

ETA Response to Draft Report

U.S. Department of Labor

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



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

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

SUBJECT: Recovery Act Audit of Senior Community Service Employment
Program
Draft Audit Report No. 18-12-008-03-360

The Employment and Training Administration (ETA) appreciates the opportunity that the Office of the Inspector General (OIG) has provided to comment on your draft final report on the Recovery Act audit of the Senior Community Service Employment Program (SCSEP). We appreciate OIG incorporating some of ETA's suggested changes to prior drafts of the report, and the opportunity to discuss the findings and recommendations in this report. Unfortunately, those discussions did not resolve a major disagreement that ETA has with the report entitled, "Recovery Act: Audit of Senior Community Service Employment Program." This OIG report includes a serious misrepresentation of SCSEP program design and function, and of the actual performance results of the Recovery and Reinvestment Act (ARRA) SCSEP grants. We believe that OIG has rejected established definitions related to SCSEP program performance metrics and has avoided using widely accepted methodologies for performance reporting. The OIG's decision has resulted in a measure for "entered employment" that is materially inaccurate and is applied in no other Department of Labor administered-employment program.

Common performance measures were established in 2006 and apply to virtually all ETA-administered programs, including SCSEP. These common measures focus on obtaining employment, retaining employment, and earning income in a six-month period. Grantees used the common measures to report performance under authorizing legislation and ARRA. The entered employment rate compares the total number of participants who left the program and got jobs to all the participants who actually left the program. In the report, the OIG compares the number of participants who left the ARRA SCSEP program and got jobs to all ARRA SCSEP participants, including those still receiving SCSEP training. In other words, OIG includes in its denominator individuals who were still receiving services, and for whom *performance outcomes were not yet known because they had not finished the program*. Program participants are not counted in any ETA measure of employment outcomes until an individual finishes services and leaves the program.

The ARRA SCSEP funds were intended to provide SCSEP services to additional unemployed low-income people during the Great Recession than then current, regular funding allowed. ETA made clear in its instructions to grantees in Training and Employment Guidance Letter No. 15-08, issued on March 18, 2009, that the purpose of the ARRA SCSEP funds was to increase the number of people served and paid minimum wage for part-time community service training. It also stated that the common measures applied to these funds. This was one direct response by

Congress to the increased need for services and income among unemployed low-income seniors during the downturn in the economy. In other words, ETA clarified that its performance expectation for the ARRA SCSEP funds was not necessarily to speed placement, nor were grantees expected to terminate participants supported by ARRA SCSEP funds at the end of the ARRA SCSEP funds. Thus, an unsubsidized job continued to be a desired outcome goal where possible; however, added services, including transition to the regular program funding where participants could continue to receive similar services, was expected if ARRA SCSEP-supported training was insufficient to meet the particular needs of the participant, enabling him or her to obtain an unsubsidized job. In other words, ETA expected that some SCSEP participants would receive similar services funded by both ARRA and regular SCSEP program funds.

Entered employment is established as a performance indicator in the SCSEP legislation and clearly defined in the SCSEP regulations at 20 CFR 641.710(2). The only appropriate measure for the employment outcomes for ARRA SCSEP participants is to examine whether or not they are employed after they exit the program. Looking at employment after someone has stopped receiving program services is the basis of the common performance measures approved by OMB, and is the calculation method used by every reputable third party evaluation completed of ETA training programs. ETA is not aware of any program it administers nor any federal skill training programs that measures the final effect of the training program on participants or students before the program intervention is over.

The OIG has expressed its interest in focusing on the time period February 17, 2009 to June 30, 2010. A more accurate portrayal of the ARRA SCSEP performance in this specific timeframe would be to compare the number of participants who actually left the program and found jobs compared to the number of participants who left the program in this specific time period. ETA strongly encourages readers of the audit report to review the performance outcomes publicly available, which demonstrate that ARRA SCSEP participants found employment at 47.6 percent, approximately the same rate as all other SCSEP participants. This is not surprising, since ARRA SCSEP participants received services authorized under the SCSEP legislation, similar to SCSEP participants supported with regular program funds. These authorized services included assessment, skill training, paid community service employment, annual physicals, and necessary supportive services. The only difference was the source of funds.

The Department has reviewed the OIG recommendations and will implement five of these recommendations. The OIG audit found that the vast majority of ARRA SCSEP grantees met grant requirements, with most recommendations based on the actions of one or two grantees.

ETA will work with these grantees to:

- Collect costs associated with the two participants inaccurately found eligible.
- Advise grantees to ensure that their sub-grantees precisely document activities in participant Individual Employment Plans (IEPs).
- Advise grantees that once created, all IEPs must stay in an individual's case file.
- Advise grantees to conduct follow-up activities in a timely manner.
- Clarify definitions of information system data fields to improve data entry accuracy.

Thank you again for the opportunity to provide these comments.