

**WRITTEN TESTIMONY OF
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Human Services, Education and Related Agencies
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Good morning, Mr. Chairman, Ranking Member, and Members of the Subcommittee. Thank you for the opportunity to discuss those functions of the Department of Labor we have identified in our Top Management Challenges Report as particularly vulnerable to mismanagement, waste, or abuse. As requested, I will focus my testimony on those challenges related to employment and training programs including the Workforce Investment Act (WIA), Job Corps, and Veterans' Employment and Training programs, as well as management issues related to foreign labor certifications. The views expressed today are of the OIG as an independent entity within DOL, and may not reflect the Department's position.

Employment and Training Grants Management

Over the past several decades the OIG has reported on the Department's challenge in ensuring that grant programs are successful in training and placing workers in suitable employment to reduce chronic unemployment, underemployment, and reliance on social payments by the population it serves. Our audit work has documented the difficulties encountered by the Department in providing active oversight of the grant making and grant execution process; obtaining quality employment and training service providers; ensuring that performance expectations are clear to grantees and sub-grantees; obtaining accurate and reliable data to measure grant and program success; and, most critically, ensuring that training provided by grantees leads to placements in training-related jobs paying a living wage.

Three comprehensive audits of major grant programs over the past five years are illustrative of the Department's challenges in this area. Our audit in 2008 of the High Growth Job Training Initiative to help workers acquire necessary skills for jobs in high growth industries such as health care and biotechnology disclosed that the Employment and Training Administration (ETA) awarded most grants non-competitively and that grantee performance expectations were unclear. In many cases, we could not determine whether grantees met their goals. Even when the agreements had more clarity, we determined that grantees did not meet objectives with

respect to training and placement goals, product completion, product delivery, and required tracking of outcomes. The lack of clarity in grant proposals that were approved by ETA called into question the rigor of their review of the proposals and the merit of their decision to award the grant and to do so non-competitively.

Another example involves the Recovery Act Green Jobs program which was designed to train those most affected by the recession for jobs in “green” industries. Our October 2012 audit found that only 38 percent of those trained were placed in jobs and that, based on the data available at the conclusion of our field work, only 16 percent of the collective job retention goal was met by grantees. We also noted that 47 percent of those served already had a job and while we were told the training was necessary for them to retain or advance their careers; we found no evidence that they needed Green Jobs training for any of these purposes. Additionally, we found that almost half of the training provided consisted of 1 to 5 days of training and that 92 percent of “credentials” reported as a training outcome were “certificates,” many of which were merely certificates of completion. Further, our audit noted significant disparities in job retention goals proposed by grantees and approved by ETA without any sort of justification. Likewise, a 2011 audit of the WIA Adult and Dislocated Worker program found that 37 percent of program participants either did not obtain employment or their employment was unrelated to the training that they received. A finding common in all three audits, was the difficulty in obtaining accurate, reliable, and detailed performance data from grantees, sometimes requiring us to reconstruct records in order to be able to make assessments to determine what was actually accomplished.

Given that we have continuously identified grant management and program performance issues over the years, we made specific recommendations for ETA to utilize lessons learned from the Green Jobs Training Program to ensure WIA grant programs are successful in training and placing workers in suitable employment. Our recommendations centered on improving grant making, ensuring funds are only expended on those who are eligible and most in need of services, assessing and defining the value of “credentials,” clarifying grantee data collection and reporting expectations, and monitoring grant performance and financial data.

Job Corps Program

Another DOL management challenge is ensuring the success and financial stewardship of the Job Corps program, the Department’s premier education and job training program for

disadvantaged youth. As the Subcommittee is aware, most recently, Job Corps has been addressing budget overruns that are affecting program operations, and which are the subject of an on-going audit. Our audit is examining whether Job Corps' internal control processes related to funds management and expenditures, including contracting activities, have been properly designed and implemented. Specifically, the audit will determine why the budget overrun happened, what control issues allowed this to happen, what changes the Department has made, and what additional changes may still be needed to ensure this does not happen again. We expect the work to be completed in May, barring any unforeseen issues encountered.

With respect to those issues that affect program success, and as we have reported in our Top Management Challenges Report, our audits have consistently documented the Department's difficulty in ensuring the quality of residential life, measuring and obtaining desired outcomes, and achieving best value to the government through center procurements.

Residential life is a critical component of the Job Corps student experience and an important factor in successfully assisting at-risk, disadvantaged youth in turning their lives around. Our audits have disclosed safety and health hazards, physical maintenance needs, and a lack of enforcement of disciplinary policies at various centers. While Job Corps has a Zero Tolerance Policy against violence and drugs, we have identified the need for Job Corps to ensure that contractors consistently enforce student disciplinary policies. In a series of audits covering 10 centers run by 6 contractors, we found that centers did not always address suspected serious misconduct of students, allowing them to remain at the centers. While maintaining their on-board strength is an important performance measure for contractors, not enforcing disciplinary policies, to include removing students as warranted, potentially places other students and staff at risk.

Job Corps also faces difficulties in measuring and obtaining desired program outcomes. For example, a 2011 audit documented problems with job training matches. Specifically, we found that 3,226 (18%) of the 17,787 placements reported for the periods reviewed either did not relate, or were poorly related, to the vocational training received (e.g., students trained in office administration placed in fast food restaurants) and another 1,569 (9%) students were placed in jobs that required little or no previous skills or experience, such as parking lot

attendants, janitors, and dishwashers. As a result of these findings, we are conducting follow-up work in this area.

Our audits have also documented that procurements are not always properly competed to ensure best value to the program. For example, we recently issued a series of audit reports on the procurement activities at seven centers operated by five different contractors. We concluded that none of the seven center operators consistently ensured best value to the Federal government when awarding sub-contracts and purchase orders totaling \$17.1 million.

Veterans' Employment and Training Service Programs

We have also included as a challenge the Department's programs which provide services to veterans to prepare them for the civilian job market. These programs are administered by the Veterans' Employment and Training Service (VETS). Grants under the Jobs for Veterans State Grant (JVSG) program provide funding to State Workforce Agencies to assist veterans in obtaining and maintaining gainful employment. Past audits have found that JVSG staff needed to do a better job of accurately assessing the needs of veterans and documenting service activities - particularly for homeless veterans with disabilities.

Veterans are also served under VETS's Transition Assistance Program (TAP), currently known as Transition GPS, which provides a three-day workshop offering job search assistance and related services and information. Our 2010 audit found that VETS did not have the necessary management controls and policies to document and substantiate that participants reported as served were actually served. We also found that VETS did not use measurable performance goals and outcomes to evaluate program effectiveness and lacked adequate contracting oversight for TAP workshop services. These deficiencies undermined VETS's ability to ensure that it was providing a high-quality program to assist veterans in their transition from military to civilian employment.

Mr. Chairman, because of the magnitude of the Department's employment and training programs and the related public investment, the OIG continues to initiate audits to identify and recommend necessary improvements and cost efficiencies.

Foreign Labor Certification Programs

The OIG has also reported on the Department's challenge in administering the foreign labor certification process, which permits U.S. businesses access to foreign workers to meet

their workforce needs, while protecting the jobs and wages of U.S. workers. This process has been a concern the OIG has raised since the mid-1990's.

Our latest audit work continues to identify the need for a more active, meaningful role for the Department in ensuring the integrity of its foreign labor certification programs. Collectively, two audits of the H-2B program issued in 2011 and 2012 identified systemic weaknesses in the self-attestation system used by employers in support of their labor certification application requests. For example, our 2012 audit revealed that 27 of the 33 employers in our sample could not prove they abided by one or more attestations made on their applications. In many cases, employers could not document: (1) their pre-application recruitment efforts to hire U.S. workers, (2) that workers were paid the wages promised in employer applications to protect wage rates of U.S. workers, and (3) that they reported immigration-related matters such as a foreign worker's departure prior to the end of the employment period. Our audit also disclosed that the agency's post-adjudication audit process was deficient. Among our findings was that these audits were conducted six months after the H-2B employment period ended, which did not allow for any sort of corrective action and, in effect, nullified protections for U.S. workers. We also found that ETA did not validate foreign worker employment eligibility. It is our opinion that, collectively, the systemic issues identified in our audits resulted in employers avoiding the recruitment and employment of qualified U.S. workers, depriving domestic workers of employment opportunities, as well as allowing the abuse of foreign workers with respect to wage violations.

The Department issued a new Final Rule in early 2012, which included comprehensive reforms for the H-2B program, some of which may address deficiencies we have identified over the years. However, the rule is under legal challenge and therefore has not been implemented. Until such time as a final decision is reached on the implementation of the Final Rule, the OIG believes that the agency must do more to ensure the integrity of the program.

Conclusion

Mr. Chairman, thank you for the opportunity to testify on four of the ten challenges we have identified for the Department of Labor. This concludes my statement and I would be pleased to answer any questions that you or any Members of the subcommittee may have.