3%	44%	49.9%	70%	88.2%	6,819	6,564	100%	196.8%	2.36	2.33
<b>NATIONAL URBAN LEAGUE INC – \$19.0 million</b>												
2007	68%	74.0%	32%	41.1%	63%	75.4%	6,803	9,338	155%	143.3%	Baseline	2.28
2008	74%	80.3%	40%	32.3%	65%	67.2%	6,525	6,089	155%	145.5%	2.22	2.31
2009	80%	73.8%	33%	34.8%	63%	75.8%	6,312	6,891	100%	150.5%	2.50	1.86
<b>NATIONAL URBAN LEAGUE INC – \$2.0 million (ARRA)</b>												
2009	80.0%	48.0%	33.4%	29.5%	-	-	-	-	100%	129.9%	2.50	1.97
<b>SENIOR SERVICE AMERICA INC – \$115.4 million</b>												
2007	82%	82.2%	42%	52.4%	72%	78.7%	6,752	6,430	162%	167.7%	Baseline	2.22
2008	74%	81.8%	48%	40.6%	71%	73.5%	6,529	6,535	155%	157.9%	2.40	2.18
2009	80%	83.2%	37%	30.2%	63%	67.0%	6,398	5,986	100%	186.0%	2.35	1.75
<b>SER-JOBS FOR PROGRESS NATIONAL INC – \$33.0 million</b>												
2009	75.1%	85.8%	36.8%	27.7%	62.4%	49.4%	6,796	7,269	100%	138.3%	2.47	2.06
<b>STATE OF ALABAMA DEPARTMENT OF SENIOR SERVICES – \$0.4 million (ARRA)</b>												
2009	80%	83.8%	41.9%	33.3%	-	-	-	-	100%	176.1%	2.34	2.04
<b>TENNESSEE DEPT OF LABOR &amp; WORKFORCE DEVELOPMENT – \$0.4 million (ARRA)</b>												
2009	80%	70.3%	34.9%	26.3%	-	-	-	-	100%	154.0%	2.07	1.69
<b>VIRGINIA DEPT OF THE AGING – \$2.4 million</b>												
2009	80%	89.3%	45.2%	48.0%	67.8%	69.0%	6,429	6,280	100%	159.4%	2.51	2.18
<b>VIRGINIA DEPT FOR THE AGING – \$0.5 million (ARRA)</b>												
2009	80%	72.9%	45.2%	26.3%	-	-	-	-	100%	154.7%	2.51	1.89
<b>Footnotes:</b>												
- Per ETA policy these Common Measures were not to be reported for ARRA grants.												

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**Exhibit 8 – Audit Projection Summary**

STRA TA	GRANTEE	FINAL AWARD/ EXPENDITURE	Met All Grant Goals (Y/N)	UNIVERSE SIZE (A)	SAMPLE SIZE (B)	TOTAL- EXCEPTIONS BY SAMPLED GRANT (C)	AVERAGE EXCEPTION IN SAMPLE STRATA (D)	TOTAL EXCEPTIONS PER STRATA (A X D)
1	Experience Works, Inc.	\$197,510,562	Y			\$-	\$-	
1	AARP Foundation	153,910,400	Y			-	-	
1	Senior Service America	115,401,049	Y			-	-	
<b>STRATA 1 (\$100 million and over)</b>				<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>\$-</b>
2	AARP Foundation	87,050,863	Y			-	-	
2	LA Workforce Commission	73,300,151	N			73,300,151	14,660,030	
2	Easter Seals	36,897,480	Y			-	-	
2	SER- Jobs for Progress	32,915,444	Y			-	-	
2	National Caucus of Black and Aged	30,235,030	Y			-	-	
<b>Strata2(\$30to\$100million)</b>				<b>5</b>	<b>5</b>	<b>73,300,151</b>	<b>14,660,030</b>	<b>\$73,300,151</b>
3	Goodwill Industries	24,329,525	Y			-	-	
3	National Urban League	18,968,024	Y			-	-	
<b>Strata 3 (\$15 to \$30 million)</b>				<b>8</b>	<b>2</b>			<b>\$-</b>
4	IN Dept. of Workforce Development	14,851,209	N			14,851,209	7,425,604	
4	Commonwealth of PA	10,438,659	Y			-	-	
<b>Strata4(\$10to\$15million)</b>				<b>18</b>	<b>2</b>	<b>14,851,209</b>	<b>7,425,604</b>	<b>\$133,660,881</b>
5	MDRC	5,500,000	Y			-	-	
5	MI Dept. of Labor	5,056,324	N			5,056,324	2,528,162	
<b>Strata 5 (\$5 to \$10 million)</b>				<b>26</b>	<b>2</b>	<b>5,056,324</b>	<b>2,528,162</b>	<b>\$65,732,207</b>
6	AL Senior Services Economic & Community Affairs	2,797,456	Y			-	-	
6	GA Dept. of Human Services	2,522,096	Y			-	-	
6	Suffolk Community College	2,367,346	N			2,367,346	157,823	
6	VA Dept. for the Aging	2,411,183	Y			-	-	
6	Washtenaw Community College	2,107,883	N			2,107,883	140,526	
6	University Of Arkansas System of Community Colleges	1,972,351	N			1,972,351	131,490	
6	National Urban League	2,001,683	Y			-	-	
6	Athens Technical College	1,940,963	N			1,940,963	129,398	
6	The Junior College District of Kansas City	1,942,460	N			1,942,460	129,497	
6	CBIA Education Foundation	1,771,890	N			1,771,890	118,126	
6	Midlands Technical College	1,574,111	N			1,574,111	104,941	
6	UAM College of Technology	1,481,270	N			1,481,270	98,751	
6	Palm Beach Community College	1,550,653	N			1,550,653	103,377	
6	VA Biotech Associates	1,494,369	N			1,494,369	99,625	
6	Yavapai College	1,335,136	N			1,335,136	89,009	
<b>Strata 6 (\$1 to \$5 million)</b>				<b>231</b>	<b>15</b>	<b>19,538,430</b>	<b>1,302,562</b>	<b>\$300,891,827</b>
7	Rochester Institute of Technology	908,274	N			908,274	302,758	
7	OR Dept. of Community Colleges & Workforce Dev.	524,420	N			524,420	174,807	
7	VA Dept. for the Aging	512,741	Y			-	-	
<b>Strata 7 (\$500,000 to \$1 million)</b>				<b>73</b>	<b>3</b>	<b>1,432,694</b>	<b>477,565</b>	<b>\$34,862,230</b>
8	TN. Dept. of Labor and Workforce Development	439,546	Y			-	-	
8	AL Dept. of Senior Services	393,539	Y			-	-	
8	WA Employment Security Dept.	200,616	N			200,616	66,872	
<b>Strata 8 (\$200,000 to \$500,000 million)</b>				<b>86</b>	<b>3</b>	<b>1,633,310</b>	<b>66,872</b>	<b>\$5,750,990</b>
9	MN Dept. of Emp. & Economic Dev.	169,158	Y			-	-	
9	Latin American Youth Center	99,887	N			99,887	33,296	
9	WE Upjohn Institute for Employment Research	85,696	Y			-	-	
<b>Strata 9 (Less than \$200,000)</b>				<b>110</b>	<b>3</b>	<b>99,887</b>	<b>33,296</b>	<b>\$3,662,523</b>
<b>TOTAL</b>			<b>18</b>	<b>560</b>	<b>38</b>	<b>115,912,006</b>	<b>26,494,091</b>	<b>\$617,860,810</b>

<b>PROJECTION SUMMARY</b>							
Weighted Mean Universe Exception Per Grant	ATTRIBUTE		90% CONFIDENCE LEVEL		Lower Limit Projection	Upper Limit Projection	LOWER LIMIT PROJECTION
	POINT ESTIMATE	SAMPLING PRECISION	LOWER LIMIT	UPPER LIMIT			
\$1,103,322.87	54.82%	17.65%	37.17%	72.48%	208	406	\$229,658,863

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# Appendices

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**Appendix A****Background**

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DOL reported in its 2009 Performance Accountability Report that it continues to face challenges in ensuring it receives the quality of services that the taxpayers deserve through discretionary grants. Recent OIG and GAO performance audits of ETA discretionary grants identified weaknesses in grantees meeting performance goals and the accuracy of financial and performance data.

ETA's mission is to contribute to the efficient functioning of the U.S. labor market by providing high quality job training, employment, labor market information, and income maintenance services operated primarily through state and local workforce development systems. ETA drives this strategic development of the workforce primarily by the investment of federal resources through grants.

ETA accomplishes this through its discretionary grant programs where some grants were awarded competitively. The discretionary grant award process encompasses all aspects of the planning, execution, oversight, and closeout of ETA awards. The closeout of grants occurs during the post-performance period which begins at grant termination and ends with the final disposal of grant records. The goal of this phase is to complete the closeout of grants expeditiously, which includes the resolution of audits and collection of debt, and maintenance of all grant financial and performance records for evaluation and consideration in future awards.

Discretionary Grants are included in numerous ETA programs such as Community Based Job Training, High Growth, National Emergency Grants, Workforce Innovation in Regional Economic Development, and Senior Community Service and Employment Program. These program grants were awarded competitively with the exception of National Emergency Grants, and State grants under the Senior Community Service and Employment Program.

**Grant Process**

The grant process encompasses all aspects of planning, execution, oversight, and closeout of ETA grant awards. The grant life cycle phases include pre-award, award, period of performance, and post-performance, and envisions grant management as a continuous loop with data from each phase informing the next phase. The cycle encompasses the flow of post-performance information from one grant cycle into the pre-award and award phases of the next cycle, thus ensuring the program design and award of new grants takes into account prior grant experience, resulting in continuous improvement through the process.

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**Appendix B****Objective, Scope, Methodology, and Criteria**

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**Objective**

Did ETA close grants in accordance with federal and agency guidelines, including analyzing final performance results for use in the pre-award phase of future grants?

**Scope**

The scope of the audit covered 560 discretionary grants closed between April 1, 2010, and March 31, 2011, representing \$1.86 billion, which included 74 American Recovery and Reinvestment Act (ARRA) grants, totaling \$92 million. We selected a statistical sample of 38 grants to review, totaling \$839 million, and included 5 Recovery Act grants, totaling \$3.4 million.

We considered whether internal controls significant to the monitoring of grantees were properly designed and placed in operation. We confirmed our understanding of these controls and procedures through interviews and review of ETA's policies and procedures.

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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Methodology**

The grants were reviewed to determine whether closeout procedures were performed timely and appropriately. We also determined whether federal requirements for asset disposal, audits, and audit resolution were met and whether Information regarding grantee performance and management was analyzed and the results were used in the pre-award phase to inform future grant design and investments.

In performing the audit, ETA provided OIG with a detailed listing of discretionary grants closed between April 1, 2010, and March 31, 2011. We performed a data reliability assessment to ensure we had complete and accurate grant data. To determine whether the data was reliable, we requested that DOL's Office of Information Systems and Technology perform a query of the requested data in the presence of OIG personnel. We analyzed the live query by comparing the resultant number of fields, grant count, and total grant awards to the original data provided by ETA, and reconciled the differences. All differences for the closed grant data were attributed to the fact that the data from the Office of Information Systems and Technology contained all discretionary grant information within DOL, not exclusively grants associated with ETA. Once these

factors were taken into consideration, the number of fields, grant count, and total grant award amounts were reconciled. Since we did not identify any differences, we concluded the data to be sufficiently reliable for the purposes of our audit.

To identify and assess internal controls relevant to our audit objectives, we interviewed relevant ETA National and Regional personnel, and reviewed available policies and procedures. In planning and performing our audit, we considered internal controls of ETA's system of assessing and communicating grantee information by obtaining an understanding and performing an audit of the program's internal controls, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of internal controls in order to determine our auditing procedures for the purpose of achieving our objectives. Our audit covered internal controls over how grantee assessments are communicated during the closeout phase to the pertinent ETA Offices. Our consideration of ETA's internal control for communication of grantee information would not necessarily disclose all matters that might be significant deficiencies because of the inherent limitations in internal controls, misstatement, or losses, non-compliance may nevertheless occur and not be detected.

To gain a better understanding of the ETA's grant closeout process from the universe of 560 grants closed between April 1, 2010, and March 31, 2011 (\$1.9 billion of grant awards), we statistically sampled 38 grants to review, totaling \$839 million (45 percent), using a 90 percent confidence level and +/-10 percent sampling precision. In order to ensure that the sample was proportionate to the audit universe in terms of grant dollar impact, grants for the sample were selected from each stratum using a random sampling approach where grants with higher award amounts would have a greater probability of being selected, than those with lower award amounts. For example, the universe of grants in strata 1 and 2 which represented grants over \$30 million had 100 percent chance of being selected, while the universe of grants under \$200,000 had a 3 percent chance of being selected.

We reviewed the grant closeout files for the 38 sampled grantees to determine if grants were closed in accordance with federal and agency guidelines. We compared approved budgets to grantee General Ledgers and/or summary schedules to ensure that budgeted line items were not exceeded. We also compared performance outcomes and deliverables from grant agreements to supporting documentation provided by grantees. On-site reviews were conducted for four grants (two grants for National Urban League, Suffolk County Community College, and RIT). During the on-site reviews, we performed transaction testing on a judgmental basis for both financial and performance data. For the remaining 34 grants, we did not perform tests on the transactions. In addition, we interviewed officials from ETA's National and five Regional Offices.

#### Criteria

We used the following criteria to accomplish our audit:

- OMB Circular A-122, Cost Principles for Non-Profit Organizations



- OMB Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- Code of Federal Regulations 20 CFR Part 641 Provisions Governing the Senior Community Service Employment Program Section 641.740(a)
- Code of Federal Regulations 29 CFR Part 95, subpart D
- Code of Federal Regulations 29 CFR Part 97, subpart D
- Code of Federal Regulations 29 CFR Part 666
- Employment and Training Order: No. 1-08, Grant Management Policies and Responsibilities within the Employment and Training Administration, June 2008 dated
- Department of Labor Management Standards 2 Chapter 870 – Grant Closeout Procedures
- ETA Core Monitoring Guide, dated April 2005
- ETA Grant Closeout Handbook, dated May 2009
- ETA Grant Management Desk Reference, dated February 2009

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**Appendix C****Acronyms**

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ARRA	American Recovery and Reinvestment Act
CBJT	Community Based Job Training
CFR	Code of Federal Regulations
DOL	United States Department of Labor
EMS	Emergency Medical Services
ETA	Employment and Training Administration
FAPIIS	Federal Awardee Performance and Integrity System
ETO	Employment and Training Order
FPO	Federal Project Officer
HG	High Growth
GJ	Green Jobs
NEG	National Emergency Grant
RIG	Regional Innovation Grants
RIT	Rochester Institute of Technology
SCCC	Suffolk County Community College
SCSEP	Senior Community Service Employment Program
SGA	Solicitation for Grant Application
SOW	Statement of Work
WIA	Workforce Investment Act
WIRED	Workforce Innovation in Regional Economic Development

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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 28 2012

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

FROM: JANE OATES *Jane Oates*  
Assistant Secretary of Labor  
Employment and Training Administration

SUBJECT: Audit of ETA Discretionary Grants  
Draft Report No. 02-12-203-03-390

Thank you for the opportunity to comment on your final draft report on the Employment and Training Administration's (ETA) closeout of discretionary grants. We appreciate that the Office of the Inspector General (OIG) incorporated several of ETA's suggested changes to prior drafts of the report, but remain concerned that the report reflects a negative and less than accurate analysis of ETA's grant performance and associated expenditure of grant dollars.

The OIG report concludes that, "Overall, ETA complied with Federal and agency administrative guidelines such as timeliness and financial reconciliations at closeout." However, the title of the report does not reflect that critical finding, giving the public an inaccurate "headline" impression of our grants management work. We ask that the OIG make an appropriate change to the title of the report so that a more accurate tone is reflected.

Of primary concern with regard to the substance of the report is the OIG's determination to describe the overall success of the discretionary grant program by limiting the definition of "success" in grant implementation to the number of grants and dollars that met *all* of their individual goals. Based on this narrow definition of successful implementation, the report states "[b]ased on our sample results, we projected that at least 208 of the total 560 discretionary grants did not meet all of their goals, representing over \$229 million in grant awards." A projection requiring 100% goal attainment of each goal as the measurement benchmark and completely discounting the impact of all goals that were partially met (e.g. 95%, 90%, 85%, etc.) does not accurately reflect overall programmatic performance and effective expenditure of grant funds. Further, by referring to "\$229 million in grant awards" the OIG report incorrectly assumes that all 208 ETA discretionary grants expended all their grant funds. This incorrect assumption makes this statement inaccurate, as well as misleading. Given these significant concerns we ask that the OIG remove this statement from the report, and more accurately reflect the overall percentage of goal attainment and amount of funds actually expended for those grants that did not meet all performance goals.

**Technical Comments**

- We cannot replicate the point estimates of 2.97% of Non-Personnel Service (NPS) transactions with errors and 3.13% of Administrative Staff and Technical (AS&T) transactions with errors. Also it is not clear how the estimated number of transactions with errors in the universe or how the estimated amounts in error (financial impact) were calculated. We recommend including an appendix showing all the calculations and the information supporting all the calculations.
- Footnote 5 on page 3 explains that the IG omitted “Other Operational Costs” because no exceptions were found. This approach definitely skews the states’ performance and affects any weighted rate estimates thereby unnecessarily painting a more negative picture.
- No explanation was provided as to why the average amounts of the questioned costs are so much higher than the average amounts of the financial items they sampled. For example, in Exhibit 1, the NPS universe size is given as 975, and the footnote states that the NPS universe included \$5,667,389. This is an average of \$5,813 per item. However, the OIG identified 4 transactions with errors totaling \$108,676.97 (Exhibit 2), an average of \$27,169.
- On tables 2 and 3 (pages 7 and 9) there are asterisks at the top of the columns indicating that certain types of performance goals were required in CBJT and HGJTI SGAs – began training, completed training, etc. The SGAs that funded these grants did not *require* performance goals in these categories. ETA asks that these asterisks and the accompanying footnote be removed. Consequently, most grantees did not establish performance goals for retention. ETA also asks that this column be deleted from the tables.
- In reviewing the CBJT and HGJTI grant results, ETA determined that a number of grantee-specific results in the OIG’s report do not match the results that ETA provided to the OIG for these grants. ETA has noted these discrepancies in the attachment to this draft response, by creating a column called “OIG report” and shading rows in that column in yellow where discrepancies exist. For those areas where it identified discrepancies, ETA asks the OIG to review and consider updating its data. There are a few areas that ETA calls particular attention to:
  - The Junior College District of Kansas City-MO: Not clear where deliverables 15 - 20 in the OIG report came from
  - Midlands Technical College: It is not clear where deliverables 9 – 17 in the OIG report came from
  - Rochester Institute of Technology: OIG’s data source is not clear

Please refer to the attachment provided for a detailed breakout of variances by grantee.

Thank you again for the opportunity to provide these comments.

**Appendix E**

**Acknowledgements**

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Key contributors to this report were: Mark Schwartz, Cardelia Tsoi, Charmaine Thorne, Eliacim Nieves-Perez, John Schick, and Reza Noorani.

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Online: <http://www.oig.dol.gov/hotlineform.htm>  
Email: [hotline@oig.dol.gov](mailto:hotline@oig.dol.gov)

Telephone: 1-800-347-3756  
202-693-6999

Fax: 202-693-7020

Address: Office of Inspector General  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Room S-5506  
Washington, D.C. 20210