

BRIEFLY...

Highlights of Report Number 18-14-001-03-390, issued to the Acting Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The American Recovery and Reinvestment Act (Recovery Act) of 2009 was intended to preserve and create jobs, promote the nation's economic recovery, and assist those most impacted by the recession. The Recovery Act provided the Department of Labor (DOL) with an additional \$75 million for On-the-Job Training (OJT), National Emergency Grants (NEGs). DOL awarded funds to 45 grantees: 41 states, the District of Columbia, and 3 Native American tribes.

This report discusses the Department's efforts to expand OJT using Recovery Act funds and the extent to which those efforts resulted in successful outcomes for program participants. The report offers two recommendations to improve DOL's efforts to ensure grantees are properly administering their OJT contracts.

WHY OIG CONDUCTED THE AUDIT

We conducted a performance audit of the use of Recovery Act OJT NEG funds administered by the Department of Labor's (DOL) Employment and Training Administration (ETA) to answer the following questions:

- (1) Did the grantees ensure that Recovery Act funds were properly administered and awarded, and that eligible participants were served?
- (2) Were participants trained and placed in employment, and did they continue employment?
- (3) Were employers properly and accurately reimbursed for training?

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/2014/18-14-001-03-390.pdf>.

March 25, 2014

RECOVERY ACT: OUTCOMES FROM ON-THE-JOB TRAINING NATIONAL EMERGENCY GRANTS

WHAT OIG FOUND

While participants achieved outcomes that met or exceeded expectations, ETA could strengthen controls to better ensure grantees' OJT contracts comply with policy requirements and grantees obtain adequate documentation to support payments to OJT employers.

Our validation of participant outcomes found that 78 percent of sampled participants completed training, 72 percent obtained employment, and 84 percent were still working in the second and third quarters after first becoming employed. These entered employment and employment retention rates exceeded the entered employment and retained employment rates reported by ETA for the overall WIA Dislocated Worker program in Program Year 2010 (July 1, 2010 – June 30, 2011).

The audit did identify opportunities for ETA to improve its administration of OJT grants. The OJT contracts with employers we reviewed were not consistently designed or implemented according to guidelines established by ETA, resulting in questioned costs totaling \$86,754. Additionally, grantees' lack of adequate documentation or sufficient review of employer reimbursement requests resulted in an additional \$275,513 of questioned costs.

WHAT OIG RECOMMENDED

We recommended the Acting Assistant Secretary for Employment and Training require grantees to follow ETA guidance and ensure OJT contracts are designed in compliance with the terms and conditions of the grant, including documentation requirements; and recover \$362,267 in questioned costs, as appropriate.

The Acting Assistant Secretary for Employment and Training stated that ETA currently requires grantees to comply with OJT requirements, but ETA will consider OIG's recommendation when producing new or updated guidance and technical assistance for state and local workforce areas and when monitoring grantee activities.