U.S. Department of Labor

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

SEP 30 2004

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

FROM: EMILY STOVER DeROCCO for
Assistant Secretary for Employment and Training

SUBJECT: Office of Inspector General (OIG)
Interim Report – Job Corps Performance
Measurement Outcomes
Draft Report No. 09-04-004-03-370

We appreciate the opportunity to provide you with information regarding the findings and recommendations related to the Interim Report for Job Corps Performance Measurement Outcomes.

Job Corps currently utilizes a Program Assessment Guide (PAG) designed for use by regional offices (ROs) as a tool for conducting quality assessments of Job Corps programs. The PAG provides guidance to regional offices, and as such, outlines a process by which ROs evaluate contractors' attainment of quality indicators. As outlined in OIG's report, the ROs may not have been sampling specific performance data, however, other regions had developed more stringent procedures for sampling data.

The Office of Job Corps is in the process of amending the PAG to include mandatory review of performance outcome data for all regions during onsite center assessments. The following outlines steps that we have initiated to resolve the issues noted in the report.

OIG RECOMMENDATION

1. *Test performance outcomes data reported by center and Career Transition Services (CTS) providers during each onsite review using statistical sampling methodologies.*

In response to OIG's recommendations, the Office of Job Corps proposes the development and implementation of certain mandatory requirements for staff conducting onsite reviews. This development and implementation process will include:

9/30

- Amending the PAG to include mandatory activities for testing the validity and reliability of performance outcome data.

- Developing a data testing evaluation model that uses statistical sampling methodologies, and describing the model in detail in the PAG.

- Training national office staff and regional office program managers to administer performance data testing tasks and procedures under the guidance of a third-party expert evaluator, embedded in center assessment teams for purposes of support and technical assistance.

OIG RECOMMENDATION

2. *Retain records that document the testing performed and the basis for any conclusions.*

In response to OIG's recommendations, the Office of Job Corps will develop and implement a documentation system in support of the performance data evaluation testing model. All national office and regional office staff will be trained in implementation of the new documentation system and requirements.

OIG RECOMMENDATION

3. *Take appropriate actions to recover any overpayments made to the contractor as a result of misreported performance data.*

In response to OIG's recommendations, the Office of Job Corps will establish procedures and parameters for recovery of identified overpayments made to a contractor as a result of misreported performance data. Essentially, the policy will require that when sufficient misreporting is detected with the sample-based data testing system during a center review, a 100 percent record analysis will be conducted to ascertain the dollar amount of any overpayments made to the contractor. Once the total amounts are determined, Job Corps will take the necessary action to recover the funds.

While we agree with the recommendations and are taking appropriate actions to implement them, we remain concerned that this interim report will be regarded as a more thorough review of Job Corps' data validation processes than is warranted. This interim report was generated from on-site work at one Job Corps Center and desk reviews of recent assessment reports for two Job Corps regions. It was generated from a hotline complaint related to the one Center and from preliminary work OIG was conducting in order to launch an audit of Job

Corps' processes for ensuring the reliability of performance outcomes by Center operators. As ETA has not yet had an entrance conference, we believe characterizing this as interim results from an "ongoing audit" is misleading. Additionally, this report mentions but does not acknowledge the major investment Job Corps makes to validate the placement results for our students through individual follow-up surveys with youth and employers. It is our understanding that OIG will, in fact, review this major activity and others when it begins its audit of this important area of documenting performance in the Job Corps.