

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

BRIEFLY...

Highlights of Report Number 18-11-001-03-001 to the Assistant Secretary of Employment and Training Administration, issued March 31, 2011.

WHY READ THE REPORT

The Office of Inspector General (OIG) conducted a performance audit of Employment and Training Administration's (ETA) effectiveness in administering the YouthBuild program. The YouthBuild Transfer Act of 2006 transferred the program from the Department of Housing and Urban Development to DOL. The YouthBuild program provides educational and job training opportunities within the construction industry for at-risk youth who are ages 16-24, are school dropouts, and are disadvantaged.

Since beginning the administration of the program, ETA has awarded 290 grants to 226 grantees totaling \$280 million. Of these grants, 75 were funded under the American Recovery and Reinvestment Act (ARRA) and 215 were non-ARRA grants. As of March 31, 2010, ETA reported a total of 12,483 participant enrollments (enrollees) and 5,975 participants who exited (exiters) the program.

WHY OIG CONDUCTED THE AUDIT

We conducted the audit to answer the following questions:

1. Did ETA ensure eligible participants received allowable training and services?
2. Did ETA ensure YouthBuild program core objectives and performance measures were met?
3. Were allegations in the hotline complaints against two YouthBuild grantees valid?

We sampled 543 participants served by 27 grantees and evaluated ETA's controls for determining participants' eligibility and reporting performance outcomes.

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/2011/18-11-001-03-001.pdf>

March 2011

RECOVERY ACT: ETA NEEDS TO STRENGTHEN MANAGEMENT CONTROLS TO MEET YOUTHBUILD PROGRAM OUTCOMES

WHAT OIG FOUND

ETA did not always ensure eligible participants received allowable training and services. Officials at 10 of 27 grantees did not enroll eligible youth ages 16 to 17. Conversely, we estimate 20 percent of participants served may be ineligible. We estimate \$5.7 million of direct program costs were expended on these potentially ineligible participants.

ETA officials reported they met performance goals for participants obtaining degrees/certificates, recidivism of youth offenders, and literacy and numeracy gains. However, ETA did not meet program performance goals for placement or retention. In addition, we estimate ETA and the grantees could not support the reported outcomes of 10 percent of the exiters.

Other deficiencies were identified in reporting enrollment and exit data and in providing participants with resources to obtain industry-recognized certificates after completing occupation skills training. Furthermore, seven grantees could not demonstrate that they met the 25 percent matching funds requirement. We attributed these results to a lack of effective ETA and grantee oversight and inadequate policies and procedures.

Finally, based on our audit work, allegations against two grantees could not be substantiated.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for ETA determine how youth ages 16 to 17 are best served. In addition, ETA should develop and implement controls to ensure that program eligibility and reporting requirements are met; grantee agreements include performance goals; participants receive industry-recognized certificates; and the increased number of affordable permanent housing units is measured. We also questioned costs associated with ineligible participants and undocumented matching funds.

In response to our draft report, ETA generally agreed with our findings and recommendations. However the Assistant Secretary stated local grantees have flexibility under the YouthBuild Transfer Act and Solicitation for Grant Applications to determine which ages among eligible youth they will serve based upon locally determined factors. Also, these low-income youth may choose other options, such as WIA youth formula program services through the One-Stop Career Center network in their local areas.