U.S. Department of Labor
Office of Inspector General
Office of Audit

BRIEFLY…

Highlights of Report Number: 18-10-006-03-001, 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 Recovery Act, provided $50 million to
the Department of Labor for its YouthBuild program, to
provide educational and job training opportunities to at-
risk youth to better prepare them for the work place. On
June 12, 2009, the Employment and Training
Administration (ETA) awarded the Recovery Act grants.

The U.S. DOL, Office of Inspector General (OIG)
conducted a performance audit of ETA’s Recovery Act
YouthBuild grant solicitation and award process. The
Act expanded the population permitted to be served
under the YouthBuild program to include individuals
who have dropped out of high school and re-enrolled in
alternative schools, if that re-enrollment is part of a
sequential service strategy. Prior to the Recovery Act, if
an individual dropped out of high school and
subsequently enrolled in an alternative school, that
person would not be eligible to enroll in the YouthBuild
program without first dropping out of school again.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following
questions:

1. Did ETA select YouthBuild grantees using merit
based criteria as required by Recovery Act
guidelines?
2. Did YouthBuild Recovery Act grant agreements
require adherence to Recovery Act reporting
requirements?
3. Did YouthBuild Recovery Act grant agreements
meet Congress’ intent to broaden the program
eligibility to students in alternative programs of
education?

READ THE FULL REPORT

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

18-10-006-03-001.pdf

March 2010

RECOVERY ACT: ETA TOOK RECOMMENDED
CORRECTIVE ACTION TO ENSURE
CONGRESSIONAL INTENT COULD BE MET IN
THE YOUTHBUILD PROGRAM

WHAT OIG FOUND

The OIG found that ETA selected YouthBuild Recovery
Act grantees on the basis of merit, and the grant
agreements required adherence to Recovery Act
Section 1512 reporting requirements. However, ETA
did not make grantees aware of the expanded
population permitted to be served under the provisions
of the Recovery Act raising the potential that the $50
million provided by the Act may not be spent as
permitted by Congress. According to ETA, it did not
incorporate these provisions because it wanted to
award the grants expeditiously in keeping with OMB
guidance, which encouraged timely expenditure of
Recovery Act funds. In September 2009, the OIG
issued an Alert Memorandum to ETA recommending
Recovery Act grantees be informed of the expanded
population that could be served. In response to the
Alert Memorandum, on October 7, 2009, the ETA Grant
Officer sent a memorandum to all YouthBuild grantees
informing them of the expanded population that may be
served. In addition, on December 4, 2009, ETA issued
Training and Employment Guidance Letter (TEGL) 11-
09 clarifying the expanded population and defining high-
school dropout, alternative school, and sequential
service program.

WHAT OIG RECOMMENDED

To better ensure Congressional intent could be met in
the YouthBuild program we recommended that the
Assistant Secretary for Employment and Training notify
Recovery Act grantees immediately of the expanded
population that could be served under the Recovery
Act. ETA promptly notified Recovery Act grantees by
memorandum of the expanded population and
subsequently issued a TEGL with further clarification,
thus resolving concerns raised by our recommendation.

ETA’s Assistant Secretary generally agreed with the
report stating it is reflective of earlier comments
provided to us.