

U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION



JOB CORPS OVERSIGHT OF CENTER PERFORMANCE NEEDS IMPROVEMENT

Date Issued: September 28, 2012
Report Number: 26-12-006-03-370

BRIEFLY...

Highlights of Report Number 26-12-006-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Department of Labor's (DOL) Employment and Training Administration (ETA) oversees the Office of Job Corps (Job Corps), which administers and manages the Job Corps program. Job Corps' mission is to attract eligible young people, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education.

Job Corps used a complex performance management system to assess program effectiveness across multiple components of services and programs offered to Job Corps students at 125 Job Corps centers nationwide and provide feedback to its centers on performance, while encouraging continuous program improvement.

WHY OIG CONDUCTED THE AUDIT

We conducted the audit to address the following question:

To what extent has the Office of Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and maximize student achievements?

Our scope covered Job Corps performance data for program years (PY) 2008 through 2010 (July 1, 2008, through June 30, 2011). We also reviewed performance data for the 3-year period and analyzed corrective actions taken by Job Corps headquarters and regional offices from PY 2008 to the present.

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/2012/26-12-006-03-370.pdf>.

September 2012

JOB CORPS OVERSIGHT OF CENTER PERFORMANCE NEEDS IMPROVEMENT

WHAT OIG FOUND

Job Corps centers did not consistently meet Job Corps' established Career Technical Training (CTT) program completion and High School Development/General Educational Development Certificate (HSD/GED) attainment goals.

Job Corps did not issue Performance Improvement Plans (PIP) to centers as required by the Workforce Investment Act (WIA) and Job Corps policy for CTT programs not meeting performance goals. Additionally, the CTT evaluation process Job Corps used to initiate PIPs did not effectively identify underperforming CTT programs, and changes made to the evaluation process for PY 2010 further reduced the visibility of poor performance. Job Corps also did not use Regional Office Center Assessments (ROCA) effectively to improve CTT program performance and did not consistently formalize, document, and track other oversight and monitoring methods.

We estimate \$37 million in funds can be put to better use if improvements to Job Corps oversight resulted in the underperforming programs meeting performance goals and up to \$118 million if all the students enrolled in these underperforming programs graduated.

These conditions resulted from Job Corps' lack of sufficient emphasis on ensuring it used PIPs, ROCAs, and other monitoring methods for CTT and academic programs effectively. Specifically, Job Corps' national and regional offices did not have mechanisms in place to ensure they conducted adequate oversight and that the monitoring methods used resulted in improved performance. During our audit, Job Corps initiated corrective action to address some of the oversight weaknesses we identified.

WHAT OIG RECOMMENDED

We recommended ETA require Job Corps to provide oversight that ensures PIPs, ROCAs, and other monitoring methods are used effectively to identify underperforming CTT and HSD/GED programs and improve performance. This includes documenting and reviewing all oversight activities conducted so that internal and external stakeholders can make informed decisions regarding the oversight's effectiveness.

ETA did not completely agree with our conclusions, but took corrective actions to address two recommendations and will take action on the remaining three.

PAGE INTENTIONALLY LEFT BLANK

Table of Contents

Assistant Inspector General’s Report	1
Results In Brief	2
Objective—To what extent has the Office of Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and maximize student achievements?	4
<i>Job Corps' oversight weaknesses undermine center performance</i>	
Finding — Job Corps' Oversight of Centers Did Not Address Poor Performing Programs and Maximize Student Achievements	4
Recommendations	11
Exhibit	
Exhibit 1 Job Corps Programmatic and Policy Changes	15
Appendices	
Appendix A Background	19
Appendix B Objective, Scope, Methodology, and Criteria	23
Appendix C Acronyms and Abbreviations	27
Appendix D ETA's Response to Draft Report	29
Appendix E Acknowledgements	37

PAGE INTENTIONALLY LEFT BLANK

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 28, 2012

Assistant Inspector General's Report

Jane Oates
Assistant Secretary
for Employment and Training
200 Constitution Avenue, NW
Washington, DC 20210

The Department of Labor (DOL), Employment and Training Administration (ETA), oversees the Office of Job Corps (Job Corps), which administers and manages the Job Corps program. Job Corps' mission is to attract eligible young people, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education. Job Corps administers the Job Corps program under the leadership of the National Director, supported by the national office of Job Corps and a field network of six regional offices.

Job Corps used a complex performance management system to assess program effectiveness across multiple components of services and programs offered to Job Corps students at 125 Job Corps centers nation-wide and provide feedback to its centers on performance, while encouraging continuous program improvement.

Our audit objective was to answer the following question:

To what extent has the Office of Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and maximize student achievements?

Our scope included Job Corps performance data for Program Years (PY) 2008 through 2010 (July 1, 2008, through June 30, 2011). We also analyzed corrective actions taken by Job Corps headquarters and regional offices from PY 2008 to the present. We conducted audit work at Job Corps headquarters in Washington, DC, and three Job Corps centers: Homestead in Homestead, FL; North Texas in McKinney, TX; and Hubert H. Humphrey in St. Paul, MN. See Appendix B for a detailed description of our audit scope and methodology.

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence

obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

RESULTS IN BRIEF

Job Corps initiated several major programmatic shifts and policy changes that resulted in improved performance across all three of its Government Performance and Results Act (GPRA) performance indicators during PYs 2008 through 2010. However, its individual centers did not consistently meet Job Corps' established Career Technical Training (CTT) program completion and High School Diploma/General Educational Development Certificate (HSD/GED) attainment goals during this period, and Job Corps did not provide sufficient oversight at the center level to improve performance. Job Corps did not effectively use Performance Improvement Plans (PIP), Regional Office Center Assessments (ROCA), and other monitoring methods, such as on-site monitoring and desk reviews, to ensure center programs met performance goals and maximized student achievements. We estimate \$37 million in funds can be put to better use if improvements to Job Corps oversight resulted in the underperforming programs meeting performance goals and up to \$118 million if all the students enrolled in these underperforming programs graduated.¹

Job Corps did not issue PIPs to centers as required by the Workforce Investment Act of 1998 (WIA) and Job Corps policy for CTT programs not meeting performance goals. Job Corps issued PIPs or closed programs for 64 (12.6 percent) of the 510 underperforming programs during PYs 2008 through 2010; and many of the programs that did not close or receive PIPs continued to underperform in subsequent years. Additionally, the CTT evaluation process Job Corps used to initiate PIPs did not effectively identify underperforming CTT programs, and changes made to the evaluation process for PY 2010 further reduced the visibility of poor performance. Job Corps did not develop policies and procedures to issue PIPs for underperforming HSD/GED programs because WIA did not require the PIPs. Issuing PIPs to centers with underperforming HSD/GED programs may have enhanced the oversight provided by Job Corps and helped eliminate problems hindering HSD/GED performance.

Job Corps also did not use ROCAs effectively to improve CTT program performance. Job Corps policy required ROCAs at least once every 24 months and these ROCAs were to cover all aspects of center operations. However, Job Corps did not place sufficient emphasis on CTT programs during the ROCAs. For example, Job Corps indicated that it identified and addressed program weaknesses for only 7 (1.4 percent) of the 510 CTT programs that underperformed during PYs 2008 through 2010. Additionally, Job Corps did not conduct ROCAs as frequently as required. We found that during fiscal years (FY) 2007 through 2011 (October 1, 2006, through September 30, 2011), 89 (74 percent) of the 120 required ROCAs were not completed within 24 months, with 33 being completed more than a year after the due date.

¹ See Appendix B for details.

Job Corps used other monitoring methods, such as on-site monitoring and desk reviews, during PYs 2008 through 2010 to conduct oversight of center operations, but did not consistently formalize, document, and track how these methods addressed underperforming CTT and HSD/GED programs. As a result, we could not determine whether these other methods were effective in improving center CTT and HSD/GED programs.

These conditions resulted from Job Corps' lack of sufficient emphasis on ensuring it used PIPs, ROCAs, and other monitoring methods for CTT and academic programs effectively. Specifically, Job Corps' national and regional offices did not have mechanisms in place to ensure they conducted adequate oversight and that the monitoring methods used resulted in improved performance. This undermined Job Corps' mission to teach eligible young people the skills they need to become employable and independent, and place them in meaningful jobs or further their education. During our audit, Job Corps initiated corrective action to address some of the oversight weaknesses we identified.

We recommend ETA require Job Corps to provide oversight that ensures PIPs, ROCAs, and other monitoring methods are used effectively to identify underperforming CTT and HSD/GED programs and improve performance. This includes documenting and reviewing all oversight activities conducted so that internal and external stakeholders can make informed decisions regarding the oversight's effectiveness.

ETA RESPONSE

ETA did not completely agree with our conclusions related to: weaknesses in its oversight of centers; ineffective use of PIPs, ROCAs, and other oversight and monitoring methods; and overall calculation of funds put to better use. However, ETA took corrective actions to address two recommendations and will take action on the remaining three.

OIG CONCLUSION

Based on ETA's response, we revised our estimate of funds put to better use to exclude Construction, Rehabilitation, and Acquisition (CRA) funding, but retained the operations and administrative costs in our estimate because they support the delivery of services to students and ultimately benefit each student. Excluding CRA reduced our estimate for underperforming programs to meet performance goals of \$39.4 million to \$37 million and our estimate for maximizing student achievements of \$126.2 million to \$118 million.² ETA also disagreed with our use of cost per budgeted student slot in our funds put to better use estimates and instead stated we should use cost per new enrollee. Student training slots represent the program's planned capacity and the maximum number of students that can be enrolled in Job Corps at any given time during the program year; thus we affirm our use of this cost. With the exception of the revision

² CRA funding represented only \$105 million of Job Corps' \$1.7 billion budget authority.

related to CRA, ETA did not provide any new information that changed the conclusions stated in the report.

RESULTS AND FINDINGS

Objective—To what extent has the Office of Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and maximize student achievements?

Job Corps' oversight weaknesses undermine center performance.

Job Corps initiated several major programmatic shifts and policy changes that resulted in improved performance across all three of its GPRA performance indicators during PYs 2008 through 2010.³ Specifically, during PYs 2008 through 2010, students: (1) entering employment or education increased from 66 percent to 73 percent; (2) attaining a HSD/GED or CTT certificate increased from 55 percent to 64 percent; and (3) achieving a literacy or numeracy gain increase from 58 percent to 65 percent. However, its individual centers did not consistently meet Job Corps' established CTT program completion and HSD/GED attainment goals during this period and Job Corps did not provide oversight required by WIA and Job Corps policy to improve performance. We estimate that if Job Corps established effective processes to ensure it provides adequate CTT oversight, it could put \$37 million in funds put to better use if each center met its CTT program completion performance goal; and up to \$118 million if centers maximized the performance for underperforming programs.⁴

Finding — Job Corps' Oversight of Centers Did Not Address Poor Performing Programs and Maximize Student Achievements.

Job Corps Did Not Use PIPs Effectively to Improve Program Performance

We found that Job Corps did not comply with WIA and Job Corps' Policy and Requirements Handbook (PRH) requirements for issuing PIPs. In addition, we determined that Job Corps' CTT evaluation process for issuing PIPs reduced the visibility of poor CTT program completion performance and the significance of students dropping out of the programs. Furthermore, Job Corps did not use PIPs to address poor performing HSD/GED programs even though 11 percent of these programs underperformed across PYs 2008 through 2010.

Job Corps Did Not Comply with WIA and PRH Requirements for Issuing PIPs for CTT Program Performance

WIA required that DOL develop and implement a PIP for each center that does not meet the expected levels of performance. The PRH required regional offices to initiate an

³ Job Corps' three GPRA performance indicators are common measures used by similar programs. The performance indicators are established by the Federal Government's Office of Management and Budget.

⁴ See Appendix B for details.

appeals process for all CTT programs with unsatisfactory performance, which could result in a center's program being placed on a PIP. If mitigating circumstances existed as documented in the appeals process, the CTT program would not serve probation or require a PIP. The national office would initiate an appeals process for all CTT programs under probation that had unsatisfactory performance for a second year, which may result in the closure of the CTT program.⁵

According to Job Corps policy, the regional offices are responsible for identifying underperforming CTT programs, initiating the PIP process, and documenting all actions for all CTT programs that underperform. The Job Corps national office provides a management report to each regional office prior to the close of each PY to assist the regions in identifying those CTT programs that should be placed on a PIP.

Of the 510 CTT programs that required PIPs during PYs 2008 through 2010, Job Corps records indicated that 49 PIPs (9.6 percent) were issued and 15 programs (2.9 percent) were closed. Table 1 shows that Job Corps complied with WIA and its own policy a total of 64 times (12.6 percent).

Table 1: Regional PIPs and Closures for Underperforming CTT Programs, PYs 2008 through 2010

Regional Office	Number of Underperforming Programs	Documented PIPs	Documented Closures	WIA and Job Corps Policy Compliant
Atlanta	128	11	2	13 (10.2 percent)
Boston	80	0	10	10 (12.5 percent)
Chicago	57	0	0	0 (0 percent)
Dallas	45	31	0	31 (68.9 percent)
Philadelphia	98	5	3	8 (8.2 percent)
San Francisco	102	2	0	2 (2.0 percent)
Total All Regions	510	49	15	64 (12.6 percent)*

* For the 64, the regional offices did not consistently follow Job Corps' established procedures for issuing PIPs or closing programs. However, if their actions resulted in a documented PIP or closure we concluded compliance with WIA and Job Corps policy. The regional offices also informed us that they issued 61 additional PIPs and closed 77 additional programs. These additions would have increased compliance to 39.6 percent. However, they were not able to provide documentation to support these actions; therefore we did not conclude compliance with WIA and Job Corps policy.

We found that many of the programs not receiving PIPs also underperformed in subsequent years. For example, at least 30 CTT programs underperformed in PY 2008, did not receive a PIP, and continued to underperform in PY 2009. Issuing PIPs to these programs in PY 2008 may have addressed the deficiencies impeding performance and resulted in the programs meeting their goals in PY 2009.

⁵ See Appendix A for details.

As a result of our analysis showing the low number and inconsistency of PIPs issued by the regional offices, the national office stated that many regional offices focused on several major programmatic shifts and changes in Job Corps policies that impacted the issuance of PIPs. These shifts and changes included: an increased level of training needed to complete some CTT programs; initiation of Regional Career Pathway Plans in 2009 that prioritized CTT programs based on industry-focused labor market data and resulted in the closure of some programs; and a general nationwide streamlining of the Job Corps program beginning in PY 2010 (see Exhibit 1). Job Corps also indicated that guidance it provided to the regional offices during these events may have been misinterpreted and contributed to the decline in PIPs. This was accurate as one regional office told us that they believed PIPs were optional.

Job Corps' Evaluation Process Did Not Effectively Identify Poor Performing CTT Programs for PIPs

WIA required that DOL take corrective measures to improve the performance of the Job Corps program. To comply with WIA, Job Corps rated individual CTT program performance by aggregating the results across 10 components on the CTT Report Card (CTT-10) to obtain an overall grade for the program. This grade covered both the center and Career Transition Services (CTS) processes as a means of evaluating Job Corps overall effectiveness in training students and placing them in higher-wage jobs.⁶ However, this evaluation process (grading components, component scoring calculation, and overall report card grading scale) did not effectively identify poor performing CTT programs for PIPs. To illustrate, only 1 component, CTT program completion, related to services within a center's direct control and represented only 15 percent of the CTT-10 grade;⁷ the remaining weighted components represented 85 percent of the grade and related to indirect center services that CTS contractors provided (see table 2).

Table 2: PY 2010 CTT-10 Report Card Components

CTT Component	Percent Weight in CTT-10 Report Card
Program Completion (1 component)	15 percent
Career Technical Training Industry-Recognized Credential Attainment Rate (1 component)	0 percent
Placement Components (5 components)	55 percent
Wage Components (3 components)	30 percent
Total	100 percent

Job Corps' aggregation of the CTT program completion component with the other nine components reduced the visibility of performance issues relating specifically to CTT program completions. For example, one program that completed 8 of its 21 students (38.1 percent) did not require a PIP because those 8 students were placed in higher

⁶ See Appendix A for details.

⁷ The Career Technical Training Industry-Recognized Credential Attainment Rate is a direct center services measure. However, this measure was previously reported for informational purposes only and was not weighted in PY 2010. For PY 2011, the weight is 5%.

education or a high wage job. The result is positive for the 8 students that completed; however, the program deficiencies that resulted in 13 students (61.9 percent) dropping out of the program were not addressed by a PIP. This is further illustrated by the fact that 724 CTT programs did not meet the national goal of 70 percent student completion in 2009, but only 189 PIPs were required.

Changes made to the evaluation process for PY 2010 further reduced the visibility of poor performance. During the PY 2010 performance cycle, Job Corps implemented a policy change to measure performance as a percentage of goals as opposed to actual program performance. As part of this policy change, Job Corps removed the scoring cap for each of the components on the CTT-10 report card such that any one component could receive a calculated score higher than 100 percent. However, Job Corps did not change the overall report card grading scale to reflect the changes it made in the scoring calculation for each component. Given these changes, Job Corps' ability to evaluate CTT programs and identify underperforming programs for required PIPs was further reduced. For PY 2010, 6 CTT programs required PIPs; however, only 5 of the 549 CTT programs not meeting the 70 percent national goal for student completions were included in these 6. According to Job Corps, the impact on the requirement for PIPs was an unintended consequence of aligning the CTT-10 report card with other Job Corps report cards used to evaluate operational performance.

Job Corps Did Not Use PIPs to Address Poor Performing HSD/GED Programs

WIA required that DOL take corrective measures to improve Job Corps performance. Though WIA did not require PIPs for centers with underperforming HSD/GED programs, it specifically provided DOL the latitude to develop and implement these PIPs as needed.⁸ Job Corps told us that it did not issue PIPs for underperforming HSD/GED programs because reliance was placed on other oversight activities, such as ROCAs and monitoring visits. However, issuing PIPs to these centers may have enhanced the oversight provided and helped eliminate problems hindering HSD/GED performance in the subsequent years. For example, from PYs 2008 through 2010, 14 (11 percent) centers did not meet HSD/GED attainment performance goals during each of the three PYs.⁹ Job Corps identified and addressed these program deficiencies in ROCAs conducted during that time period, but ROCAs are not conducted annually. Job Corps students may have benefited and the HSD/GED programs improved if Job Corps issued PIPs for these programs in the years prior or subsequent to the ROCAs.

Job Corps Did Not Use ROCAs Effectively to Improve CTT Program Performance

Job Corps' ROCA is a comprehensive on-site evaluation of center compliance with Job Corps operational requirements. Job Corps policy required regional offices to conduct ROCAs for each Job Corps center at least once every 24 months. Information provided by Job Corps showed that ROCAs addressed the poor performance for only 7 (1.4 percent) of the 510 CTT programs that underperformed during PYs 2008 through

⁸ Section 159 subsection (f)(3).

⁹ The goals for HSD/GED programs are model based and vary by year and center.

2010. In addition, during FYs 2007 through 2011, Job Corps conducted only 31 (26 percent) of the required ROCAs within the 24 month time frame specified by Job Corps policy. Of the 89 centers that exceeded 24 months between ROCAs, 33 were more than a year overdue (see table 3).

Table 3: Overdue ROCAs from FY 2007 – 2011

Days Overdue	Total Number of Inspections
1 to 89 days overdue	15
90 to 179 days overdue	10
180 to 364 days overdue	31
365 to 729 days overdue	25
730 to 1,094 days overdue	7
1,434 days overdue	1
Total	89

According to Job Corps, it did not conduct all its ROCAs within the 24 month time frame because of limited travel funds and a greater emphasis on conducting monitoring trips.¹⁰ In FY 2007, Job Corps conducted over 60 ROCAs. During FYs 2008 through 2011, Job Corps conducted less than 50 ROCAs each year. We found that Job Corps did not modify its 5 - 8 team member approach for conducting ROCAs during this period. According to Job Corps, it planned to modify its approach for FY 2012 to use a risk based analysis and 4 - 5 member teams. Job Corps will also conduct less monitoring trips to ensure the funds are available for the required ROCAs. Job Corps estimated that it will conduct over 60 ROCAs per year.

Job Corps Did Not Establish a Systemic Process to Conduct and Evaluate Other CTT and HSD/GED Oversight and Monitoring Methods

DOL is responsible for complying with the “Standards for Internal Control in the Federal Government” (Standards), which provide the overall framework for establishing and maintaining internal control and for identifying areas at greatest risk of fraud, waste, abuse, and mismanagement.¹¹ One of the control activities specified in the Standards is the requirement for agencies to document significant events.

Job Corps told us that it used a variety of other monitoring methods in its oversight of CTT and HSD/GED programs, but generally did not track and document these oversight activities. For example, Job Corps regional offices reported that they held meetings with center directors, conducted follow-up monitoring trips, performed desk reviews, and, in some cases, elected not to exercise center operators’ contract option years as a means to alter performance and operations at centers. Though regional offices reported taking

¹⁰ According to Job Corps, its travel funds were limited because the appropriations bills funding the program were not signed into law by the end of the Congressional fiscal years. The continuing resolutions used to temporarily fund existing federal programs did so at current or reduced levels.

¹¹ U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (GAO/AIMD-0021.3.1), November 1999.

other actions for 123 CTT programs, they were only able to provide documentation to support 12 (9.8 percent) of these actions. Moreover, regional offices did not take any action for 185 (36.3 percent) of the 510 underperforming CTT programs.¹² Given that Job Corps did not consistently document this other oversight, we were not able to determine whether these other methods were effective in improving center CTT and HSD/GED programs.

The results and findings in this report demonstrate weaknesses in Job Corps' oversight of its centers' CTT and HSD/GED programs. Job Corps' lack of sufficient emphasis on ensuring PIPs, ROCAs, and other monitoring methods for CTT and academic programs were used effectively caused the conditions we identified. Specifically, Job Corps' national and regional offices did not have mechanisms in place to ensure they conducted sufficient and required oversight, and that these methods resulted in improved performance. These oversight weaknesses undermined Job Corps' mission to teach eligible young people the skills they need to become employable and independent, and place them in meaningful jobs or further education. We found that the cost of students dropping out of CTT programs was significant. We estimate \$37 million in funds put to better use if improvements to Job Corps oversight resulted in the underperforming programs meeting performance goals; and up to \$118 million if all the enrolled students in these underperforming programs graduated.¹³

During our audit, Job Corps initiated or planned corrective action to address some of the oversight weaknesses we identified. Specifically, Job Corps:

- revised the PRH in July 2012 to clearly state the requirement for the regional offices to identify underperforming CTT programs, initiate the PIP process, and document all follow up actions for all CTT programs that initially underperform to perform at a satisfactory level, as well as those that demonstrate a consecutive pattern of low performance;
- revised the scale in the PY 2012 Performance Measurement System, as reported in the PRH, to reflect the changes in the grading calculation; and
- stated that during PY 2012, it will establish a performance system, including performance evaluations, for HSD/GED programs that do not meet established system-wide goals similar to that used for CTT.

ETA Response to Draft Report

In response to our draft report, ETA stated that it took corrective actions to address two recommendations and will take action on the remaining three. However, ETA did not agree with our audit conclusions related to weaknesses in its oversight of centers; ineffective use of PIPs, ROCAs, and other oversight and monitoring methods; and

¹² These figures include the number of underperforming programs that Job Corps reported it did not take action for as a result of changes to the Training and Achievement Records (TAR). See Exhibit 1.

¹³ See Appendix B for details.

overall calculation of funds put to better use. Our findings and conclusions were based on the evidence provided by ETA throughout the audit. ETA was not able to provide documentation that showed oversight actions they reported actually occurred for the exceptions identified.

ETA incorrectly stated that the performance targets related to this audit pertained to literacy and numeracy proficiency. Our work did not cover these areas. ETA also indicated that we concluded PIPs for HSD/GED programs were required by WIA, but this is incorrect. The report stated that WIA did not require PIPs for HSD/GED programs.

ETA disagreed that its oversight of centers did not address poor performing programs and maximize student achievements. ETA stated it held programs accountable through ROCAs and monitoring processes. In addition, ETA stated it closed, downsized, or refocused many low-performing CTT programs and used PIPs, ROCAs, and other monitoring methods, including on-site monitoring and desk reviews, to ensure center programs met performance goals and maximized student achievements. As indicated in our report, ETA was not able to provide documentation to support this occurred for the exceptions identified. We were conservative in our approach regarding the supporting documentation provided for poor performing CTT programs even though regional offices did not consistently follow Job Corps' established procedures for issuing PIPs or closing programs. If regional office action resulted in a PIP or closure, we concluded compliance with WIA and the PRH.

ETA stated that our findings do not reflect the significant transition the program underwent during PYs 2008 through 2010 or provide the context and a description of the operating environment during this time period. We acknowledge in the body of the report and Exhibit 1 that the Job Corps program underwent several major programmatic shifts and changes; however, these events did not relieve ETA of its responsibility to comply with WIA and the PRH. ETA disputed that these shifts and changes resulted in a decreased emphasis on the issuance of PIPs. Information we received from ETA indicated there was a decreased emphasis; however, we revised the report to state that these shift and changes impacted the issuance of PIPs.

ETA disagreed that the WIA requirement for DOL to take corrective action to improve Job Corps' performance applied to Job Corps' performance rating system and that our interpretation of the report cards was incorrect. WIA required that DOL develop and implement a PIP for each center that does not meet the expected levels of performance. According to the PRH, the CTT-10 supports WIA requirements and the overall rating a CTT program received on its CTT-10 drives the PIP process. Thus, the link between the CTT-10 grade and the PIP process was made in the PRH and not by the OIG.

ETA also incorrectly stated that we had concluded that the main driver for student drop outs was a lack of PIPs or other oversight methods. We did not test or conclude on the causes for student drop outs; rather, we state that issuing PIPs to these underperforming programs may have addressed deficiencies impeding performance.

The report includes a revised estimate of funds put to better use. We retained the operations and administrative costs in our estimate because the costs incurred support the delivery of services to students and ultimately benefit each student. Excluding CRA reduced our estimate for underperforming programs to meet performance goals of \$39.4 million to \$37 million and our estimate for maximizing student achievements of \$126.2 million to \$118 million.¹⁴

With the exception of the revision related to funds put to better use, ETA did not provide any new information that changed the conclusions stated in the report.

RECOMMENDATIONS

We recommend that the Assistant Secretary for Employment and Training require Job Corps to:

- (1) develop processes and controls to ensure Job Corps issues PIPs to centers for each underperforming CTT program as required by WIA and Job Corps policy;
- (2) revise the grading system used to initiate PIPs to ensure it effectively identifies underperforming CTT programs;
- (3) develop processes and controls to ensure that underperforming HSD/GED programs receive appropriate oversight, including PIPs;
- (4) develop processes and controls to ensure Job Corps conducts ROCAs as required by Job Corps policy and that CTT and HSD/GED performance issues are identified and addressed;
- (5) develop processes and controls to ensure Job Corps documents and reviews for effectiveness all oversight activities conducted so that internal and external stakeholders can make informed decisions regarding the oversight's effectiveness.

We appreciate the cooperation and courtesies that Job Corps personnel extended to the Office of Inspector General during this audit. Appendix E lists the OIG personnel who made major contributions to this report.



Elliot P. Lewis
Assistant Inspector General
for Audit

¹⁴ CRA funding represented only \$105 million of Job Corps \$1.7 billion budget authority.

PAGE INTENTIONALLY LEFT BLANK

Exhibit

PAGE INTENTIONALLY LEFT BLANK

Exhibit 1**Job Corps Programmatic and Policy Changes**

According to national office of Job Corps, several major programmatic shifts and changes in Job Corps policies impacted the issuance of PIPs. Specifically, many regional offices focused on the increased level of training needed to complete some CTT programs; initiation of Regional Career Pathway Plans in 2009 that prioritized CTT programs based on industry-focused labor market data and resulted in the closure of some programs; and a general nationwide streamlining of the Job Corps program beginning in PY 2010. In addition, some regional offices changed center operators as a means to alter performance and operations at centers.

Training and Achievement Record (TAR) Changes

In PY 2007, Job Corps began the National Certification Initiative to align Job Corps' training programs with industry-based skill standards, as required by a Presidential Initiative; the required completion date was July 1, 2008.¹⁵ According to Job Corps, this initiative increased the difficulty of TARs and impacted the performance for over 70 CTT programs. Job Corps reported to us that it closed 40 underperforming CTT programs in PY 2008 rather than place these programs on PIPs. In addition, Job Corps reported that combining the CTT programs that used the old TAR with the programs that used the new TAR resulted in an artificial reflection of performance during PYs 2008 through 2009.

Regional Career Pathways

In PY 2009, Job Corps initiated the Regional Career Pathways Plan for CTT programs.¹⁶ Job Corps directed regional offices to develop a 3-year plan outlining their training priorities based on industry-focused labor market data. Over a period of 3 years, Job Corps requested that the regional offices choose two industry areas (per year) that would receive the majority of allocated annual funds and program focus. According to Job Corps, part of this process included closing CTT programs that would impede the prioritization of CTT programs. For example, Job Corps informed us that it closed 44 underperforming programs in PY 2009 and 45 programs that were not underperforming in PY 2010 as part of the Regional Career Pathways Plan.

Nationwide Data Streamlining

Since PY 2010, Job Corps required regional offices to reconcile program offerings, codes, TAR usage, and per-program slot records with those contained in the National Office Master Profile. Job Corps required regional offices to determine the CTT slots that they should reduce or eliminate based on performance or low student enrollment, and request reduction or closure from the Job Corps national office. The national office carried the costs associated with these actions. According to Job Corps, during PY

¹⁵ Job Corps Information Notice No. 07-19 (January 31, 2008).

¹⁶ Job Corps Program Instruction No. 09-21 (October 15, 2009).

2010 and 2011, the national office experienced a major budget crisis that resulted in a suspension of all CTT changes; specifically, the Job Corps national office did not accept regional office requests or proposed requests for CTT program changes. As a result, Job Corps did not close low-performing CTT programs and may not have placed these programs on PIPs.

Appendices

PAGE INTENTIONALLY LEFT BLANK

Appendix A**Background**

General

ETA oversees Job Corps, which administers and manages the Job Corps program. Job Corps' mission is to attract eligible young people, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education. Job Corps administers the Job Corps program under the leadership of the National Director, supported by the national office of Job Corps and a field network of six regional offices. The Job Corps program provides education, training, and support services to students at 125 Job Corps center campuses located throughout the United States and Puerto Rico. Private contractors and other Federal Agencies operate centers for DOL through competitive contracting processes and interagency agreements, respectively.

Job Corps used a complex performance management system to assess program effectiveness across multiple components of services and programs offered to Job Corps students. The performance management system is intended to assist Job Corps:

1. Meet accountability requirements for establishing performance measures and reporting student outcomes for the Job Corps system per WIA, Common Performance Measures for federal youth programs, and DOL priorities;
2. Assess centers' and agencies' accomplishments in implementing program priorities and serving students effectively; and
3. Provide feedback on performance, while encouraging continuous program improvement.

Performance Assessments and Improvements Required by WIA

Section 159 subsection (f)(1) of WIA required the Secretary of Labor to conduct an annual assessment of the performance of each center and take corrective measures to improve the performance of the Job Corps program.

Core Performance Measures

WIA required the Secretary of Labor to develop and implement a PIP for each center that did not meet the expected levels of performance relating to the following core performance measures:

- Number of graduates and graduation rate analyzed by the type of vocational training;
- Number of graduates who entered unsubsidized employment both related and unrelated to the vocational training received through the Job Corps program;

- Average wage of graduates who entered unsubsidized employment both related and unrelated to the vocational training received through the Job Corps program;
- Average wage received by graduates placed in unsubsidized employment after completion of the Job Corps program;
- Number of graduates who entered unsubsidized employment and were retained in the unsubsidized employment;
- Number of graduates who entered unsubsidized employment;
- Number of graduates who entered postsecondary education or advanced training programs, including apprenticeship programs; and
- Number of graduates who attained job readiness and employment skills.

Performance Improvement Plans

WIA established that PIPs require action, including:

- providing technical assistance to the center;
- changing the vocational training offered at the center;
- changing the management staff of the center;
- replacing the operator of the center;
- reducing the capacity of the center;
- relocating the center; or
- closing the center.

WIA does not require PIPs for centers that did not meet their performance goals for the HSD or GED certificate programs; however, WIA provides the Secretary of Labor discretion to develop and implement additional PIPs for a center that did not meet criteria established by the Secretary of Labor other than the expected levels of performance relating to the core performance measures noted above. WIA stipulates that these additional PIPs require improvements, including those seven actions described above.

Job Corps' Center and Career Technical Training Report Cards

The Center Report Card (OMS-10) is the component of the Job Corps' performance management system used to assess overall center performance. The OMS-10 measures and accounts for performance across all centers and collects and evaluates data regarding students' academic and CTT attainments, placements, and continued placement at 6 and 12 months following the initial placement. The CTT-10 is the component of Job Corps' performance management system used to measure the performance of individual Job Corps CTT programs, such as culinary arts and carpentry, at each center. The CTT-10 provides data regarding students' CTT program participation/completion, as well as achievement of long-term employment at sustainable earnings. According to the PRH, the primary purpose of the CTT-10 is to maximize the performance of programs. Specifically, it was designed to assist Job Corps officials, at all levels, to:

- Better monitor and evaluate CTT program performance;
- Recognize programs that consistently perform well;
- Actively assist, at the earliest indication, programs that demonstrate unsatisfactory performance; and
- Work to improve programs that exhibit average performance to prevent further decline.

Job Corps' used 10 Career Technical Training Measures on the CTT-10, each of which is weighted. Job Corps rated individual CTT program performance by aggregating the results across each of the weighted measures to obtain an overall rating for each program. The CTT Program Completion Rate represents 15 percent of this rating. Job Corps also calculates an overall CTT-10 rating for a center by aggregating the results across each of the weighted measures. Job Corps reviews both overall ratings to assess program effectiveness and these ratings play a key role in the procurement process. Job Corps also used these overall ratings to determine the performance ranges for performance-based service contracting.

Each center's CTT program receives an overall rating based on the 10 measures and are graded based on the following scale. During the PY 2010 performance cycle, Job Corps added performance goals to all of the measures in the CTT-10 so that it would align with the other program report card algorithms. Job Corps also removed the maximum performance rating cap of 100 percent. Job Corps implemented the policy change of adding goals to the CTT-10 in PY 2010, but without changing the evaluation scale used in prior PYs:

- A – Exceptional performance (90 percent and higher)
- B – Above average performance (80 – 89 percent)
- C – Average performance (70 – 79 percent)
- D – Unsatisfactory performance/Underperforming (0 – 69 percent)

Job Corps' PIP Process for CTT

The overall rating a CTT program received on its CTT-10 drives the PIP process, but the PRH provides a significant amount of latitude to regional offices. Regional offices may, but are not required to, place CTT programs with average performance (including National Training Contractors) on a PIP. Furthermore, a regional office may not automatically require those CTT programs with unsatisfactory performance to have a PIP. The PRH required regional offices to initiate an appeals process for all CTT programs with unsatisfactory performance, which will result in a center's program being:

- Placed on probation with a PIP;
- Not being placed on probation but requiring a PIP, or
- Neither serving probation nor requiring a PIP.

Job Corps reserved the last option for exceptional mitigating circumstances, such as abrupt departure of an instructor, etc. The PRH required regional offices to submit to the

national office, Division of Educational Services, a composite list of those programs designated to serve probation and a copy of the PIP for each targeted center. If a center receives a Grade D for a second year after serving probation, the national office of Job Corps will administer an appeals process that may result in the closure of the CTT program.

To assist the regional office in their monitoring efforts, according to the national office CTT Unit Chief, the national office provides a management report to each regional office prior to the close of each PY that identifies those CTT programs it believes regional offices should place on a PIP, but the responsibility for issuing and monitoring PIPs lies with the regional offices.

Job Corps' ROCA Process

Job Corps policy required regional offices to conduct ROCAs for each Job Corps center at least every 24 months. Job Corps' ROCA is a week-long compliance assessment designed to cover all aspects of center operations. Regional offices evaluate center compliance with Job Corps' policies and requirements using Job Corps' Program Assessment Guide, which provides evaluators with a review outline and minimum standards to assess. Job Corps regional office prepare a final ROCA report that serves as both a "formal score" of program performance and a reference for centers to take corrective action in identified areas where scores did not meet expectations.

The contractor/center operator is required to respond to the ROCA findings within 30 days and address each identified area of non-compliance or poor performance. Job Corps uses the ROCA report and contractor responses to identify and prioritize concerns in each specific area, provide technical assistance and recommendations for corrective action, and conduct regular follow-up via monitoring trips and desktop monitoring of center performance.

Appendix B

Objective, Scope, Methodology, and Criteria

Objective

Our audit objective was to answer the following question:

To what extent has the Office of Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and maximize student achievements?

Scope

Our scope included Job Corps performance data for PYs 2008 through 2010 (July 1, 2008, through June 30, 2011). We also reviewed performance data for the 3-year period and analyzed corrective actions taken by Job Corps headquarters and regional offices from PY 2008 to the present.

We conducted audit work at Job Corps headquarters in Washington, DC, and three Job Corps centers: Homestead in Homestead, FL; North Texas in McKinney, TX; and Hubert H. Humphrey in St. Paul, MN.

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Methodology

To accomplish our audit objective, we obtained an understanding of applicable laws, regulations, and Job Corps policies and procedures. At the Job Corps national office, we performed walkthroughs of national office processes, interviewed officials, and reviewed regional office center assessments. We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive audit phases and evaluated relevant controls. Our consideration of these controls would not necessarily disclose all matters that might be reportable conditions. In addition, inherent limitations of internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected.

We judgmentally selected 3 centers for site visits based on a review of the CTT-10 report, OMS-10 report, and PIP information initially reported by the 6 Job Corps regional offices from PYs 2008 through 2010. Specifically, we judgmentally selected centers based on the following:

- CTT Program Completion: Analyze the CTT-10 reports for PYs 2008 through 2010 to determine programs with CTT program completion rates below the national goal of 70 percent. Analyze the CTT-10 reports for PYs 2008 through 2010 to determine centers showing improvements or deterioration in CTT program completion rates across PYs.
- HSD/GED Attainment: Analyze the OMS-10 reports for PYs 2008 through 2010 to determine centers with HSD/GED attainment rates below their assigned goals. Analyze the OMS-10 reports for PYs 2008 through 2010 to determine centers showing improvements or deterioration in HSD/GED attainment rates across PYs.
- Regional offices reporting a PIP: Review the PIP information initially provided by the 6 Job Corps regional offices.

We also considered any known Job Corps program weaknesses and centers that were subjects of Hotline complaints in 2011 and 2012 in our selection process.

The centers we judgmentally selected were:

- Homestead (Atlanta regional office), in Homestead, FL;
- North Texas (Dallas regional office), in McKinney, TX; and
- Hubert H. Humphrey (Chicago regional office) in St. Paul, MN.

At the 3 Job Corps centers we visited, we performed walkthroughs of center data entry and recordkeeping processes, and identified and evaluated internal controls over student achievement oversight and reporting, as applicable. Our consideration of internal controls would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, misstatements or noncompliance may nevertheless occur and not be detected.

Data Reliability Testing

To assess the reliability of the CTT-10 and OMS-10 data provided by Job Corps, we performed testing to detect missing values, invalid identifiers, and obvious errors.

To assess the reliability of the CTT and HSD/GED completers provided by the 3 Job Corps centers we visited, we: (1) performed testing to detect missing values, invalid identifiers, and obvious errors; (2) compared the number of completing students against the Job Corps' CTT-10, OMS-10, and Monthly Center Summary Reports; (3) followed up on trends, unusual changes, and outliers found; (4) reviewed existing information and documentation about the process centers used to enter data into the Center Information System (CIS); (5) interviewed center officials about controls and guidance to staff for data entry and recordkeeping of student achievements; and (6) statistically selected student records from PYs 2008 through 2010 for compliance with PRH recordkeeping requirements.

When we found discrepancies, such as non-populated fields or missing records, we brought them to the attention of the Job Corps national office and center officials, as appropriate. We determined that the data were sufficiently reliable for the purposes of our report.

Funds Put to Better Use

To determine funds put to better use, we calculated:

- *Annual Cost of a Budgeted Student Slot* by using the FY 2010 Job Corps total budget authority for operations and administration¹⁷ divided by the budgeted student slots and multiplied by the capacity utilization rate.¹⁸
 - Student training slots represent the program's planned capacity and the maximum number of students that can be enrolled in Job Corps at any given time during the program year. Throughout the year, multiple students can occupy one slot. However, only one student can occupy a slot at a time. This provides an assessment of cost relative to Job Corps ability to operate at full capacity.
- *Daily Cost Per Budgeted Student Slot* by dividing the Annual Cost of a Budgeted Student Slot by 365 calendar days.
- *Average Length Per Stay Cost* by multiplying the Daily Cost Per Budgeted Student Slot by 5.6 months (Job Corps determined average length per stay for former enrollees).

We found that Job Corps center operators did not always meet Job Corps' CTT student completion goal of 70 percent. Using Job Corps' PY 2010 data that identified the number of students who successfully completed a CTT program in comparison to number of students who enrolled in a CTT program, we determined that 2,163 student completions were needed for all programs to meet Job Corps' CTT student attainment goal of 70 percent. We then estimated the \$37 million in funds put to better use by multiplying the 2,163 students by \$17,101, the average length per stay cost for former enrollees.

Similarly, we calculated the funds put to better use if all the students in these underperforming programs completed and student achievement was maximized. Using Job Corps' PY 2010 data that identified the number of students who successfully completed an underperforming CTT program in comparison to the number of students enrolled, we calculated 6,925 students enrolled in these programs did not complete the programs. We then estimated the \$118 million in funds put to better use by multiplying the 6,925 students by \$17,101, the average length per stay cost for former enrollees.

¹⁷ Total budget authority included operations, construction, and administration from the Congressional Budget Justifications. For our estimate we included only operations and administration funding.

¹⁸ The capacity utilization rate is from a 5-year average of actual on-board strength (OBS) divided by the 5-year average of budgeted OBS.

Criteria

- Economic Opportunity Act of 1964
- Workforce Investment Act of 1998
- Government Accountability Office, *Standards for Internal Control in the Federal Government* (November 1999; GAO/AIMD-00-21-3.1)
- Office of Job Corps *Policy and Requirements Handbook*
- Office of Job Corps *Program Assessment Guide*

Appendix C**Acronyms and Abbreviations**

CIS	Center Information System
CRA	Construction, Rehabilitation, and Acquisition funding
CTS	Career Transition Services
CTT	Career Technical Training
CTT-10	Career Technical Training Report Card
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GPRA	Government Performance and Results Act
HSD/GED	High School Diploma/General Educational Development Certificate
Job Corps	Office of Job Corps
OBS	On Board Strength
OIG	Office of Inspector General
OMS-10	Center Report Card
PIP	Performance Improvement Plan
PRH	Policy and Requirements Handbook
PY	Program Year
ROCA	Regional Office Center Assessment
Standards	GAO, Standards for Internal Control in the Federal Government
TAR	Training and Achievement Record
WIA	Workforce Investment Act of 1998

Appendix D

ETA's Response to Draft Report

U.S. Department of Labor

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



MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General

FROM: JANE OATES *Jane Oates*
Assistant Secretary for
Employment and Training

SUBJECT: OIG Audit of "Job Corps Oversight of
Center Performance Needs Improvement,"
Draft Report #26-12-006-03-370

This memorandum responds to the "Job Corps Oversight of Center Performance Needs Improvement" draft audit report, dated September 12, 2012. Thank you for the opportunity to provide input to this draft audit report and the recent discussion draft report and "statement of facts." The Employment and Training Administration (ETA), which manages and administers the Office of Job Corps (OJC), recognizes the Office of Inspector General's (OIG's) efforts to provide suggestions about areas where Job Corps oversight can be improved.

ETA is committed to ensure Job Corps centers effectively manage their academic and career technical training programs to meet internally established performance goals and maximize student achievements in Job Corps. We take great pride in the work we do on behalf of youth and adults across the nation, and our efforts fully support the Department's priorities to achieve "Good Jobs for Everyone." We recognize performance oversight in Job Corps is critical to maintaining a high level of program results and worthwhile taxpayer investment.

Results in Brief

ETA is disappointed in the lack of documentation behind a number of statements and conclusions in the OIG report and thus, disagrees with the audit results. As indicated by the OIG, the audit's objective was to consider the extent to which Job Corps ensured its centers managed their academic and career technical training programs to meet performance goals and to maximize student achievements. To this end, ETA provided significant evidence supporting Job Corps' achievement of performance goals established under Common Performance Measures for federal youth programs. The performance targets related to this audit pertain to student certification attainment, and literacy and numeracy proficiency. In addition, Job Corps demonstrated consistent improvement within the parameters of the program's internal Outcome Measurement System (OMS) for high school diplomas (HSD) or General Education Diplomas (GED), and career technical training (CTT) program completions between 2008 and 2010. However, the OIG audit report findings are based primarily on one aspect of the program's performance management strategies - Performance Improvement Plans (PIPs) and several

tangential issues that OIG determined would improve overall student outcomes. The Job Corps program's results for PY 2008-2010 in the Common Performance Measures are as follows:

Common Performance Measures Performance Indicators	PY 2008		PY 2009		PY 2010	
	Target	Result	Target	Result	Target	Result
Percent of Job Corps students who attain a GED, HSD, or certificate by the end of the third quarter after exit from the program	54%	55%	55%	61%	56%	64%
Percent of Job Corps students who were basic skills deficient at entry and who achieved an increase of one or more educational functioning levels (literacy/numeracy rate)	54%	58%	58%	64%	59%	65%

The OIG's conclusions in this report include overstated comments about oversight methodologies and program outcomes, unsubstantiated conclusions about program costs and management of resources, and the inappropriate application of WIA rules as they pertain to Job Corps' mission and authority. The OIG's findings do not reflect the significant transition the program underwent during the 2008 to 2010 audit dates despite ETA's efforts to suggest language that acknowledged the opportunity to enhance oversight in some program areas and to provide the context and a description of the environment in which the program operated during the timeframe under consideration.

During the audit period, Job Corps undertook a number of strategic initiatives to focus on high-demand occupations and align the education and training system with higher-level skill requirements for the modern workplace. ETA's conscious decision to "right-size" the system by setting more rigorous standards for both career technical and academic programs was proactive and designed to ensure Job Corps students were better prepared to compete in the new labor market. The Job Corps program as a whole was in transition, and many low-performing programs were closed, downsized, or refocused. ETA also held academic programs accountable through Job Corps' Regional Office Center Assessments (ROCAs) and monitoring processes. Job Corps instituted numerous strategic initiatives to ensure its programs met new workplace standards while functioning under substantial budget constraints; and it used PIPs, ROCAs, and other monitoring methods including on-site monitoring and desk reviews to ensure center programs met performance goals and maximized student achievements.

Results and Findings

Job Corps' oversight weaknesses undermine center performance – This sentence inappropriately implies causality. The issuance of PIPs, ROCAs, and other oversight methods do

not necessarily reflect a direct causal relationship. There are many factors that impact overall program performance. In addition, Job Corps' performance consistently improved over the audit period. A fairer assessment of Job Corps' oversight might be characterized in terms of needing to strengthen oversight processes to support improved center performance.

This section of the OIG report features an estimate of funds that could be put to better use if each center met its CTT program completion performance goal and if centers maximized the performance for underperforming programs. ETA expressed concern about OIG's use of a questionable methodology for calculating the CTT figure, particularly because the OIG included all of Job Corps' appropriation funding streams – Operations; Construction, Rehabilitation, and Acquisition; and Program Administration – in its calculation. This is inappropriate because the majority of these funds are not used for academic and CTT program operations. In fact, Operations funding, which includes academic and CTT program operations expenses, provide for a vast array of programs and services that do not have any relationship to academic and CTT programs, such as staffing in other program areas, health care services, meals, and student transportation. ETA's position is explained as part of its comments addressing Appendix B.

Finding — Job Corps' Oversight of Centers Did Not Address Poor Performing Programs and Maximize Student Achievements

Given the strategies Job Corps used to transition its system and to provide strategic program oversight, this finding is inaccurate. In addition, extending this finding to imply a causal link to student achievement is inappropriate since no data on student achievement are included in the OIG report and Job Corps provided the OIG with data to substantiate consistent performance improvement during the audit period.

Job Corps Did Not Comply with WIA and PRH Requirements for Issuing PIPs – WIA does not require PIPs for HSD/GED programs. WIA Section 159 Management Information, subsection (f) Performance Assessments and Improvements, paragraph (2) Performance Improvement Plans, states:

- (2) PERFORMANCE IMPROVEMENT PLANS.—With respect to a Job Corps center that fails to meet the expected levels of performance relating to the core performance measures specified in subsection (c), the Secretary shall develop and implement a performance improvement plan. Such a plan shall require action including—
- (A) providing technical assistance to the center;
 - (B) changing the vocational training offered at the center;
 - (C) changing the management staff of the center;
 - (D) replacing the operator of the center;
 - (E) reducing the capacity of the center;
 - (F) relocating the center; or
 - (G) closing the center.

Job Corps has undertaken major efforts to improve performance in academic training. Since 2005, Job Corps promoted policies and practices to integrate academic and career technical training, including identification of academic standards required for HSD/GED attainment, technical training, and industry certification attainment.

This section of the report also contains an overstatement about the decreased level of emphasis on the issuance of PIPs. While many programmatic shifts did take place during this audit period, it did not result in decreased emphasis on the issuance of PIPs. Several programmatic shifts resulted in closures of low-performing programs, thus reducing the need for PIPs.

Job Corps' Evaluation Process Did Not Effectively Identify Poor Performing CTT Programs for PIPs – The language contained in this section that references WIA, its requirement for DOL to take corrective action to improve Job Corps' performance, and the OIG's attempt to impose this element on Job Corps' performance rating system incorrectly interprets Job Corps' report cards. Job Corps' internal performance management system includes multiple measures across all of the report cards to reflect the shared responsibility for training students and placing them in meaningful employment. For instance, all of Job Corps' report cards contain placement measures identified in WIA. WIA requires that Job Corps establish indicators for student placement results and Job Corps distributes that responsibility across multiple components of the program.

Job Corps Did Not Use PIPs to Address Poor Performing HSD/GED Programs – As previously indicated, even though WIA does not require PIPs for underperforming HSD/GED programs, Job Corps undertook major efforts to improve performance in academic training. The OIG's conclusion that WIA provided latitude for the issuance of PIPs for this aspect of the program and its statements indicating such issuances may have impacted performance are not substantiated.

Job Corps Did Not Use ROCAs Effectively to Improve CTT Program Performance – The audit report cites the reduced number of ROCAs conducted during the audit period. Job Corps experienced significant budgetary constraints under the series of Continuing Resolutions during the audit review period, which curtailed staff travel to execute the ROCA schedule. Job Corps rescheduled its conducts of ROCAs once the CRs concluded and as planned will be in full compliance with ROCAs by FY 2013.

OIG Conclusions

Several of the OIG's conclusions are not substantiated. For example, data are not presented to support the statements, "oversight weaknesses undermined Job Corps' mission to teach eligible young people the skills they need to become employable." References to estimated costs for student dropouts, are miscalculated, and are not linked to the audit. According to Job Corps' data, thousands of young people gained valuable education and training in Job Corps and thousands more successfully completed programs and found meaningful jobs during the audit period. Some students dropped out of career technical programs, but that is often the de facto result of leaving the Job Corps program. The suggestion that the main driver for student drop

outs was a lack of PIPs or other oversight methods is unsubstantiated. Students leave the Job Corps program for a number of reasons, including medical, disciplinary, and AWOL separation. Any program in which a student was enrolled is impacted by the student's separation.

Recommendations

To address the draft recommendations related to this report, ETA inserted specific responses to align policies and procedures as follows:

OIG Recommendation 1: Develop processes and controls to ensure Job Corps issues PIPs to centers for each underperforming CTT program as required by WIA and Job Corps policy.

Response: Job Corps revised its Policy Requirements Handbook (PRH) to clarify processes and procedures for the issuance of PIPs. Job Corps has taken steps have been taken to strengthen the internal collection and tracking of regional submissions of CTT program PIPs. For centers that are in a PIP status, related oversight activities such as ROCAs and monitoring visits will be more tightly aligned, documented, and coordinated between the national and regional offices.

We consider this recommendation resolved.

OIG Recommendation 2: Revise the grading system used to initiate PIPs to ensure it effectively identifies underperforming CTT programs.

Response: During its annual Outcome Measurement System (OMS) review process, Job Corps redesigned its evaluation scale to reflect a more balanced distribution of overall trade performance. This revised policy became effective in PY 2012, beginning July 1, 2012.

We consider this recommendation resolved.

OIG Recommendation 3: Develop processes and controls to ensure that underperforming HSD/GED programs receive appropriate oversight, including PIPs.

Response: Job Corps is expanding the use of its monitoring tools related to reviews of HSD/GED overall performance. The results of the enhancement will mirror a process currently used to track CTT performance outcomes and will better enable staff to take appropriate action for academic outcomes.

We consider this recommendation resolved.

OIG Recommendation 4: Develop processes and controls to ensure Job Corps conducts ROCAs as required by Job Corps policy and that CTT and HSD/GED performance issues are identified and addressed.

Response: Job Corps has made a concerted effort to conduct its ROCAs in accordance with the schedule and will be in full compliance by FY 2013. We recognize, and suggest that the OIG acknowledge the potential impact of federal budgetary decisions on Job Corps' administration activities.

We consider this recommendation resolved.

OIG Recommendation 5: *Develop processes and controls to ensure Job Corps documents and reviews for effectiveness all oversight activities conducted so that internal and external stakeholders can make informed decisions regarding the oversight's effectiveness.*

Response: Job Corps has a comprehensive program management and outcomes system. ETA will work with the OIG and others to identify specific metrics and approaches to achieve system enhancements.

Appendix B – Objective, Scope, Methodology, and Criteria

Funds Put to Better Use

Annual Cost of a Budgeted Student Slot – ETA questions the OIG's methodology for determining this figure. Job Corps reports the cost per new enrollee, not cost per budgeted student slot because about 1.4 students occupy one budgeted slot due to the open entry and open exit (year-round) enrollment and separation of students. OIG asserts these funds could be put to better use per the parameters of the audit. However, the OIG incorrectly divided slots by the program's full appropriation which encompasses all aspects of Job Corps, not just academics or CTT. For operations, these other aspects include all center, outreach and admissions, and career transition services contracts; student payroll and transportation; GSA fleet vehicles; national contracts; outreach; and other costs that are not associated with academic or CTT programs. Construction, Rehabilitation, and Acquisition (CRA) funding is inappropriately included as well. The Program Administration funds are for federal staff administration of the entire program and are inappropriate to be included in this calculation.

Average Length Per Stay Cost – ETA questions the methodology for this figure, based on the previous references to the cost per new enrollee and appropriation calculations. In addition, students become former enrollees for a variety of reasons, including those who are disciplinarily separated, medically separated prior to achieving credentials, or AWOL out of the program. These circumstances cannot be directly associated with enrollment in a CTT program.

Job Corps center operators did not always meet Job Corps' CTT student completion goal of 70 percent – Job Corps explained 70% is a "stretch goal" centers are expected to strive for, but not necessarily achieve. Centers are measured on the percent of goal achieved, and Job Corps centers' performance-based contract structure provides incentives for the extent to which goal achievement occurs. This is an internal measure to drive the Common Performance Measures under which the program is assessed. Job Corps has consistently met or exceeded the certificate attainment goal.

Calculated the funds put to better use if all the students in these underperforming programs completed and student achievement was maximized and average length per stay cost for former enrollees – The numbers used for estimates were based on incorrect calculations; they should be removed since the calculations do not take into account the multiple reasons why these students separated from the program.

We anticipate the draft audit report's recommendations will be resolved and can be closed upon completion of the corrective actions. If you have questions about this response, please contact Edna Primrose, Administrator, Office of Job Corps at (202) 693-3000.

cc: Roberta Gassman, Deputy Assistant Secretary
Edna Primrose, Office of Job Corps

PAGE INTENTIONALLY LEFT BLANK

Appendix E

Acknowledgements

Key contributors to this report were Ray Armada (Audit Director), Heather T. Atkins (Audit Manager), Arijit Bandyopadhyay and Michael Towne (Auditors), and Stephen Lawrence (Senior Auditor).

TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:

Online: <http://www.oig.dol.gov/hotlineform.htm>
Email: hotline@oig.dol.gov

Telephone: 1-800-347-3756
202-693-6999

Fax: 202-693-7020

Address: Office of Inspector General
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room S-5506
Washington, D.C. 20210