

U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
Office of Audit

BRIEFLY...

Highlights of Report Number: 18-10-013-03-390, 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 most affected by the recession. The Department of Labor (DOL) received \$750 million primarily for competitive grants to train and place workers in green jobs and health care jobs. Funds provided by the Act and used to hire staff to monitor these grants will expire on September 30, 2010.

The U.S. DOL Office of Inspector General (OIG) audited Employment and Training Administration's (ETA) Recovery Act competitive grant solicitation, award and monitoring processes; and reviewed the agency's budget request for \$85 million to carry out its green innovation project during Fiscal Year 2011. The Recovery Act targeted \$500 million for green grants and the remaining \$250 million for health care sector jobs and high-growth jobs in emerging industry sectors. Of the \$750 million, the OIG reviewed \$717 million in grants awarded in time to be included in our review.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

1. Did ETA use merit-based selection criteria, as required by the Office of Management and Budget (OMB), in awarding \$717 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors?
2. Did ETA consider "a demonstrated or potential ability to deliver programmatic results," in awarding competitive grants under the Recovery Act, as required by OMB Memo M-09-15?
3. Did ETA's guidance during grant solicitation and post solicitation activities, address Congress' requirements?
4. Did the grant agreements require adherence to Recovery Act reporting requirements?

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/2010/18-10-009-03-370>.

September 2010

RECOVERY ACT: EMPLOYMENT AND TRAINING ADMINISTRATION GRANT ISSUANCE AND MONITORING POLICIES AND PROCEDURES FOR DISCRETIONARY GRANTS INCLUDING GREEN JOBS ARE COMPREHENSIVE BUT FUNDING CHALLENGES THREATEN THE QUALITY OF FUTURE MONITORING ACTIVITIES

WHAT OIG FOUND

The OIG found ETA announced, evaluated, and selected the grants in accordance with merit-based and Recovery Act criteria; and developed comprehensive monitoring guidelines and procedures. Also, grant agreements required adherence to Recovery Act reporting requirements. However, funds provided by the Recovery Act to ETA and used to monitor the "green" and health care grants will expire on September 30, 2010. As a result, ETA is planning to assign monitoring of the 244 Recovery Act grants to existing non-Recovery Act staff that already have full workloads. These funding challenges threaten the quality of future ETA monitoring activities. OIG noted that ETA does not have a comprehensive policy framework to guide its "green" initiatives and grant programs. Because of the dynamic nature of the green issue, such a framework would be a "living document," to be updated as the "green" industry evolves.

WHAT OIG RECOMMENDED

To better ensure the \$717 million in Recovery Act funds for green and health care grants are not at risk of being spent in ways inconsistent with Congressional requirements, the OIG recommends the Assistant Secretary for Employment and Training take actions to continue to identify and prioritize workloads and funding levels to ensure the agency can adequately monitor these grants. Furthermore, to ensure ETA can move forward on and achieve the goals of its green jobs initiatives, we recommend the Assistant Secretary for Employment and Training take the necessary actions to provide a comprehensive policy framework for carrying out its responsibilities in the green jobs area.

ETA acknowledged that funding issues will impact monitoring efforts, but stated it is leveraging available resources to minimize the impact. ETA stated it is premature to conclude that a comprehensive policy framework is needed or feasible to produce on the green jobs issue. The OIG continues to believe this approach is necessary to maximize the effectiveness and efficiency of federal funds expenditures in this emerging job sector.