

BRIEFLY...

September 2015

ETA NEEDS TO IMPROVE AWARDING OF YEAR-END NATIONAL EMERGENCY GRANTS

WHY OIG CONDUCTED THE AUDIT

During the period July 1, 2011, through June 30, 2014, ETA awarded nearly a half billion dollars in National Emergency Grants (NEG) to states and local workforce investment boards to quickly respond to emergencies or disasters of national significance that could result in substantial loss of employment. Forty-four percent (\$212.8 million) of grant funds were awarded at year end. The funds were part of ETA's Dislocated Worker Training National Reserve that were due to expire and had to be obligated by the end of the year or returned to U.S. Department of Treasury.

WHAT OIG DID

We conducted a performance audit to determine the following:

Did ETA properly award NEGs?

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/2015/02-15-205-03-390.pdf>

WHAT OIG FOUND

While ETA technically complied with the requirements for grant awards, it made awards to grantees whose applications did not fully meet the objectives of its solicitations. Out of 64 year-end awards, we reviewed 27 year-end awards, totaling \$85.6 million, and found 17 applications, totaling \$55.9 million and serving 13,762 participants, that: 1) did not have explanations of how proposed training would lead to industry recognized credentials; or 2) contained lower-budgeted costs for training or higher-budgeted costs for administrative activities than were called for in the grant solicitations.

In Program Year (PY) 2012, which ended June 30, 2013, and PY 2013, which ended June 30, 2014, ETA announced the availability of year-end grants on May 28 and April 28, respectively. These grants were to be awarded by June 30. In PY 2012, applicants had 10 days to submit proposals, and in PY 2013 they had 29 days. ETA acknowledged it was difficult to perform detailed application reviews under these time constraints and provided guidance that allowed ETA to work with grantees to modify grants to meet solicitation requirements after the grants were awarded. However, at least a year after grants were awarded, ETA continued to work with grantees to modify their initial applications, and none of the 17 sampled year-end grants (\$55.9 million) had been modified to meet the requirements of the solicitations. As a result, grantees may not have provided participants with sufficient opportunity to obtain industry-recognized credentials to enable them to fill in-demand jobs. Moreover, available funds may not have been fully used to train and properly serve participants.

WHAT OIG RECOMMENDED

We recommend the Assistant Secretary for Employment and Training: (1) review all year-end grants awarded during PYs 2012 and 2013 to verify whether or not they met solicitation requirements; and (2) allow sufficient time to review grant applications and only award grants that fully meet the solicitation requirements, or issue guidance to ensure grant modifications are made within a reasonable timeframe after award so grantees can incorporate the revised scope of work into their grants and properly serve participants.

ETA agreed with OIG's recommendations and stated it has begun to take corrective actions.