

BRIEFLY...

Highlights of Report Number: 18-11-004-03-390, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

At the request of the Honorable Charles E. Grassley, then Ranking Member of the Senate Committee on Finance, the Office of Inspector General (OIG), Office of Audit, initiated an audit of the Recovery Act Green Jobs Program. Specifically, Senator Grassley requested an audit of Recovery Act funds spent on Green Jobs, and the definition used by the Department for what constitutes a green job, as well as the duration of the jobs created pursuant to the funds expended.

The Recovery Act provided \$500 million for research, labor exchange, and job training projects that prepare workers for careers in energy efficiency and renewable energy as described in Section 171(e)(1)(B) of the Workforce Investment Act. The Department of Labor, Employment and Training Administration (ETA), awarded these funds under different types of competitive grant programs to (1) train and prepare individuals for careers in "green jobs;" and (2) collect, analyze, and disseminate labor market information.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

- 1) How has ETA defined green jobs?
- 2) What is the status of funds expended, and how have grant funds been used?
- 3) To what extent have ETA and grantees reported achieving performance targets for training and placement of workers, and employment retention?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2011/18-11-004-03-390.pdf>.

September 2011

RECOVERY ACT: SLOW PACE PLACING WORKERS INTO JOBS JEOPARDIZES EMPLOYMENT GOALS OF THE GREEN JOBS PROGRAM

WHAT OIG FOUND

The definition ETA used for green jobs is jobs associated with products and services that use renewable energy resources, reduce pollution, and conserve natural resources. The definition used by ETA to award grants was in compliance with the requirements of the Recovery Act.

Of the \$500 million provided, ETA retained \$9.9 million for services such as program administration and technical assistance, and awarded \$490.1 million as follows: \$435.4 million for three training programs, \$48.9 million for labor market information, and \$5.8 million to develop capacity for training programs. Grantees have reported expending \$162.8 million (33 percent) of the amounts awarded, with about 73 percent of the grant time having elapsed. As of June 30, 2011, \$327.3 million remained unexpended. Moreover, the rate of training grant expenditures for the most recent period has decreased.

ETA and grantees have reported achieving limited performance targets for serving and placing workers. Grantees have reported serving 52,762 (42 percent) of the targeted 124,893 participants with 61 percent of training grant periods having elapsed and have reported placing 8,035 participants (10 percent) into employment out of the target of 79,854 participants. The rates at which grantees are achieving their performance goals have been increasing. However, with 61 percent of the training grant periods elapsed and only 10 percent of participants entered employment, there is no evidence that grantees will effectively use the funds and deliver targeted employment outcomes by the end of the grant periods.

WHAT OIG RECOMMENDED

We recommend that the Assistant Secretary for Employment and Training evaluate the Green Jobs program; and in so doing, obtain an estimate of funds each grantee will realistically spend given the current demand for green job-related skills and the job market for green jobs. Any of the remaining \$327.3 million of funds determined not to be needed should be recouped as soon as practicable and to the extent permitted by law so they can be available for other purposes.

In response to the draft report, the Assistant Secretary for Employment and Training disagreed with OIG's conclusion and expects performance to significantly increase. ETA's intention is that all funds will be expended by September 30, 2013, or reclaimed to the extent permitted by law, as required by OMB.