

BRIEFLY...

Highlights of Report Number: 18-10-004-03-390, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act), to promote economic recovery, and assist those impacted by the recession. The Department of Labor (DOL) received \$1.75 billion for the Workforce Investment Act (WIA) Adult and Dislocated Worker programs to provide employment and training services for some of the most economically at-risk populations.

The U.S. DOL, Office of Inspector General (OIG) audited the Employment and Training Administration's (ETA's) implementing guidance, and the plans of state and local organizations that received Recovery Act funding. The Act focused on funding employment and training activities including child care and needs-related payments, to help individuals attend training. It also provided funds for institutions of higher education to train multiple individuals for high-demand jobs.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

1. How are the Recovery Act funds for WIA Adult and Dislocated Worker programs being spent or planned to be spent on employment and training services, supportive services, and administration as required by the Act?
2. How are the Recovery Act funds being spent and planned to be spent to serve targeted populations as required by the Act?
3. How are Workforce Investment Boards making use of the new flexibilities in the Recovery Act for contracting for training?
4. How are the Recovery Act funds being spent and planned to be spent for training and supporting program participants for employment in high-demand jobs, including but not limited to, "green jobs" as required by the WIA program and the Recovery Act?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, goes to:

<http://www.oig.dol.gov/public/reports/oa/2010/18-10-004-03-390>

March 2010

RECOVERY ACT: ACTIONS NEEDED TO BETTER ENSURE CONGRESSIONAL INTENT CAN BE MET IN THE WORKFORCE INVESTMENT ACT ADULT AND DISLOCATED WORKER PROGRAMS

WHAT OIG FOUND

We found ETA issued comprehensive, timely guidance to the states on Recovery Act provisions and use of funds. However, we found inconsistencies and a lack of the Act's provisions in two of six local workforce investment board (LWIB) plans. For example, a year after the Act's passage, one plan has not been completed, and another local plan does not mention the Recovery Act. We found a strong positive correlation between Recovery Act provisions contained in written state and local plans and implementation of those provisions. However, when provisions were not present or the plan was not accurate, implementation of the Act's provisions was not adequate. As a result, we believe \$24 million is at risk of not being spent in accordance with provisions of the Recovery Act. Ten percent of funds received by LWIBs are allowed to be used for administrative costs, with 90 percent required to be spent on employment and training services including supportive services. We found LWIBs supportive services accounted for up to 10 percent of Recovery Act funding. We found mixed results in terms how LWIBs are making needs-related payments to individuals in job training. Four LWIBs are making these payments or intend to make them on a limited basis; two do not plan to. There are mixed results in serving target populations; two LWIBs did not address the priority of service requirement in their plans for those on public assistance and other low income individuals. All six LWIBs are using new flexibilities in the Act by contracting directly with institutions to train multiple individuals in high-demand occupations.

WHAT OIG RECOMMENDED

To better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress we recommended the Assistant Secretary for Employment and Training take actions focusing on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions, and timeliness in developing those plans.

ETA provided comments on our report disagreeing with our conclusion that deficiencies in the New York City LWIB plan increased the risk \$24 million already obligated by the LWIB may not be spent in accordance with specific Recovery Act provisions. We disagree with ETA's comments and provide our analysis in the report.