

Appendix D

Employment and Training Administration Response

U.S. Department of Labor

Employment and Training Administration  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210



MAR 29 2010

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit  
Office of the Inspector General

FROM: JANE OATES *for Beardsford*  
Assistant Secretary

SUBJECT: Recovery Act: Actions needed to Better Ensure  
Congressional Intent Can Be Met in the Workforce  
Investment Act Adult and Dislocated Worker Programs

Thank you for the opportunity to respond to your report cited above. The Employment and Training Administration took aggressive action to ensure that states and local areas were well equipped to meet congressional intent for the Workforce Investment Act (WIA) funds provided under the Recovery Act. While we agree that local areas may benefit from additional technical assistance to better implement two areas of emphasis for the Recovery Act funds – required priority of service for low income populations in the Adult formula program, and encouraged supportive services and needs related payments – we strongly disagree that local planning processes increased the risk that Recovery Act funds would not be spent in a manner consistent with the Recovery Act.

Below are specific responses to findings or content in the report.

1. Local workforce areas were authorized to spend Recovery Act funds under the state-approved local plans already in place at the time of Recovery Act enactment.

The report states that one New York local Workforce Investment Board (LWIB) had already obligated a portion of its Recovery Act funding without having an adequate, approved plan in place before funds were obligated. This is not the case. The local area was operating under an approved local plan when it obligated the Recovery Act WIA funds. In TEGL 14-08, ETA set the expectation that LWIBs quickly begin spending Recovery Act funds, regardless of when a revised local plan was approved by the states. In TEGL 14-08, ETA further acknowledged that comprehensive planning takes time, and provided states until June 30, 2009 to modify their state plans to add information about implementation of the Recovery Act. Lastly, WIA regulations at 20 CFR 661.255 provide that the Governor establishes policies for local plans. New York State and New

York City complied with WIA and state regulations, and met ETA's expectations as established in TEGL 14-08 for timely expenditure of funds.

Local areas already have many years of experience operating WIA-funded employment and training programs. While it is desirable for all local areas to have a plan that reflects the additional funds provided by the Recovery Act, the plans already in place satisfied the requirements of law and regulation.

2. The Recovery Act provision that priority of service must be given for public assistance recipients and other low income populations extends only to the Adult formula program.

ETA finds misleading the report's conclusion that the deficiencies noted and corrected in the New York City LWIB plan increased the risk that \$24 million was spent in a way not consistent with the Recovery Act's provisions. The deficiencies highlighted by the report and corrected by the LWIB (an inaccurate definition of "low income individual" and the unclear description of how priority of service provisions were applied) may have affected how the LWIB used the \$11.4 million obligated in WIA Adult funds received under the Recovery Act. However, these deficiencies did not affect how the LWIB used the \$12.4 million the LWIB obligated in WIA Dislocated Worker funds received under the Recovery Act; the WIA Dislocated Worker program focuses on workers displaced from their employment rather than a single focus on serving low income individuals. The other deficiencies noted by the state (inadequate outreach to veterans and a lack of a list of high-demand occupations and skills) may be considered qualitative weaknesses of the plan but simply do not put funds at risk for being spent in a way not consistent with Recovery Act provisions. These areas were neither emphasized nor required by the Recovery Act or WIA; as the report notes, the local plan did describe procedures to implement veterans' priority of service as required by ETA guidance and the Jobs for Veterans Act.

3. The Table on page 10 of the report is incorrectly labeled.

ETA finds misleading the table found on page 10 of the report that displays two sets of table headings for a single table and inaccurately seems to indicate that some local areas did not describe priority of service for veterans and eligible spouses. The sentence immediately preceding the Table is also misleading as it states that the New York City and Houston LWIBs' plans did not address priority of services. However, the sentence immediately following the Table states that all six local areas examined included a description of veterans' priority of service in its local plan, in accordance with requirements under the Jobs for Veterans Act an ETA guidance.

4. ETA will provide additional technical assistance to help local areas implement the priority of service for low-income individuals and the provision of supportive services and needs related payments.

As identified in the Readiness Consultations conducted with all states and 150 local areas, we agree that local areas face challenges in providing needs related payments and other supportive services, and will provide additional technical assistance on issuing such payments. Additionally, we recognize that some local areas may benefit from additional information and assistance in implementing priority of service for low-income populations in the Adult program, and will provide such assistance as needed.

5. ETA considers local planning processes, in conjunction with technical assistance and monitoring, to be sufficient to ensure that Recovery Act funds are spent as intended by congress.

The report recommends that the Assistant Secretary take actions to better ensure Recovery Act funds for the WIA Adult and Dislocated Worker programs are spent as intended by the Congress. The report further recommends that these actions should focus on developing strategies to promote consistency in the LWIB plans with Recovery Act provisions and timeliness in developing those plans.

ETA already has a robust technical assistance and monitoring plan in place to ensure that WIA Adult and Dislocated Worker program funds are spent as intended by the Congress. As stated in the report, ETA issued comprehensive policy guidance one month after the Recovery Act was signed. After issuing this guidance, ETA performed a readiness assessment of 209 state and local areas to determine the need for technical assistance activities related to Recovery Act implementation. In addition, ETA provided a program of technical assistance through six regional Recovery and Reemployment meetings and additional webinars, and we continue to monitor implementation in the states.

We believe that the local planning processes as prescribed by WIA law, along with ETA monitoring practices, are sufficient to ensure that local areas spend funds in accordance with Recovery Act intent. We further believe that the effectiveness of the local planning processes has been validated with the rapid expansion of services and increase in performance and training that has occurred as a result of the additional Recovery Act funding for WIA activities.