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

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

SUBJECT: Response to Report No. 18-13-001-03-390

This is ETA's formal response to the Office of the Inspector General's report No. 18-13-001-03-390. We appreciate the opportunity to provide updated information on the status of the green jobs training grants. The grants are smart investments that are preparing Americans for the clean energy jobs driving our 21<sup>st</sup> Century economy. We anticipate that the information available for the quarter ending September 30, 2012, will show continued progress, and we appreciate that the OIG understands that the current report reflects a preliminary snapshot in time. While ETA has concerns with a number of the OIG's results and disagrees with aspects of the report, ETA appreciates the OIG's willingness to incorporate additional information in its report.

#### Grantee Results and Report Conclusions

The OIG report does not reflect the significant progress of the green jobs training grantees - Energy Training Partnership (ETP), Pathways out of Poverty (POP), and State Energy Sector Partnership (SESP) - since the beginning of the grants. The purpose of these grants is to train workers either to place them in jobs or give them increased security to retain their jobs. In a challenging economic climate, the grantees have trained and placed thousands of workers and provided others with enhanced job security. Based on the data available for the quarter ending June 30, 2012:

- 112,989 participants have been served through these grants;
- 107,110 participants have received training;
- 80,948 participants have completed training;

- 69,816 participants have received industry-recognized credentials, including 37,919 incumbent workers;
- 30,610 participants have been placed in jobs with 82% of those placements in training-related employment; and
- 13,185 incumbent workers who completed training obtained new positions.

As noted by the OIG, nearly half of these grants are still active, so the performance numbers stated above will increase. Many grants will continue through June 2013, and ETA will collect outcome data for months after that.

We appreciate that the OIG has taken into account grantees' service plans in calculating estimated costs. These grants are designed to serve different populations as displayed in Table 18 entitled, "Planned Performance Goals and Per Participant Costs for All Training Grants by Grant Type as of June 30, 2012". For example, the costs for the Pathways Out of Poverty (POP) grants are projected to be higher, reflecting multiple barriers to employment that the individuals in these programs face, and the intensive services they need to transition successfully into jobs and remain in those jobs. We also are pleased to see that the OIG's calculation of average planned costs per participant served for all programs (identified in Table 18) are in line with ETA's expected costs for these grantees.

The OIG report states that data reported in the grantees' quarterly narrative reports do not impact the reported performance measures as defined by ETA. ETA has explained that it uses both data reported on the 9153 form and outcome data reported in the narrative reports to compare to grantee targets and evaluate the performance and impact of the grants. ETA appreciates the statement by the OIG explaining the different approaches for reviewing grantee performance and impacts. The OIG did not use the additional data in its analysis of individual grantee performance; therefore, the OIG report does not include information beyond the information on the 9153 form, such as the number of participants placed in training-related employment prior to completing a training program, and the number of incumbent workers who retained their position as the result of grant-funded services. The data presented in the OIG report therefore provides an incomplete view of individual grantee performance and impact.

The OIG report does not reflect employment retention results as provided and certified by grantees through ETA's electronic reporting system, through which grantees are held accountable. Grantee-certified data (data that grantees mark as certified and

complete) show that of the 19,976 participants who entered employment by December 31, 2011, a total of 11,468 participants retained employment as of June 30, 2012, reflecting a 57 percent employment retention rate. Rather than using only grantee-certified data, the OIG also used uncertified data to calculate retention results for grantees. We appreciate the OIG's addition of a footnote explaining their use of real-time data as distinct from ETA's use of certified data.

### **Audit Report Recommendations**

ETA will take into consideration the OIG's recommendations to improve grant programs performance while preserving regional and local flexibility to tailor programs to varying economic conditions, and industry, employer, and worker needs. ETA will continue to track measures of employment, retention and earnings among other measures, while acknowledging variations in performance due to such factors as varying skill levels and the needs of populations served, types of services provided, the skills levels required for targeted occupations, and training strategies used. ETA will continue to promote industry-recognized credentials - i.e., credentials that have labor market value as determined ultimately by employers.

ETA recognizes the importance of continuously improving monitoring and controls over grant performance and financial data, and it is dedicated to further improve these oversight and administrative functions. In addition to our regular comprehensive monitoring and oversight, ETA provides extensive, specialized technical assistance on key program-related topics, such as effective placement strategies, working with hard-to-serve populations, and managing partnerships with employers. These efforts involve a number of technical assistance strategies, including grantee coaching, facilitated peer-learning, webinars on key program topics, and case studies examining promising practices implemented by high-performing grantees. ETA looks forward to continuing its dialogue with the OIG as this grant program matures.