

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT


U.S. Department of Labor

Employment and Training Administration
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Washington, D.C. 20210



MAR 30 2018

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

FROM: ROSEMARY LAHASKY
Deputy Assistant Secretary 

SUBJECT: Response to Office of Inspector General (OIG) Draft Audit Report
No. 04-18-002-03-001, *DOL Could Improve Exit Requirements
and Participant Outcomes for the YouthBuild Program*

Thank you for the opportunity to respond to the draft audit report related to the YouthBuild program's exit policies and practices. The Employment and Training Administration (ETA) provides guidance and technical assistance to grantees to promote continuous improvement of the YouthBuild program model and its performance outcomes and welcomes the opportunity to further strengthen the program.

Since the initiation of this audit in 2014, the YouthBuild program has been reauthorized under the Workforce Innovation and Opportunity Act (WIOA). YouthBuild's incorporation into the WIOA performance reporting structure and inclusion as a one-stop (American Job Center) partner program have assisted in better alignment and coordination across all WIOA-authorized programs.

YouthBuild grantees were previously held accountable to the three Workforce Investment Act (WIA) youth common performance measures: credential attainment; post-program placement; and basic skills gains. While the rate of successful YouthBuild exiters that the OIG focused on in the draft audit report is a useful programmatic data point, it was not a measure required by statute, nor one for which ETA established a specific performance goal.

Below are the OIG's recommendations contained in the draft audit report followed by ETA's responses:

OIG Recommendation 1: Clarify the definition of a "successful exit" and require its use by all grantees. At a minimum, this definition should require that the successful exiter earn a high school diploma or equivalency degree or an industry-recognized credential, have a job follow-up plan in place, and receive referrals to either an employer or school.

ETA Response: ETA agrees that the definitions grantees had in place for "successful" exit were subject to substantial variation in the past, which led to this recommendation by the OIG. However, all WIOA-authorized programs, including YouthBuild, are now required to use the same set of six performance indicators, as part of WIOA's goal of greater alignment of the workforce system. ETA and the Department of Education are implementing these performance

indicators in a uniform way across programs, including their definitions, context, and calculations. All programs will use the same definition for exit. YouthBuild, which historically was unique in its use of a successful and unsuccessful exit determination, will now use the definition of exit that is used in all other youth employment and training programs and will no longer separately define “successful” and “unsuccessful” exit.

Per Training and Employment Guidance Letter (TEGL) 10-16, Change 1, *Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Title I, Title II, Title III, and Title IV Core Programs*, “exit” is the last date of service and is determined at least 90 days after the participant last received services; services do not include follow-up services. To meet the definition of “exit,” the program must have no plans to provide future services to participants. The guidance developed under WIOA does not define successful or unsuccessful exit. ETA expects WIOA performance indicators to drive programs to successfully connect participants to meaningful outcomes, such as secondary and post-secondary credential attainment, and placement into continuing education, training, or employment.

WIOA requires that programs serving similar populations with similar goals also use the same performance indicators to measure success. Therefore, the YouthBuild program will no longer utilize the successful and unsuccessful determinations of exit, but will align with other youth serving programs in the way services and exit are determined, as well as the way outcomes are measured, for greater accountability.

ETA plans to deliver additional technical assistance and guidance so that all grantees clearly understand the ramifications of not meeting the expected program outcomes, and that all youth served by the program should be gaining meaningful benefits during the course of program services, with clear connections to post-exit services and placements.

OIG Recommendation 2: Create an official YouthBuild manual that details the requirements for all aspects of the program and ensure its distribution to all YouthBuild grantees.

ETA Response: ETA agrees that all YouthBuild grantees must be aware of the requirements of all aspects of the YouthBuild program. The WIOA Department of Labor-Only Final Rule and the Funding Opportunity Announcement (FOA) that is incorporated into the grantee Statements of Work includes all YouthBuild program requirements. Upon award, ETA will provide all YouthBuild grant recipients with a list of the documents that contain all the requirements for the YouthBuild program, including the Final Rule, FOA, and guidance for these requirements from relevant TEGLs.

OIG Recommendation 3: Recover \$1,390,498 in questioned costs from the grantees for participants that remained in the program for more than 24 months.

ETA Response: ETA agrees with this recommendation and has tasked its Audit Resolution Unit in the Office of Grants Management’s Division of Policy Review and Resolution for appropriate action. Following the issuance of the OIG’s final report, ETA respectfully requests the names of the grantees and the 283 participants the OIG has identified as exceeding the 24 months allowed

by the regulations, so that ETA can follow its audit resolution process. Initial and final determinations will be issued to the grantees in question according to the process outlined in the Department of Labor Manual Series (DLMS) 8 Chapter 500 to determine if there are disallowed costs subject to repayment and, if so, the amounts.

By way of background, there are three possible reasons that could lead to a participant appearing to have been served for more than 24 months: the grantee did not understand the policy relating to the allowable period of time to serve participants; the grantee chose to disregard the policy; or the grantee re-enrolled participants it served previously after a gap in service.

With regard to the last reason, the re-enrollment of previous participants, it is possible that some of the participants in question were not in the program for more than 24 months. This is because the web-based case management system used by grantees under WIA was not designed to track gaps in service that often occur when serving disconnected youth populations. Youth often become frustrated or face personal circumstances, which cause them to leave the program. Grantees would then exit the youth only to have the youth reappear later for additional support. When this situation occurred, grantees would request to have the exit deleted, and the system would make it appear that the participant had been served continuously, when, in fact, they had not. This issue was brought to ETA's attention by the OIG audit. This issue will be fixed in the new case management system currently being developed for WIOA reporting, as it will include a planned gap function to ensure that the length of service duration calculated by the system only counts the amount of time that the participant is actually being served by the program.

ETA appreciates the opportunity to respond to your draft audit report and its recommendations. If you have questions, please contact Amanda Ahlstrand, Administrator, Office of Workforce Investment, at 202-693-3980.