

**WORKFORCE INVESTMENT ACT
YOUTH OPPORTUNITY PROGRAM AUDIT**

**Summary of Educational Services and Vocational Training
Provided to Out-of-School Youth**



**Office of Inspector General
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ACRONYMS

| | |
|-----|--|
| CFR | Code of Federal Regulations |
| DOL | Department of Labor |
| EC | Enterprise Community |
| ETA | Employment and Training Administration |
| EZ | Empowerment Zone |
| FY | Fiscal Year |
| GED | General Equivalency Diploma |
| MIS | Management Information System |
| OIG | Office of Inspector General |
| OSY | Out-of-School Youth |
| WIA | Workforce Investment Act |

EXECUTIVE SUMMARY

Thirty-six communities across the country received \$465 million of Youth Opportunity (YO) program grants during the period March 2000 to June 2002 to provide comprehensive youth services, including education and job training opportunities, for young people living in some of the Nation's poorest areas where they are most at risk of joblessness.

A March 2001 OIG audit of the Job Training Partnership Act youth program¹ found that youth who received occupational (vocational) skills training (OST) had higher post-program earnings than those who did not receive OST. Further, those who completed OST training had higher post-program earnings than those OST participants who did not complete the OST. The prior youth program's audit results lead the OIG to conclude that vocational skills training is a significant factor in youth's attainment of their employment and earning goals. Furthermore, in July 2001 the Secretary of Labor expressed her desire for more educational components in the Youth Opportunity programs. Therefore, our audit objective was to determine what educational services and vocational skills training Youth Opportunity grantees provided to out-of-school youth.

For 12 selected grantees, we sampled a total of 240 individuals from the population of youth who were reported to us as being out-of-school youth who were enrolled in the program as of September 30, 2001, and had received some service as of December 31, 2001. However, 33 individuals did not meet the program definition for out-of-school youth, leaving a sample of only 207 youth.

Approximately 62 percent (128 of 207) of the out-of-school youth we sampled received no educational or vocational training activities -- including 31 who received no services at all. Because 31 of the 207 out-of-school youth in our sample received no services, we were only able to analyze specific services the Youth Opportunity program provided to the remaining 176 enrolled out-of-school youth.

Of these 176 participants, 120 (68 percent) received work readiness or work related services, whereas 79 (45 percent) received educational activities and vocational training. Since 53 of the 120 participants that received work readiness or work related services also received educational and vocational training, 67 (38 percent) received work related services without receiving any educational or vocational training. While most sampled youth had been enrolled long enough to be actively participating in some vocational training or educational activities, most did not.

Of the 176 participants who received some services, 168 (95 percent) were 17 years of age or older when enrolled. The grantees provided educational activities to a majority (59 percent) of the dropouts 17 years of age and older. Of those individuals ages 17 and older who had already completed high school, received a General Equivalency Diploma (GED), or attended some college prior to being enrolled, the majority (60 percent) received work readiness activities (work experience, on-the-job (OJT) training, or pre-employment/world of work), as opposed to vocational training or educational assistance (26 percent).

While conducting this audit, we identified inconsistencies in the records grantees provided related to out-of-school youth enrolled in the program. The scope of our audit did not include any direct verification of the accuracy of management information system (MIS) data. However, during the

¹ See OIG Audit Report Number 06-01-001-03-340, *Job Training Partnership Act, Title II-C Youth, Out-of-School Program Performance Audit*, issued March 19, 2001.

course of our work, we were provided participant information that suggested that the performance data available to ETA could be unreliable. For example, the reliability of the data we were provided in response to our requests for the grantees' universe of enrolled, out-of-school youth varied significantly among the 12 grantees we examined. We concluded:

- It was impracticable to sample a consistently defined universe.
- About 26 percent of the 240 participants in our original sample were not enrolled, out-of-school youth.
- ETA's definition of enrollment is complicated and unworkable.

Recommendations:

We recommend the Assistant Secretary for Employment and Training:

- consider strengthening the educational and vocational training activities for high school graduates;
- establish procedures to terminate those out-of-school youth classified as active, but who are not participating in any program activities and have not expressed an interest in continuing in the program;
- assess the accuracy of performance reporting from Youth Opportunity grantees and develop procedures to correct inaccurate reporting that is identified; and
- correct definitions in the MIS and propose legislative changes during the WIA reauthorization process, if needed, to provide a more straight forward definition for out-of-school youth who are expected to be served by the Youth Opportunity grantees.

ETA accepted the report's four recommendations and expressed a determination to have a strong educational component in its Youth Opportunity Grants. ETA responded that the report leaves unsaid that most of the youth who did not receive educational or vocational training services did receive work-related activities, and that we ignored the value of the work-related components of these grants and the value of work as a path towards careers for non-college youth. We did not ignore the work-readiness components of the program, but our audit objective was to evaluate education and training services. Our presentation of results is unchanged from the draft.

BACKGROUND AND PRINCIPAL CRITERIA

The Youth Opportunity Grant Program

Thirty-six communities across the country received Youth Opportunity (YO) program grants as part of a planned 5-year, \$1.375 billion effort authorized by section 169 of the Workforce Investment Act (WIA). These grants were awarded to 24 urban communities, 6 Native American entities, and 6 rural areas designated as either enterprise zones or enterprise communities. The grants are to provide comprehensive youth services, including education and job training opportunities, for young people living in some of the Nation's poorest areas where they are most at risk of joblessness.

A total of \$445 million was awarded to the 36 grantees for the first 2 years of the planned 5-year grant program. This \$445 million was for the period March 2000 through June 2002. These 36 grantees reported approximately \$200 million of expenditures through December 2001.

The Youth Opportunity grant program emphasizes a youth development approach to serving young people. Sites must offer the comprehensive services outlined in WIA, as well as establish one or more Youth Opportunity Community Centers that provide a centralized location for young people to participate in training and development activities. In addition, grantees must provide 2 years of follow-up services to participants.

All individuals ages 14 through 21 who reside in the designated areas identified in the grants are eligible to receive services.

Principal Criteria

The Final Rule for the Workforce Investment Act, 20 CFR Part 664, Subpart H, published in the Federal Register August 11, 2000, provided for grants to be awarded through a competitive selection process with awards distributed equitably among urban and rural areas considering the rate and number of people in poverty and the quality of proposals received.

Entities are eligible for Youth Opportunity grants if they serve communities designated as an empowerment zone (EZ) or enterprise community (EC) under section 1391 of the Internal Revenue Code of 1986, or an area designated by the Governor as a high poverty area in states with no EZ or EC eligible areas.

The Secretary, through ETA, negotiates performance measures with each Youth Opportunity grantee based on information contained in each grantee's application. The Youth Opportunity grants' performance indicators are the same as provided in WIA sections 136(b)(2)(A) and (B).

For youth ages 19 through 21¹, these performance indicators include:

- entry into unsubsidized employment;
- retention in unsubsidized employment 6 months after entry into the employment;
- earnings received in unsubsidized employment 6 months after entry into the employment; and
- attainment of a recognized credential relating to achievement of educational skills.

For youth ages 14 through 18², the performance indicators are:

- attainment of basic skills and, as appropriate, work readiness or occupational skills;
- attainment of secondary school diplomas and their recognized equivalents; and
- placement and retention in postsecondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeships.

In Audit Report Number 06-01-001-03-340 (issued March 19, 2001), “Job Training Partnership Act, Title II-C Youth, Out-of-School Program Performance Audit,” the OIG reported that youth who received occupational (vocational) skills training (OST) had higher post-program earnings than those who did not receive OST. Furthermore, those who completed OST training had higher post-program earnings than those OST participants who did not complete the OST. This prior youth program’s audit results lead the OIG to believe that vocational skills training is needed to achieve the employment and earnings goals of the Youth Opportunity program.

¹ Of the 176 enrolled out-of-school youth in our sample who received services, 112, or 64 percent, were ages 19 through 21.

² Of the 176 enrolled out-of-school youth in our sample who received services, 64, or 36 percent, were ages 14 through 18.

OBJECTIVE, SCOPE, AND METHODOLOGY

Audit Objective

Our audit objective was to determine what educational services and vocational skills training Youth Opportunity grantees provided to out-of-school youth. This report does not indicate that participants do not benefit from other non-educational or non-vocational skills training. However, those program services were not the central focus of our audit; educational services and vocational skills training were.

Audit Scope and Methodology

We chose a judgmental sample of 12 of the 36 Youth Opportunity grantees (see page 7 for a list of the 12 selected grantees) and selected a random sample of 20 youth at each grantee from the population of youth who were reported to us as being enrolled in the program as of September 30, 2001, and having received some service as of December 31, 2001. Consequently, our original sample included 240 individuals we considered as enrolled (i.e., completed the administrative registration process and commenced the first service) out-of-school youth. This audit covered the first 16 months of program operations.

From this sample of 240 youth, 33 did not meet the program definition for out-of-school youth, and 31 of the remaining 207 participants had not received any assessment or service that would qualify these individuals as being enrolled. Therefore, we analyzed specific services the Youth Opportunity program provided to 176 out-of-school youth.

Procedures for Collecting Information

We collected information for analysis, including the education prior to, and activities after, Youth Opportunity enrollment for sample youth. The case files for sample youth were reviewed and some available youth were interviewed to supplement the information in the case files. Furthermore, we discussed the data obtained from the case files with grantee management and prepared statements of facts for the grantees' response. The grantees' responses were considered in preparing the draft report.

Classification of Youth Opportunity Activities

We categorized the 176 sample youth's program/support activities through December 31, 2001, into 13 activities (10 activities and 3 support/incentive categories)³. Because our objective was to determine the extent to which educational and vocational skills training were provided to a random sample of out-of-school youth, we grouped the 13 activities into four activity groups -- **vocational, educational, work readiness, support/incentives** -- to determine whether the activities were considered educational or vocational skills training.

Our assessment of the extent to which educational and vocational skills training were provided did not include an effort to compile the full extent of participation (i.e., attendance), levels of

³ See appendix A for the number of OSY who participated in each of the 13 activities.

achievement, or program outcomes for sample youth. Rather, we only examined documents or consulted with staff sufficiently to determine those activities in which the youth participated. An in-depth audit would be required to examine all the attendance records at the variety of grantee and service provider classes or compile the achievement certificates awarded. Additionally, it was premature, at the time of our audit, to examine youth outcomes for a 5-year program.

Because we did not identify the number of hours or days of training provided to youth, the discussions in this report regarding the number/percentages of enrollees who participated in activities should not be used to imply any threshold amount of training/services for the youth. We did not distinguish between any specified hours or days of training; rather, our scope included determining the number of sample youth who had **any evidence** of participation in the 13 activities we assessed.

Performance Reporting

The scope of our audit did not include any direct verification of the accuracy of MIS data. However, during the course of our work, information came to our attention suggesting that MIS data are not reliable and performance data for OSY has been misreported. Section 4 of the Results section of this report provides details regarding the variations that we encountered in obtaining the universe of OSY enrollees, as of September 30, 2001, who participated in a program activity by December 31, 2001.

Management Controls and Compliance with Laws and Regulations

The scope of our audit excluded any specific examination of management controls used in the administration of the Youth Opportunity program. Our audit considered certain laws and regulations as discussed on page three of this report.

Providing an opinion on management controls and compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

Our performance audit was made in accordance with generally accepted government auditing standards.

The 12 selected Youth Opportunity locations included the following:

| <u>Urban Sites</u> | <u>1st & 2nd Year Funding (\$ Millions)⁴</u> |
|---|--|
| Birmingham/Jefferson County Job Training (City of Birmingham, Alabama) | \$ 10.0 |
| PIC of San Francisco, California | 14.0 |
| Capitol Region Workforce Development Board (City of Hartford, Connecticut) | 14.0 |
| Louisville and Jefferson Counties Workforce Investment Board (City of Louisville, Kentucky) | 14.0 |
| Economic Development Industrial Corp., Boston (Boston, Massachusetts) | 12.0 |
| Worksystems Inc., Portland (City of Portland, Oregon) | 10.0 |
| City of Cleveland, Ohio | 14.0 |
| Alamo Workforce Development Board (San Antonio & Bexar, Texas) | 22.0 |
| Seattle – King County Workforce Development Board (Seattle, Washington) | 9.0 |
| Total | \$ 119.0 |
| <u>Rural (including Native American) Sites</u> | |
| Southeastern Arkansas Economic Development (Chicot and Desha Counties, Arkansas) | \$10.0 |
| Imperial County Office of Employment & Training (Brawley, Calipatria, Niland and Imperial Counties, California) | 10.0 |
| Navajo Nation (Navajo Nation Arizona, New Mexico & Utah) | 20.6 |
| Total | \$ 40.6 |

⁴ All sites except for Birmingham and the Navajo Nation have now received 3rd year funding, equal to 75 percent of the initial award.

RESULTS

1. Most of the Youth in our Sample Did Not Receive Educational or Vocational Training Services

Approximately 62 percent (128 of 207) of the out-of-school youth we sampled did not receive educational or vocational training services, including almost 26 percent (54 of 207) who also did not participate in any work readiness activities or receive any supportive services.

A. Many youth the grantees purported to be enrolled had not been provided any services.

In evaluating services to these 207 participants, we discovered that 31 of the 207 participants (15 percent) were not actually enrolled in the program. To be enrolled, participants must have completed the administrative registration process and commenced the first service. As of December 31, 2001, more than half of these 31 individuals had applications that were more than 6 months old, and over 90 percent had applications over 90 days old, but they had not received any services. Since these youth were not provided any services, not even an assessment, they were not enrolled according to ETA's criteria for the management information system.

B. More out-of-school youth received work readiness and work related services than received educational and vocational training.

Because our audit objective was to determine what educational services and vocational skills training Youth Opportunity grantees provided to out-of-school youth, we analyzed specific services the Youth Opportunity program provided to the remaining 176 enrolled, out-of-school youth.

For youth ages 19 through 21 the Youth Opportunity program performance indicators include:

- entry into unsubsidized employment;
- retention in unsubsidized employment 6 months after entry into the employment;
- earnings received in unsubsidized employment 6 months after entry into the employment;
- and
- attainment of a recognized credential relating to achievement of educational skills.

For youth ages 14 through 18 the performance indicators are:

- attainment of basic skills and, as appropriate, work readiness or occupational skills;
- attainment of secondary school diplomas and their recognized equivalents; and
- placement and retention in postsecondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeships.

The Youth Opportunity program performance indicators are essentially focused on outcomes – employment or educational attainments – that would appear to require educational or vocational activities if the program is to be successful.

Yet, over 55 percent (97 of 176) of the out-of-school youth in our sample who had received services did not participate in **educational activities or vocational training**, including 13 percent (23 of 176) who also did not participate in any work readiness activities or receive any supportive services. The percentages of urban and rural youth who did not participate in vocational or educational training activities are similar.

- 56 percent of the urban youth (71 of 127)
- 53 percent of the rural youth (26 of 49)

Of the 97 participants who did **not** receive any educational or vocational training,

- 30 (31 percent) also did not participate in any work readiness activities
- 67 (68 percent) participated in work readiness activities:
 - 21⁵ -- work experience (paid or unpaid)
 - 1 -- OJT
 - 45 -- only pre-employment activities

We did not include internships (3 cases), OJT (1 case), and preapprenticeship training (3 cases) as vocational training. We classified internships as either paid or unpaid work experience and separately identified the limited amount of OJT and preapprenticeship training as work readiness activities. We do not consider these three service categories equivalent to formal vocational skills training programs. Regardless, all three sampled youth that had preapprenticeship training also received educational activities or vocational training; therefore, they were already counted as receiving educational/vocational skills training.

The most frequent services we classified as a work readiness activity was a variety of pre-employment training services. Examples of preemployment services include:

- job readiness
- help with resume preparation
- life skills
- job search

In order to evaluate the type of training and/or services the youth received, we categorized activities into four groups as shown in Figure 1, below:

⁵ 17 of the 21 also participated in preemployment activities.

| Activity Group | Activity Classification |
|-------------------------|--------------------------------|
| Educational Activity | Enrolled in High School |
| | Tutoring |
| | Remedial Education |
| | College |
| Vocational Activity | Voc. Training Assistance |
| Work Readiness Activity | Unpaid Work Experience |
| | Paid Work Experience |
| | On-the-Job Training (OJT) |
| | Preapprenticeship |
| | Preemployment Training |
| Support & Incentives | Stipend |
| | Incentives |
| | Supportive Services |

Figure 1

This report presents program activities for urban and rural youth separately to highlight differences in the level of participation in specific activities.

Figure 2, on the next page, compares the percentage of urban and rural youth participating in the 13 specific activities we analyzed. Figure 2 shows only four activities in which more than 25 percent of the youth were involved, of which only one activity was an educational activity (remedial education).

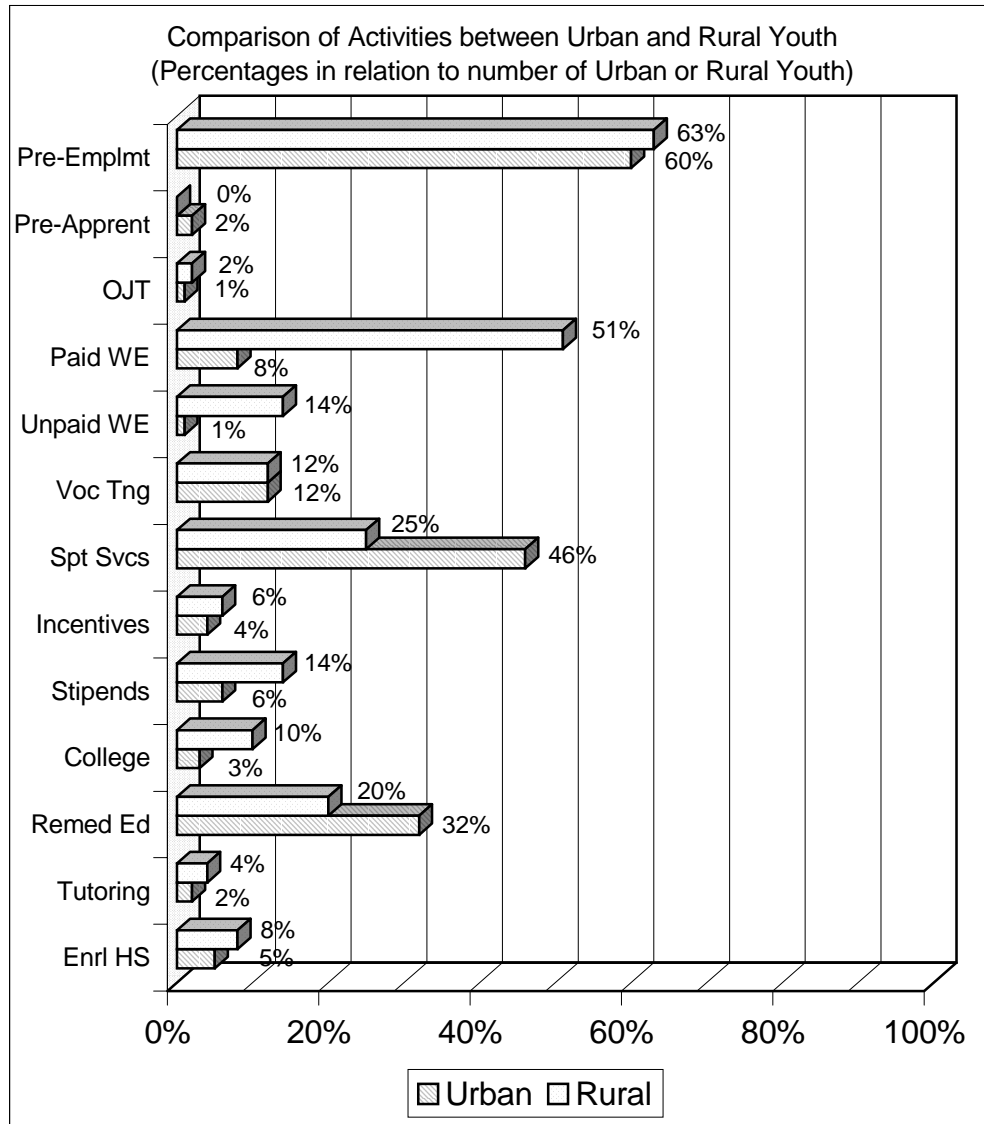


Figure 2

As shown in figure 2, above:

- Both rural and urban sites extensively used soft skills training such as pre-employment/world of work training.
- Both rural and urban sites provided limited use of vocational training.
- Rural sites used work experience (work readiness as opposed to specific vocational training) more than urban sites.
- Urban sites used supportive services more than rural sites.

1) Services to Urban Out-of-School Youth

Of the 127 urban youth participants⁶ we evaluated:

- 71 youth (56 percent) did **not** receive **educational or vocational training activities**, of whom:
 - 16 (12.6 percent) also did not participate in any work readiness activities or receive any supportive services
 - 6 (4.7 percent) did not receive any service other than support/incentives
- 56 youth (44 percent) received **educational or vocational training activities**, including:
 - 41 with educational training only
 - 9 with vocational training only
 - 6 with educational and vocational training
- 82 youth (64.6 percent) participated in **work readiness activities**, including;
 - 33 (26.0 percent) with educational or vocational training
 - 49 (38.6 percent) without educational or vocational training
 - 44 (34.6 percent) with support/incentives
 - 38 (29.9 percent) without support/incentives

Figure 3, on the following page, presents a snapshot of the level of participation in each of the 13 specific activities we analyzed. The activities for the urban OSY are illustrated here to allow comparison with the activities for the rural OSY shown in the subsequent table (figure 4).

⁶ See Appendix C for a table showing the number of urban youth in each activity group – vocational, educational, work readiness, and support/incentives. A youth is counted only once in the table, allowing for the display of combinations of activities.

Specific Activities by Activity Group For 127 Sample Urban Youth

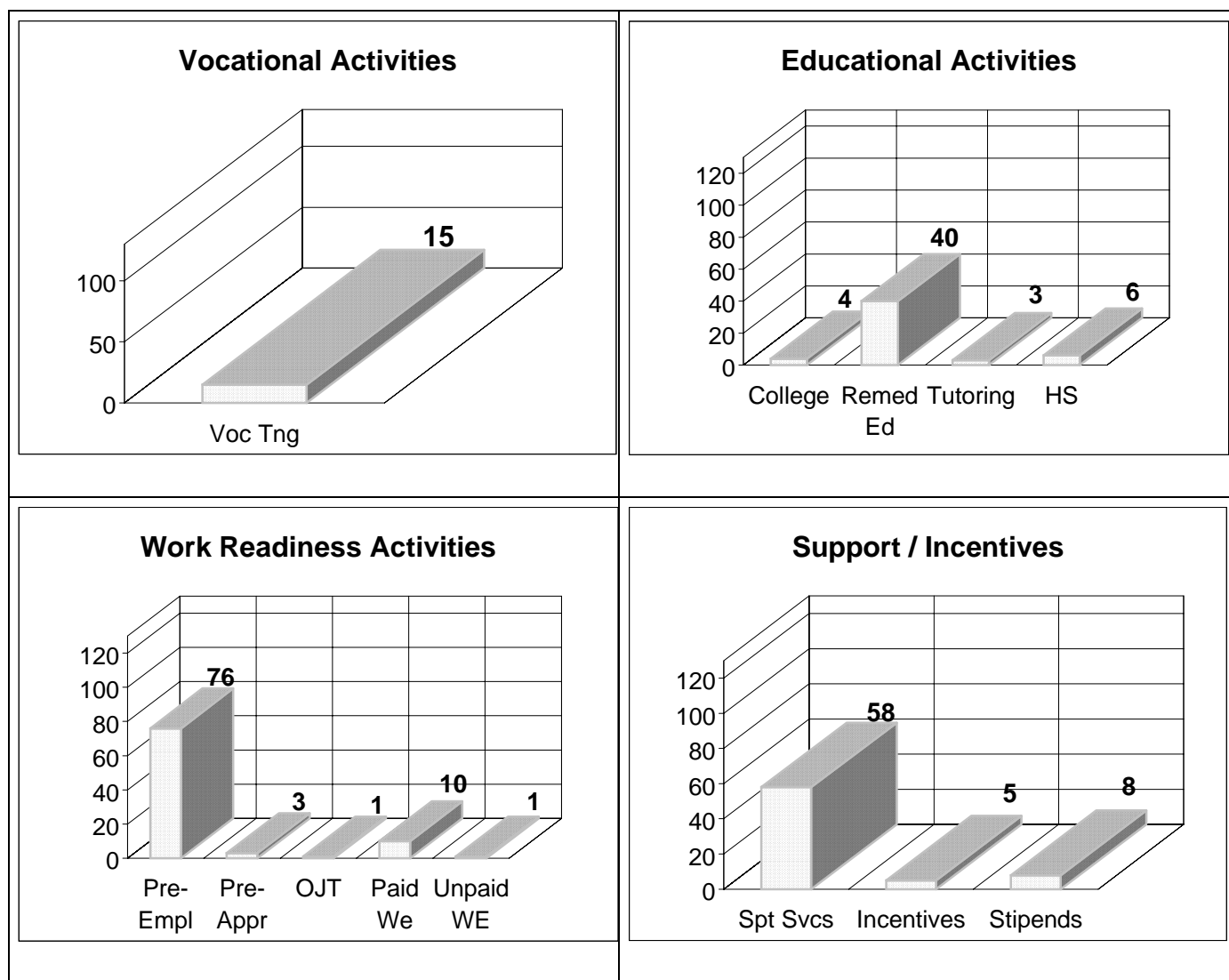


Figure 3

The most prevalent activities, based on at least 10 percent of the 127 valid OSY enrollees participating in the activities,⁷ were:

- Remedial classes (40 youth, or 31.5 percent);
- Vocational training (15 youth, or 11.8 percent);
- Supportive services (58 youth, or 45.7 percent); and
- Preemployment/world of work training; (76 youth, or 59.8 percent).

⁷ See figure 2 for details of the levels of participation for the 13 activity categories in our compilations based on the number of participants for whom information was available.

2) Services to Rural Out-of-School Youth

Of the 49 rural youth⁸ we evaluated:

- 26 (53 percent) did **not** receive any **educational or vocational training activities**, including 7 youth (14.3 percent) who also did not participate in any work readiness activities or receive any supportive services.
- 23 (47 percent) received **educational or vocational training activities**, including
 - 17 with educational training only
 - 5 with vocational training only
 - 1 with educational and vocational training
- 38 (77.5 percent) received some type of work readiness activity, including:
 - 16 with educational training only
 - 3 with vocational training only
 - 1 with educational and vocational training

Figure 4, on the following page, shows the number of rural youth -- similar to figure 2 for urban youth -- participating in each of the 13 specific activities by activity group.

⁸ See Appendix C for the number of rural youth involved in each activity group. As with the urban youth, a youth is counted only once in the table, allowing for the display of combinations of activities.

Specific Activities by Activity Group For 49 Sample Rural Youth

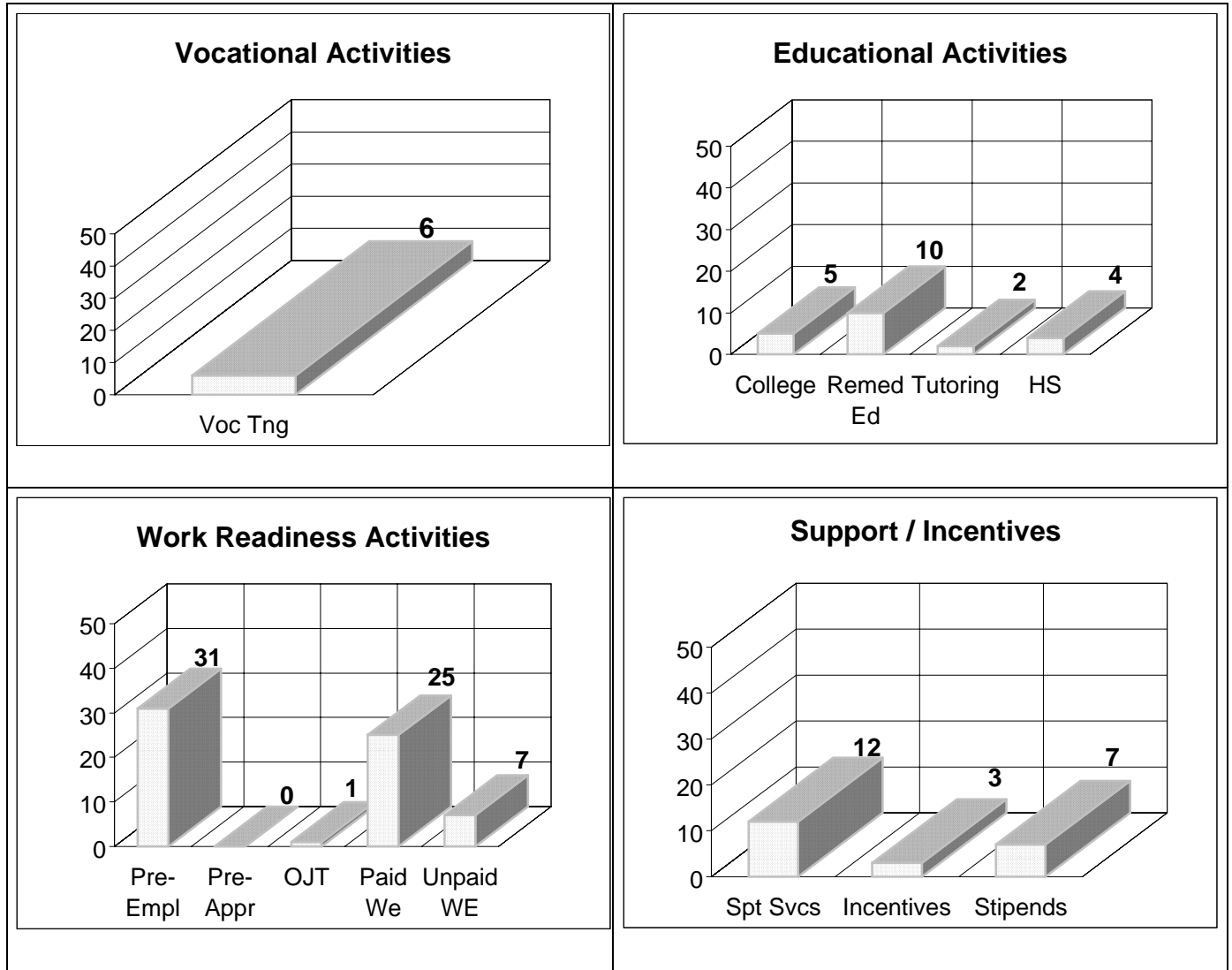


Figure 4

As figure 4 shows -- like the urban sites -- most youth at rural sites did not participate in education or vocational training. Figure 4 also shows -- unlike the urban sites -- that rural sites emphasized **subsidized work experience**.

For rural sites, the most prevalent activities, based on at least 10 percent of the 49 valid OSY enrollees participating in the activities,⁹ were:

- Remedial classes (10 youth, or 20.4 percent)
- College classes (5 youth, or 10.2 percent)
- Paid work experience (25 youth, or 51 percent)
- Unpaid work experience (7 youth, or 14.3 percent)
- Supportive services (12 youth, or 24.5 percent)
- Stipends (7 youth, or 14.3 percent)
- Pre-employment/ work of work training (31 youth, or 63.3 percent)
- Vocational training (6 youth, or 12.2 percent)

Because we did not identify the number of hours or days of training provided to youth, the percentages provided above should not be used to imply any threshold amount of training for the youth. We did not distinguish between any specified hours or days of training; rather, our scope included determining the number of sample youth who had **any evidence** of participation in the 13 activities we assessed.

ETA's Response to Our Draft Report and OIG's Conclusion

ETA responded that most of the youth who did not receive educational or vocational training services did receive work-related activities and that our results as presented imply that Youth Opportunity Grants are not fulfilling their mandate unless all out-of-school youth are receiving education or vocational training as opposed to work experience or job placement. ETA believes our results ignore the value of the work-related components of these grants and the value of work as a path towards careers for non-college youth. We disagree.

Based on the audit's objective, our results focus on the extent of educational and vocational skills training provided to out-of-school youth. As stated on page 5 of this report:

Our audit objective was to determine what educational services and vocational skills training Youth Opportunity grantees provided to out-of-school youth. **This report does not indicate that participants do not benefit from other non-educational or non-vocational skills training.** However, those program services were not the central focus of our audit; educational services and vocational skills training were. [Emphasis added.]

We did not ignore work-readiness activities. In fact, Figures 3 and 4, unchanged from the draft, present the work readiness activities for sample urban and rural youth. However, these activities were not the focal point of our audit.

⁹ See figure 2 for details of the levels of participation for the 13 activity categories in our compilations based on the number of participants for whom information was available.

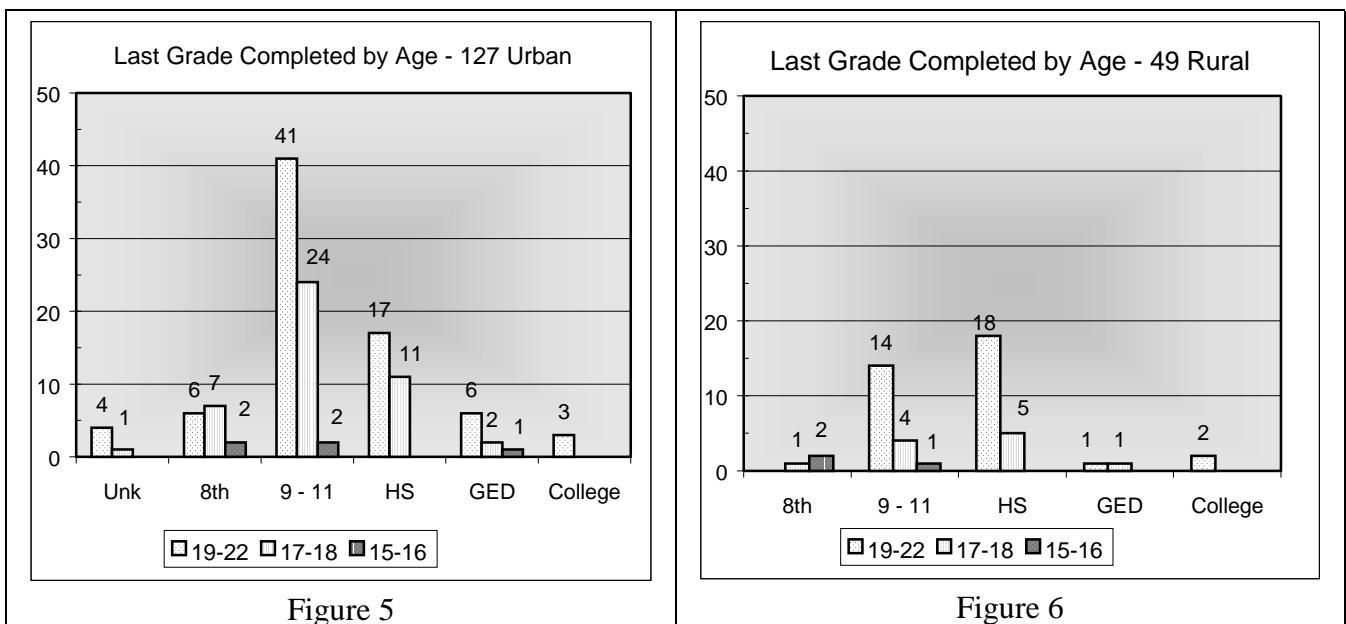
We agree with ETA that many youth who do not go to college develop skills and learn trades through working at jobs rather than through formal training. ETA also noted that many employers are looking for individuals ready and willing to work whom the employers can then train on the job. Further, ETA notes that most out-of-school youth coming to Youth Opportunity centers are primarily seeking help to find a job and may not be interested in or realize the importance of formal education and training. ETA stated that the program must encourage youth enrollment in education or training but must balance that with personal preferences and individual choices.

Also, ETA encouraged us to take 31 youth who had no recorded services in the program out of the sample. ETA stated that if these youth with no services are not included in the calculations, the percentage of participants receiving education services increases from 38 percent to 45 percent. ETA believes the results would more appropriately be “slightly more than half of the youth” did not receive educational services. We randomly selected our sampled youth from the population of youth who were reported to us as being enrolled in the program as of September 30, 2001, and **having received some service** as of December 31, 2001. Therefore, we concluded that it was appropriate to present the results for both the random selection of 207 out-of-school youth as well as for those 176 who actually received some services. Our presentation of results remains unchanged from the draft report.

2. Youth Ages 17 and Over: 59 Percent of Dropouts Received Educational Services; 26 Percent of Youth with High School Diplomas/GEDs/Some College Received Vocational Training or Educational Assistance

Because approximately 95 percent (168) of the 176 youth for whom we were able to evaluate services received were 17 years of age or older when enrolled, we specifically analyzed services to this group by the amount of education they had received prior to being enrolled. The grantees provided educational activities to a majority (59 percent) of the dropouts. Yet, the majority (60 percent) of the individuals who had already completed high school, received a GED, or attended some college, received work readiness activities (work experience, OJT, or preemployment/world of work) as opposed to vocational training or educational assistance (26 percent).

Figures 5 and 6, below, show the last school grade completed at enrollment by the urban youth’s age group at enrollment, with a similar presentation for rural youth, along side.



Because most out-of-school youth -- 96 percent for urban grantees, 94 percent for rural grantees -- were 17 years of age or older at time of enrollment, we prepared the following side-by-side comparison of how the urban and rural grantees served this group of participants

| Urban | Rural |
|---|--|
| <p>Figure 5, above, shows that at the time of Youth Opportunity enrollments, 122 of the 127 urban youth (96 percent) were 17 years old or over of which:</p> <ul style="list-style-type: none"> ➤ 78 (61 percent) were dropouts ➤ 39 (31 percent) completed high school, received a GED, or attended some college ➤ 5 educational level unknown <p>The urban grantees provided the following educational activities to 46 of the 78 (59 percent), age 17 and older, dropouts.</p> <ul style="list-style-type: none"> ➤ 1 received college assistance (1.3 percent) ➤ 11 received vocational training (14.1 percent) ➤ 29 received remedial education assistance (37.2 percent) ➤ 5 returned to high school (6.4 percent) <p>The urban grantees provided the following vocational training or educational assistance to only 8 of the 39 (21 percent) youth, (age 17 and older), who completed high school, received a GED or attended some college:</p> <ul style="list-style-type: none"> ➤ 3 received college assistance (7.7 percent) ➤ 4 received vocational training (10.3 percent) ➤ 1 received remedial educational assistance (2.6 percent) | <p>Figure 6, above, shows that at the time of Youth Opportunity enrollments, 46 of the 49 rural youth (94 percent) were 17 years old or over of which:</p> <ul style="list-style-type: none"> ➤ 19 (41 percent) were dropouts ➤ 27 (59 percent) completed high school, received a GED, or attended some college <p>The rural grantees provided the following educational activities to 11 of the 19 (58 percent), age 17 and older, dropouts.</p> <ul style="list-style-type: none"> ➤ 3 returned to high school (15.8 percent) ➤ 8 others received remedial education assistance (42.1 percent) <p>The rural grantees provided the following vocational training or educational assistance to only 9 of the 27 (33.3 percent) youth, (age 17 and older), who completed high school, received a GED, or attended some college:</p> <ul style="list-style-type: none"> ➤ 5 received educational assistance (18.5 percent) ➤ 4 received vocational training (14.8 percent) |

The grantees provided educational activities to a majority of the dropouts 17 years of age and older (urban, 59 percent; rural 58 percent). Yet, the majority (60 percent) of the same aged individuals who had already completed high school, received a General Equivalency Diploma (GED), or attended some college prior to being enrolled, received work readiness activities (work experience, on-the-job (OJT) training, or preemployment/world of work) as opposed to vocational training or educational assistance (26 percent).

Almost 80 percent of the age 17 and older youth with a high school diploma, GED, or college attendance at enrollment, who did not receive any educational or vocational training received the following work readiness training.

| Work Readiness Activities for 49 Youth (Age 17 and Over) With High School or Above Who Did Not Receive Educational or Vocational Activities | | | | | |
|--|-------------------|----------------|--------------------------------|-------------------|----------------|
| Urban (31 participants) | | | Rural (18 participants) | | |
| Activity | # of Youth | Percent | Activity | # of Youth | Percent |
| Work Experience or OJT | 3 | 9.7 | Work Experience or OJT | 15 | 83.3 |
| Preemployment | 20 | 64.5 | Preemployment | 1 | 5.5 |
| Total | 23 | 74.2 | Total | 16 | 88.9 |

ETA’s Response to Our Draft Report and OIG’s Conclusion

ETA sees these results regarding high school dropouts as very positive and consistent with what local program operators have indicated – that high school dropouts want GED training and high school graduates want jobs. While we agree with the response, our results also suggest that more can be done to encourage high school graduates to obtain additional education or vocational training.

3. Most Sampled Youth Had Been Enrolled Long Enough To Be Actively Participating In Some Training Activities.

Most of the sample youth (131 of 176) were enrolled prior to July 1, 2001, with 45 of the 176 youth from all 12 sites enrolled during the July 1 to September 30, 2001, quarter. This provided sufficient time for youth to become involved in educational or vocational training activities and for these activities to be documented. We compiled information on **activities** through December 31, 2001.

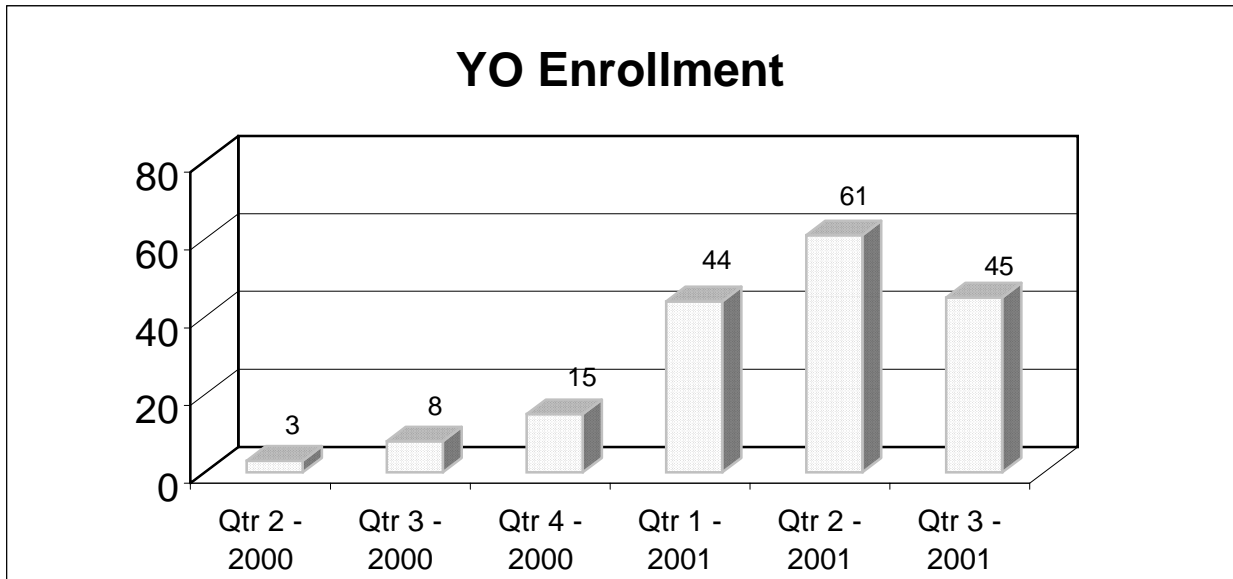


Figure 7

Although our assessment constitutes a snapshot perspective after 1½ year of program operations at most of the 12 grantees, we believe that increased management efforts can significantly increase the level of youth participation in vocational and educational activities.

ETA's Response to Our Draft Report and OIG's Conclusion

ETA noted that Youth Opportunity sites, for the most part, did not begin serving youth until the fall of 2000. ETA also stated:

The sample of youth in this study were enrolled during the first year of program operations, and services included in this report reflect only the first 16 months of operations. Further, because six of the seven sites that had prior pilot grants were excluded from this study, the study is left with a sample frame of the 30 most inexperienced sites. You note in your report that it was premature at the time of your study to examine outcomes for youth. We all may need to recognize that it was also probably premature at the time of your study to examine the types of services provided to youth because sites were still developing their programs and implementing their Management Information Systems.

Also, ETA notes that with various management efforts and the additional time for sites to develop, a more mature program exists than during the time period of the study.

We agree that the audit results reflect conditions at the time of our random selection of youth for review and related analysis of grantee files.

4. Performance Data Available to ETA Could Be Unreliable

While determining the accuracy of Youth Opportunity grantees' participant records was not an objective of this audit, we identified inconsistencies in the records grantees provided related to out-of-school youth enrolled in the program. The scope of our audit did not include any direct verification of the accuracy of management information system (MIS) data. But, during the course of our work we were provided participant information that suggested that the performance data available to ETA could be unreliable.

Our conclusion is based, in part, on the fact that the enrolled, out-of-school youth participant universes we requested varied significantly among the 12 grantees we examined. We concluded:

- A. It was impracticable to sample a consistently defined universe.
- B. About 26 percent of the 240 participants in our original sample were not enrolled, out-of-school youth.
- C. ETA's definition of enrollment, based on the WIA definition for Out-of-School Youth, is complicated and unworkable.

The following table (figure 8) shows the variety of OSY enrollment universe numbers we obtained. The last column shows the universes the grantees provided to us at the beginning of our fieldwork which we used to select a random sample of 20 youth from each grantee.

| | Universe Source | | |
|----|-------------------------|------------------------------------|---|
| | ETA | ETA's MIS Contractor | Grantee |
| | OSY Reported on 9/30/01 | OSY with Activity through 12/31/01 | OSY enrolled by 9/30/01 with Activity by 12/31/01 ¹⁰ |
| 1 | 348 | 298 | 410 ¹¹ |
| 2 | 44 | 123 | 289 ¹¹ |
| 3 | 178 | 179 | 264 ¹¹ |
| 4 | 277 | 117 | 272 ¹¹ |
| 5 | 454 | 458 | 502 ¹¹ |
| 6 | 200 | 137 | 150 ¹¹ |
| 7 | 821 | 575 | 721 ¹¹ |
| 8 | 58 | 205 | 198 ¹¹ |
| 9 | 607 | 42 | 587 ¹² |
| 10 | 78 | 44 | 93 ¹² |
| 11 | - | - | 788 ¹¹ |
| 12 | - | - | 85 ¹³ |

Figure 8

A. It was impracticable to sample a consistently defined universe.

Our audit objective was to determine the types of educational services and vocational skills training being provided to out-of-school youth under the Youth Opportunity grant program. We attempted to identify this population by using the central MIS maintained by an ETA contractor.

However, based on concluding that the central MIS was not fully updated for active OSY enrollees, we requested that the grantees provide to us either a list of active OSY enrollees as of September 30, 2001, or a list of those OSY enrolled by September 30, 2001, who had participated in a program

¹⁰ The process used by the grantees to determine the population of out-of-school youth who had been enrolled by September 30, 2001, and received services by December 31, 2001, varied from site to site. Therefore, the populations we sampled were not consistent.

¹¹ Number of youth listed, who were active as of September 30, 2001.

¹² Number of youth listed, showing participation as of December 31, 2001.

¹³ Number of youth listed, showing participation as of September 30, 2001.

activity by December 31, 2001. Even then, we found the populations we sampled were not totally consistent.

According to the MIS criteria provided by ETA, enrollees should be retained in the active status category for 12 months following the date of last participation in a program activity, as long as the individual lives in or close enough to the target area to participate in the program. By ETA's definition, active status is not dependent on whether or not the enrollee is actively participating in a current program activity.

B. About 26 percent of the 240 participants in our original sample were not enrolled, out-of-school youth.

Figure 9, below, shows the makeup of our initial sample of 240 enrollees who were reported to us as being enrolled, out-of-school youth.

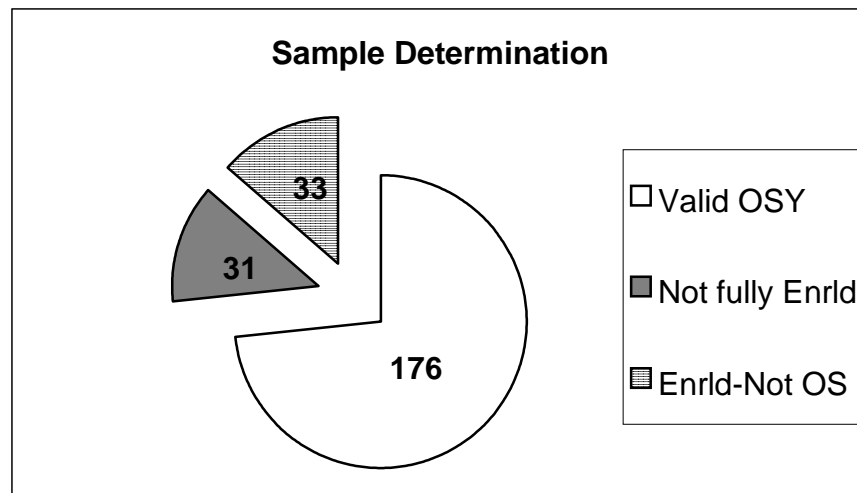


Figure 9

As figure 9 shows, 64 sample individuals - about 26 percent - from the initial sample of 240 participants did not meet the criteria for our planned objective of evaluating services to out-of-school youth:

- 31 youth (12.9 percent) were not enrolled according to the criteria prescribed for the ETA-maintained (and contractor-operated) MIS system.¹⁴ As of December 31, 2001, more than half of these 31 individuals had applications that were more than 6 months old but had not received any services.
- 33 youth did not meet ETA's MIS definition of out-of-school youth.

The remaining 176 sample individuals were classified as enrolled out-of-school youth.

¹⁴ The "Glossary of Key Terms" for the Youth Opportunity grants obtained from ETA in November 2001 defines "Enrollment" as the status of a youth who has completed the administrative registration process and has commenced his/her first service.

Other details regarding the enrollment status of the OSY sample individuals are shown in the following table.

| | Meet ETA Definition For OSY ? | | | | Total | |
|---|--------------------------------------|--------------|------------|--------------|------------|--------------|
| | No | | Yes | | | |
| | Number | Percent | Number | Percent | Number | Percent |
| Meet ETA Definition for Enrollment ? | | | | | | |
| No | 11 | 4.6% | 20 | 8.3% | 31 | 12.9% |
| Yes | <u>33</u> | <u>13.8%</u> | <u>176</u> | <u>73.3%</u> | <u>209</u> | <u>87.1%</u> |
| Total | 44 | 18.3% | 196 | 81.7% | 240 | 100% |

Figure 10

The variation between the universes, from the alternative sources, and the number of sampled enrollees who did not meet the definitions for enrolled and/or OSY suggests a need for better grantee and ETA management to improve operations of the Youth Opportunity program. Improvements are needed in:

- Reports submitted to ETA
- Records maintained by ETA’s contractor for the central MIS
- Records maintained by the grantees

Our conclusion is primarily based on our analysis of the random sample we selected from the universe obtained directly from the Youth Opportunity grantees. Further, our review confirms that the definitions established for the OSY and performance reporting process, based on the central MIS, are not working as intended.

C. The ETA definition of enrollment, based on the WIA definition for Out-of-School Youth, is complicated and unworkable.

The first Youth Opportunity service, based on ETA’s definition of enrollment, could be an individual assessment and the subsequent development of an individual service strategy. Our conclusion that a significant number of sample youth were not enrolled indicates that more careful and accurate record keeping is needed to better assess the number and status of the individual youth in the Youth Opportunity program.

In our opinion, the MIS Glossary provides an unnecessarily complicated and unworkable definition for those out-of-school youth who graduated from high school. The ETA definition, which is based largely on the WIA definition for out-of- school youth, states that:

- High school graduates who are basic skills deficient and who are attending post-secondary school should be classified as **out-of-school** youth.
- High school graduates who are not attending post-secondary school but are either basic-skills deficient, unemployed, or underemployed are to be classified as **out-of-school** youth.
- High school graduates who are not attending college; are not basic-skills deficient; and are employed, but not underemployed, are classified as **in-school** youth.

This definition is apparently so complex and difficult to properly apply that it has caused inconsistencies among the various grantee entities in their reporting of performance results. ETA states that the suggestion in the MIS Glossary that employed high school graduates that are not attending school could be classified as in-school youth was an oversight that will be corrected. ETA assumes that all enrolled high school graduates that are working will be considered as underemployed, and; therefore, classified as out-of-school, based on the WIA definition.

At only 1 of the 12 audit sites did all 20 randomly selected out-of-school youth meet the ETA established criteria for complete enrollment and out-of-school status at the time of enrollment. Accordingly, ETA needs to reassess its definitions and work to increase the level of understanding by grantees of the criteria applicable for reporting Youth Opportunity enrollee status.

The complexity and problems with the WIA/ETA definition for OSY are illustrated by the flowchart in Appendix B. To further complicate this issue, some local grantees maintain their own definitions for OSY. This indicates that there may be some differences between ETA's MIS and the actual laws governing the Youth Opportunity program.

In revising its definitions for the Youth Opportunity grant program, ETA should keep in mind that all youth from the target area are eligible for the Youth Opportunity program. Thus, the distinction between in-school and out-of-school youth should be clearly defined and administratively simple to implement.

ETA's Response to Our Draft Report and OIG's Conclusion

ETA responded that over the past year it has made intensive efforts to improve the MIS data of Youth Opportunity sites. As a result of its efforts, ETA believes the MIS is now much stronger for the grants we examined during our performance audit. We applaud ETA for its efforts to strengthen the MIS.

RECOMMENDATIONS

We recommend the Assistant Secretary for Employment and Training:

- consider strengthening the educational and vocational training activities for high school graduates,
- establish procedures to terminate those out-of-school youth classified as active, but who are not participating in any program activities and have not expressed an interest in continuing the program;
- correct definitions in the MIS and propose legislative changes during the WIA reauthorization process, if needed, to provide a more straight forward definition for out-of-school youth that are expected to be served by the Youth Opportunity grantees; and
- assess the accuracy of performance reporting from Youth Opportunity grantees and develop procedures to correct inaccurate reporting that is identified.

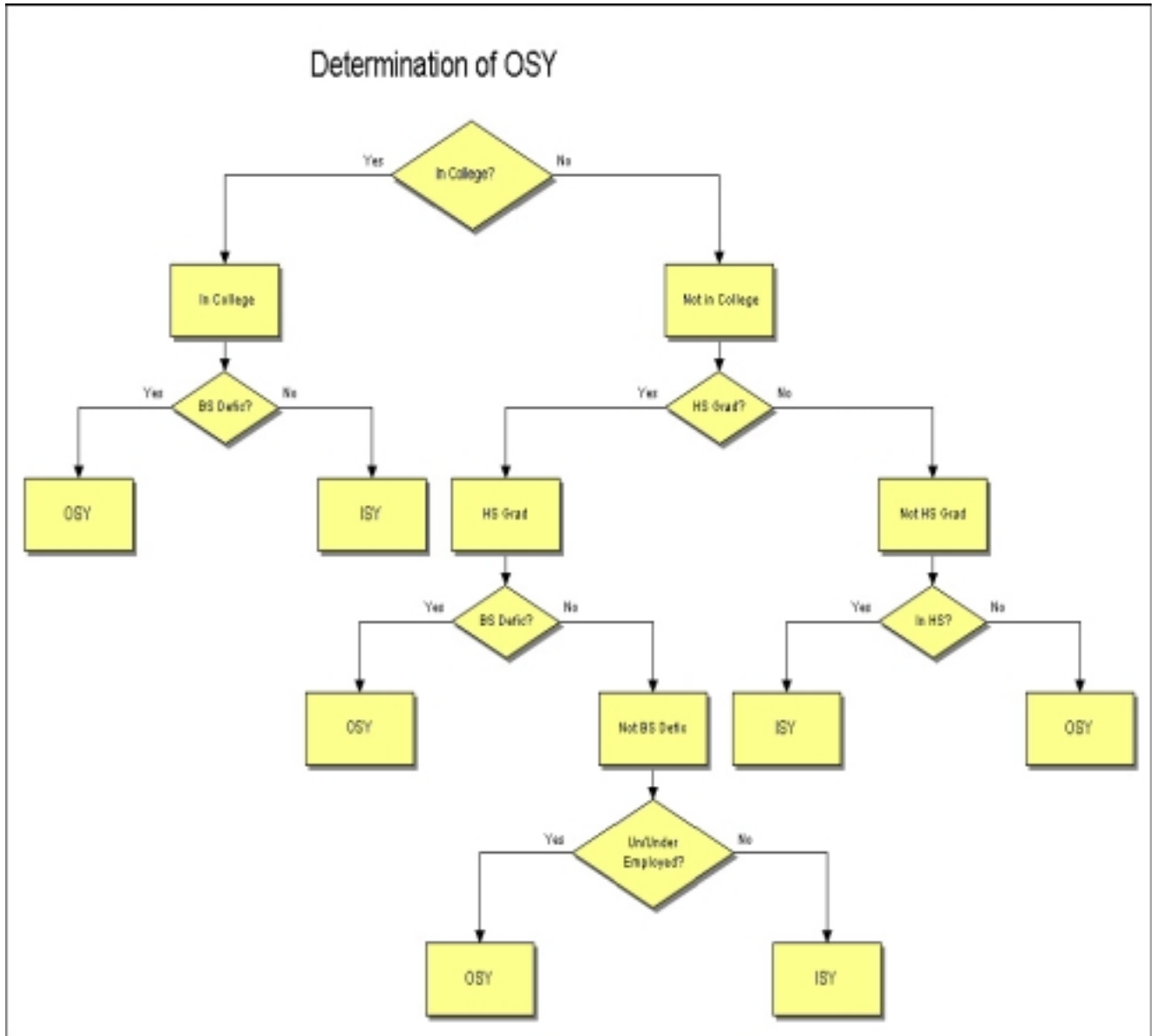
ETA's Response and OIG's Conclusion

ETA agreed with the four recommendations and indicated current efforts will be enhanced to improve the program. The response states that ETA is working with sites to improve their education components. Additionally, ETA indicates that procedures are now in place for "inactivating" youth who are not participating in program activities, and efforts are being made to help sites find ways of reengaging youth who are currently not participating. These actions are all positive on ETA's part to strengthen the program.

OIG's Classification of Activities for 176 Sampled Out-of-School Youth
(Percentages Shown in Relation to all 176 Youth)

| Activities | Type of Site | | | | Total (Rural & Urban) | |
|-------------------------------------|------------------|----------------------------|-------------------|----------------------------|-----------------------|----------------------------|
| | Rural (49 Youth) | | Urban (127 Youth) | | Number | Percent of 176 Total Youth |
| | Number | Percent of 176 Total Youth | Number | Percent of 176 Total Youth | Number | Percent of 176 Total Youth |
| 1. Remedial Classes | 10 | 5.7% | 40 | 22.7% | 50 | 28.4% |
| 2. Vocational Training | 6 | 3.4% | 15 | 8.5% | 21 | 11.9% |
| 3. Supportive Services | 12 | 6.8% | 58 | 33.0% | 70 | 39.8% |
| 4. Paid Work Experience | 25 | 14.2% | 10 | 5.7% | 35 | 19.9% |
| 5. Pre-Employment/ World of Work | 31 | 17.6% | 76 | 43.2% | 107 | 60.8% |
| 6. Stipends | 7 | 4.0% | 8 | 4.5% | 15 | 8.5% |
| 7. College | 5 | 2.8% | 4 | 2.3% | 9 | 5.1% |
| 8. HS/Alternative HS | 4 | 2.3% | 6 | 3.4% | 10 | 5.7% |
| 9. Unpaid Work Experience | 7 | 4.0% | 1 | 0.6% | 8 | 4.5% |
| 10. Incentives | 3 | 1.7% | 5 | 2.8% | 8 | 4.5% |
| 11. Tutoring | 2 | 1.1% | 3 | 1.7% | 5 | 2.8% |
| 12. Pre-Apprenticeship | . | . | 3 | 1.7% | 3 | 1.7% |
| 13. OJT | 1 | 0.6% | 1 | 0.6% | 2 | 1.1% |

OIG's Flowchart Illustrating the Determination of OSY



OSY = Out-of-School Youth
 ISY = In-School Youth
 Not BS Defic = Not Basic Skills Deficient

OIG’S CLASSIFICATION OF ACTIVITY GROUP COMBINATIONS

1. Services to Urban Out-of-School Youth

The table, below, illustrates the number of urban youth involved in each activity group – **vocational, educational, work readiness, support/incentives**. A youth is counted only once in the table, allowing for the display of combinations of activities. Participants are counted in an activity group if they received one or more of the specific activities within that activity group.

**Activity Groups
For 127 Sample Urban Youth**

| | | Work Readiness Activity | | | | Total # |
|-------------------|-----------------------------|-------------------------|-----|--------------------|-----|------------|
| | | No | | Yes | | |
| | | Support/Incentives | | Support/Incentives | | |
| | | No | Yes | No | Yes | |
| | | # | # | # | # | |
| Voc./Tech. | Educational Activity | | | | | |
| No | No | 16 | 6 | 30 | 19 | 71 |
| | Yes | 8 | 7 | 7 | 19 | 41 |
| Yes | No | 1 | 5 | 1 | 2 | 9 |
| | Yes | | 2 | | 4 | 6 |
| Total | | 25 | 20 | 38 | 44 | 127 |

The table above shows that of the 127 urban youth participant sample:

- 71 youth (56 percent) did not receive **vocational or educational training activities**, of which:
 - 16 (12.6 percent) did not receive **any** program services
 - 6 (17.3 percent) did not receive **any** service **other than support/incentives**
- 82 youth (64.6 percent) participated in **work readiness activities**:
 - 38 (29.9 percent) without support/incentives and 44 (34.5 percent) with support/incentives
 - 49 (38.6 percent) without vocational skill or educational training, and 33 (26.0 percent) with vocational skill or educational training

OIG’S CLASSIFICATION OF ACTIVITY GROUP COMBINATIONS

2. Services to Rural Out-of-School Youth

The table, below, provides the number of rural youth involved in each activity group. As with the urban youth, a youth is counted only once in the table, allowing for the display of combinations of activities; i.e., an individual is counted in an activity group if he/she received any of the specific activities within that category.

**Activity Groups
For 49 Sample Rural Youth**

| | | Work Readiness Activity | | | | Total # |
|------------|----------------------|-------------------------|-----|--------------------|-----|------------|
| | | No | | Yes | | |
| | | Support/Incentives | | Support/Incentives | | |
| | | No | Yes | No | Yes | |
| | | # | # | # | # | |
| Voc./Tech. | Educational Activity | | | | | |
| No | No | 7 | 1 | 15 | 3 | 26 |
| | Yes | | 1 | 6 | 10 | 17 |
| Yes | No | 1 | 1 | 2 | 1 | 5 |
| | Yes | | | | 1 | 1 |
| Total | | 8 | 3 | 23 | 15 | 49 |

The table, above, indicates that 26 of the 49 rural youth (53 percent) did not receive any **vocational or educational activities**, including 7 youth (14.3 percent) who also did not receive **any work readiness activities**.

Other highlights from this table are:

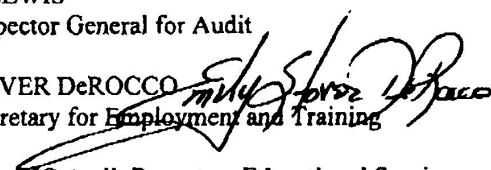
- 6 of the 49 youth (12.2 percent) received some type of vocational/technical training.
- 38 of the 49 youth (77.5 percent) received some type of work readiness activity: 15 with support/incentives and 23 without. Also, of the 38 youth who received work readiness services, 17 received educational activities and 4 received vocational activities.

APPENDIX D
ETA'S RESPONSE TO THE DRAFT REPORT



MAR 31 2008

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

FROM: EMILY STOVER DeROCCO 
Assistant Secretary for Employment and Training

SUBJECT: Comments on OIG Audit Report on Educational Services
Provided to Out-of-School Youth in Youth
Opportunity Grants

Thank you for the time and effort your staff has put into this report. The Employment and Training Administration (ETA) places high priority in the educational components of Youth Opportunity Grants, and we will use this report to further improve this program. My comments on the report are as follows:

1. Your first finding is that most out-of-school youth in your sample did not receive educational or vocational training services, but the finding leaves unsaid that most of the remaining youth did receive work-related activities. Youth Opportunity Grants provide a variety of services to youth, including education, vocational training, job readiness training, work experience, and job placement. While ETA is determined to have a strong educational component in its Youth Opportunity Grants, your first finding implies that Youth Opportunity Grants are not fulfilling their mandate unless all out-of-school youth are receiving education or vocational training as opposed to work experience or job placement. This ignores the value of the work-related components of these grants and the value of work as a path towards careers for non-college youth. Many youth who do not go to college develop skills and learn trades through working at jobs rather than through formal training. In fact, many employers to whom we talk tell us that they are not looking for the public workforce system to provide them with formally trained workers, but rather individuals ready and willing to work whom the employers can then train on the job.

Further, most out-of-school youth coming to Youth Opportunity centers are primarily seeking help to find a job and may not be interested in or realize the importance of formal education and training. Many of these youth may need to work because of family responsibilities. In attempting to serve these youth, we encourage enrollment in education or training but must balance that with personal preferences and individual choices. Additionally, the experience of working at an entry-level job can help youth come to the realization that education is critical in order to advance in the labor market.



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Also, in your first finding you include 31 youth who had no recorded services in the program. It is understandable that some youth who did not receive services were submitted by sites to the OIG because a youth is considered enrolled once assessment begins. However, prior to the start of this study, the OIG agreed that only youth who received services would be included in the sample. Based on the responses to the OIG audit by the San Francisco, Louisville, and San Antonio sites describing the situation of 12 such youth with no services, these appear to be a combination of youth who:

- have moved out of the target community;
- cannot be located despite repeated attempts by case managers;
- are not interested in receiving services because they have found a job or are preoccupied by family problems;
- repeatedly fail to show up for appointments with case managers to complete their individual service strategy (ISS);
- have only received an assessment or a start of an assessment, and then quit showing up;
- have received some program services such as work experience or case management that have not been recorded in the case files.

I encourage you to take these youth out of your sample. Including youth who have moved away, cannot be located, or never show up in calculating the percentage of participants receiving educational services is comparable to counting people who just come in to browse pamphlets against the placement rate of One-Stop Centers. If these youth with no services are not included in the calculations, the percentage of participants receiving education services increases from 38 percent to 45 percent and the finding would more appropriately be “slightly more than half of the youth” did not receive educational services, instead of “most of the youth” did not receive educational services.

2. Your second finding shows that high school dropouts enrolled in Youth Opportunity Grants are more likely to receive educational services than high school graduates, and that the majority of high school dropouts we enroll do receive educational services. ETA sees this finding regarding high school dropouts as very positive. This finding is consistent with what local program operators have told us—that high school dropouts applying to their programs want GED training and high school graduates want jobs. This finding is also positive in that it shows that the program is, as intended, attracting a large proportion of high school dropouts. Your report shows that over 60 percent of urban out-of-school enrollees are high school dropouts and that 40 percent of rural out-of-school enrollees are high school dropouts. This urban/rural difference is consistent with national figures that show higher dropout rates in urban poverty areas than rural poverty areas.

3. Your third finding notes that youth in your sample had been enrolled in the program long enough to participate in training activities. I agree with that, but I would like to note that Youth Opportunity sites, for the most part, did not begin serving youth until the fall of 2000. The sample of youth in this study were enrolled during the first year of program operations, and services included in this report reflect only the first 16 months of operations. Further, because six of the seven sites that had prior pilot grants were excluded from this study, the study is left with a sample frame of the 30 most inexperienced sites. You note in your report that it was premature at the time of your study to examine outcomes for youth. We all may need to recognize that it was also probably premature at the time of your study to examine the types of services provided to youth because sites were still developing their programs and implementing their Management Information Systems (MIS).

The program period covered by this report ended December 31, 2001. Youth Opportunity programs are now almost twice as old as they were during the period of this report. During this past 14 months, ETA has made extensive efforts to improve the educational components of Youth Opportunity sites. Last spring, we required all sites in their grant renewal applications to show how they were improving their educational components for both in-school and out-of-school youth. DOL project officers have pressed grantees during site visits to improve linkages with community colleges and public schools. We conducted a three-day peer-to-peer workshop in San Antonio to help sites develop stronger vocational training programs with community colleges. We held a peer-to-peer workshop in Baltimore to teach sites how to conduct college bound programs. We provided sites with a tool kit on how to establish credit retrieval programs to help more in-school and out-of-school youth attain high school diplomas. We have presented in meetings with site directors exemplary educational program models.

As a result of these various actions by ETA and additional time for sites to develop, we now have a much more mature Youth Opportunity program than we had during the time period of this study. There are now over 66,000 youth that have enrolled in Youth Opportunity programs; we are on pace this year to exceed the service year goals we presented to Congress; and we have been averaging over the past several months over 1,300 short-term and long-term placements a month of out-of-school youth into education, training, or employment. We had almost 1,700 such short-term and long-term placements for out-of-school youth last month, exceeding our goal of 1,000 placements.

4. Your fourth finding relates to problems in the MIS data for Youth Opportunity Grants. Over the past year ETA made intensive efforts to improve the MIS data of Youth Opportunity sites. Early in the implementation process it is to be expected that data collection problems will exist, and we have taken several steps to resolve such problems. This past year we have provided on-site training at the majority of sites to help staff better record MIS data. We have conducted an audit of our MIS specifications and worked with our contractor to improve these specifications. We have trained local staff at Leadership Institutes, held a peer-to-peer training on MIS data collection, and have trained local project directors extensively on using the MIS system. As a result of these various efforts, we now have a much stronger MIS for these grants.

ETA accepts the four recommendations made in your report, and we will enhance our current efforts in order to improve. As noted above, we have been working with sites to improve their educational components. We have in place a procedure for “inactivating” youth who are not participating in program activities, and will continue to help sites find ways of re-engaging youth who are currently not participating. We will attempt to clarify the definition of out-of-school youth in the regulations when WIA is reauthorized. We have, as noted above, been working to improve the accuracy of data reported by grantees, and we will continue these efforts.

Thank you for the opportunity to comment on this report.