

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  
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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  
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