

# U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND  
TRAINING ADMINISTRATION



## RECOVERY ACT: EMPLOYMENT AND TRAINING ADMINISTRATION GRANT ISSUANCE AND MONITORING POLICIES AND PROCEDURES FOR DISCRETIONARY GRANTS INCLUDING GREEN JOBS ARE COMPREHENSIVE BUT FUNDING CHALLENGES THREATEN THE QUALITY OF FUTURE MONITORING ACTIVITIES

This audit was performed by WithumSmith+Brown PC, CPAs, under contract to the Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

*Elisat P. Lewis*

Assistant Inspector General for Audit

Date Issued: September 30, 2010

Report Number: 18-10-013-03-390

**U.S. DEPARTMENT OF LABOR**  
**OFFICE OF INSPECTOR GENERAL**  
**Office of Audit**

## **BRIEFLY...**

Highlights of Report Number: 18-10-013-03-390, to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act) to promote economic recovery and assist those most affected by the recession. The Department of Labor (DOL) received \$750 million primarily for competitive grants to train and place workers in green jobs and health care jobs. Funds provided by the Act and used to hire staff to monitor these grants will expire on September 30, 2010.

The U.S. DOL Office of Inspector General (OIG) audited Employment and Training Administration's (ETA) Recovery Act competitive grant solicitation, award and monitoring processes; and reviewed the agency's budget request for \$85 million to carry out its green innovation project during Fiscal Year 2011. The Recovery Act targeted \$500 million for green grants and the remaining \$250 million for health care sector jobs and high-growth jobs in emerging industry sectors. Of the \$750 million, the OIG reviewed \$717 million in grants awarded in time to be included in our review.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objectives were to answer the following questions:

1. Did ETA use merit-based selection criteria, as required by the Office of Management and Budget (OMB), in awarding \$717 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors?
2. Did ETA consider "a demonstrated or potential ability to deliver programmatic results," in awarding competitive grants under the Recovery Act, as required by OMB Memo M-09-15?
3. Did ETA's guidance during grant solicitation and post solicitation activities, address Congress' requirements?
4. Did the grant agreements require adherence to Recovery Act reporting requirements?

### **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/2010/18-10-009-03-370>.

**September 2010**

## **RECOVERY ACT: EMPLOYMENT AND TRAINING ADMINISTRATION GRANT ISSUANCE AND MONITORING POLICIES AND PROCEDURES FOR DISCRETIONARY GRANTS INCLUDING GREEN JOBS ARE COMPREHENSIVE BUT FUNDING CHALLENGES THREATEN THE QUALITY OF FUTURE MONITORING ACTIVITIES**

### **WHAT OIG FOUND**

The OIG found ETA announced, evaluated, and selected the grants in accordance with merit-based and Recovery Act criteria; and developed comprehensive monitoring guidelines and procedures. Also, grant agreements required adherence to Recovery Act reporting requirements. However, funds provided by the Recovery Act to ETA and used to monitor the "green" and health care grants will expire on September 30, 2010. As a result, ETA is planning to assign monitoring of the 244 Recovery Act grants to existing non-Recovery Act staff that already have full workloads. These funding challenges threaten the quality of future ETA monitoring activities. OIG noted that ETA does not have a comprehensive policy framework to guide its "green" initiatives and grant programs. Because of the dynamic nature of the green issue, such a framework would be a "living document," to be updated as the "green" industry evolves.

### **WHAT OIG RECOMMENDED**

To better ensure the \$717 million in Recovery Act funds for green and health care grants are not at risk of being spent in ways inconsistent with Congressional requirements, the OIG recommends the Assistant Secretary for Employment and Training take actions to continue to identify and prioritize workloads and funding levels to ensure the agency can adequately monitor these grants. Furthermore, to ensure ETA can move forward on and achieve the goals of its green jobs initiatives, we recommend the Assistant Secretary for Employment and Training take the necessary actions to provide a comprehensive policy framework for carrying out its responsibilities in the green jobs area.

ETA acknowledged that funding issues will impact monitoring efforts, but stated it is leveraging available resources to minimize the impact. ETA stated it is premature to conclude that a comprehensive policy framework is needed or feasible to produce on the green jobs issue. The OIG continues to believe this approach is necessary to maximize the effectiveness and efficiency of federal funds expenditures in this emerging job sector.

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WithumSmith+Brown  
A Professional Corporation  
Certified Public Accountants and Consultants

8403 Colesville Road, Suite 340  
Silver Spring, Maryland 20910 USA  
301 585 7990 . fax 301.585.7975

www.withum.com  
Additional Offices in New Jersey, New York  
Pennsylvania, Florida and Colorado

Prepared by WithumSmith+Brown PC  
For the U. S. Department of Labor – Office of Inspector General

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September 30, 2010

Ms. Jane Oates  
Assistant Secretary  
for Employment and Training  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was passed February 17, 2009, to preserve and create jobs, promote the nations' economic recovery, and to assist those most impacted by the recession. The Act provided \$750 million for competitive grants to high-growth and emerging-industry sectors; primarily for green and health care job training and placement. Of that amount, \$500 million was targeted for green job training and careers in the energy efficiency and renewable energy sectors. The remaining \$250 million was for projects that prepare workers for careers in the health care sector. Of the \$750 million, the Department of Labor (DOL) awarded \$717 million in these grants in time to be included in our review. The Act allowed DOL to use one percent of the overall grant funds amount of \$4.72 billion, for the administration, management, and oversight of the programs, grants, and activities, including the evaluation of the use of such funds. These funds were made available for obligation through September 30, 2010. ETA has requested funds in its FY 2011 budget request for additional staff resources for continued Recovery Act grants management.

The Employment Training Administration (ETA) issued six separate grant competitions designed to support the training and employment placement needs of employers and individuals and focused on training and teaching workers in the energy efficiency, renewable energy, health care, and other high-growth areas. Our audit objectives were to determine if (1) ETA used merit-based selection criteria, as required by the Office of Management and Budget (OMB), in awarding \$717 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors; (2) ETA considered "a demonstrated or potential ability to deliver programmatic results," in

awarding competitive grants under the Recovery Act, as required by OMB Memo M-09-15; (3) ETA's guidance during grant solicitation and post-solicitation activities, including monitoring, addressed Congress' requirements regarding use of these funds; and (4) grant agreements required adherence to Recovery Act reporting and tracking requirements.

The audit included a review of grant documents and data available from ETA's Office of Workforce Investment, Office of Policy, Development & Research and the Office of Regional Management, as well as external sources. We also reviewed relevant legislation and Recovery Act requirements for this grant program. The audit included a random sample of all grants made under the six Recovery Act competitive grant solicitations. The audit also included structured interviews administered on a nationally projectable statistical sampling basis to grant monitors responsible for oversight of the Recovery Act competitive grants for high-growth workers. The interviews were completed in August and September 2010.

WithumSmith+Brown (WS+B) conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our objectives, scope, methodology, and criteria are detailed in Appendix B.

## **RESULTS IN BRIEF**

In summary, ETA announced, evaluated and selected the grants under our review in accordance with relevant criteria; and developed comprehensive monitoring guidelines and procedures. However, funds provided by the Recovery Act to ETA to, among other things,<sup>1</sup> monitor Recovery Act grants will expire on September 30, 2010, resulting in ETA assigning the 244 grant monitoring workload across existing non-Recovery Act monitors that already have full workloads.

On the first objective, ETA awarded the Recovery Act competitive grants using the merit-based evaluation criteria stated in the six grant announcements including specific green and health care jobs language in the Act. Our review of the panel evaluation process noted that the panel process included an evaluation of the applicants using merit-based criteria. Interviews of the grant officers and a review of the grant selection memos found the panel evaluation scores were the primary basis for selection.

As required by OMB, ETA considered a demonstrated or potential ability to deliver programmatic results in awarding the Recovery Act competitive grants. Our review of the panel process and the grant announcements found that ETA selected the Recovery

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<sup>1</sup> The Act permitted DOL to use one percent of these funds for administration, management, and oversight of the programs, grants, and activities funded by the specific appropriation, including the evaluation of the use of such funds.

Act grantees using selection criteria designed to identify projects for funding that had a demonstrated or potential ability to deliver programmatic results.

ETA's guidance during the grant solicitation and post-solicitation activities addressed Congress' requirements regarding the use of the funds. The guidance specified in the green job and the health care grant solicitations addressed the specific Recovery Act requirements for (1) energy efficiency and renewable energy worker training programs, and (2) projects focused on preparing workers for careers in the health care sector. However, funding challenges threaten ongoing monitoring activities. Furthermore, DOL lacks a comprehensive policy framework to guide its green jobs initiative and help ensure the grants addressing green jobs are as effective as possible.

- In reviewing post-solicitation activities, we found the Recovery Act funds ETA used, in part, to fund DOL staff for grant monitoring activities will expire on September 30, 2010, and that most Recovery Act-funded grant monitors will be released. As of September 20, 2010, ETA plans to obligate the remaining \$4 million of funds provided by the Recovery Act to, among other things, monitor the \$4.72 billion in Recovery Act grants by awarding contracts for support activities to assist the grant monitors. ETA program officials and Regional Administrators told us they plan to implement strategies to do more with less and will assign the Recovery Act monitors' workload to non-Recovery Act grant monitors. The reduction in staff resources and funding for travel costs for monitors, will negatively impact ETA's ability to fully execute the Recovery Act grantee monitoring and oversight functions as originally planned and evaluated positively by our audit. Lack of monitors will likely result in less contact with grantees, in general, and less frequent visits to the grantee sites. Regional Office management told us they will ensure risk is continually assessed for the grantees, and those with higher-risk will receive priority attention.
- While reviewing the green job projects of the Recovery Act high-growth grants, we noted that ETA has no comprehensive policy framework to guide its green initiatives and grant programs. Because of the dynamic nature of the green issue, this framework would assist in carrying out future responsibilities concerning green issues. DOL has requested \$85 million to fund the second year of the green jobs innovation project. These funds will build upon the initial investments in green jobs innovation begun in 2010 and further address the workforce needs associated with green jobs for FY 2011. Without a comprehensive policy framework, DOL will lack a needed programmatic definition to guide its green jobs initiative and help ensure the grants addressing green jobs are as effective as possible.

Finally, we found ETA included in the grant notifications that the grantees were required to comply with Recovery Act reporting and tracking requirements. To assist the grantees in meeting the reporting requirements, ETA sponsored technical assistance activities designed to explain the Recovery Act reporting and tracking requirements and how to comply with them. These activities included DOL and OMB webinars, a

Recovery Act reporting workshop held in Washington, D.C., and ongoing technical assistance calls and support from ETA program staff.

To ensure the nearly \$717 million in green and health care grant funds are not at risk of not being spent as intended by Congress, we recommend the Assistant Secretary for Employment and Training take the necessary actions to continue to identify and prioritize workloads and funding levels to ensure grants are adequately monitored. These efforts may or may not need to focus exclusively on Recovery Act funding streams.

Additionally, to ensure ETA is equipped to move forward on its green job initiatives and maximize its green job grant programs, we recommend the Assistant Secretary for Employment and Training take the necessary actions to provide a comprehensive policy framework for its training and employment programs in carrying out its responsibilities in the green jobs area.

### **ETA RESPONSE**

ETA provided comments on our report acknowledging that funding has impacted the future monitoring activities but stated it is taking actions to minimize this impact with available resources. ETA disagreed that a comprehensive green policy framework is necessary or feasible.

ETA's response is included in its entirety as Appendix D.

### **AUDITOR CONCLUSION**

OIG will follow up on the actions ETA takes in the coming months to ensure grants are adequately monitored.

ETA is involved in numerous green initiatives as indicated in its response, but lacks a comprehensive policy framework that addresses all of its efforts in light of the Department's mission to provide employment and training services in this developing sector. With hundreds of millions of dollars dedicated to green jobs innovation and green grants, the lack of such a framework increases the risk these funds will not be spent as effectively and efficiently as possible.

The OIG has made technical changes in the report based on comments ETA provided in response to our draft report.



## RESULTS AND FINDINGS

### **Objective 1 — Did ETA use merit-based selection criteria, as required by OMB, in awarding \$717 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors?**

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*ETA awarded the Recovery Act competitive grants using merit-based evaluation criteria.*

We audited the merit-based selection process followed by ETA in awarding 244 grants across six Workforce Investment Act (WIA) competitive grants programs for high-growth workers:

- Pathways Out of Poverty
- State Labor Market Information Improvement
- Energy Training Partnership
- Green Capacity Building
- State Energy Sector Partnership
- Healthcare and Other High-Growth and Emerging-Industries

On March 20, 2009, the White House, Office of the Press Secretary, issued a memorandum to the heads of executive departments and agencies on the subject of ensuring responsible spending of Recovery Act funds<sup>2</sup>. Section 1.6 states that to ensure merit-based decision making for grants and other forms of Federal financial assistance under the Recovery Act: (a) Executive departments and agencies shall develop transparent, merit-based selection criteria....

WS+B reviewed policies and procedures followed by ETA during the grant selection process. We randomly sampled 45 of the 244 competitive grants awarded across the six grant programs and tested each grant to determine whether 1) the application was received after the publication of the announcement and prior to the grant closing date; 2) the panel results (ranking scores) were utilized in the final selection; 3) additional factors were utilized in the final selection process; 4) the grantee was included for final selection; and 5) the award notification was posted on the ETA homepage.

To assess the use of merit-based criteria, we tested the panel evaluation process. Under the ETA panel process, grant applications were evaluated by independent panels of three, including one Federal employee, and scored based on a weighted-average evaluation of the factors listed in the grant announcements. We reviewed the panel documentation applicable to the grants in our sample to determine whether panel results (ranking scores) were utilized in the final selection. Zero errors were noted in this process.

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<sup>2</sup> OMB Memorandum M-09-15, Updating Implementing Guidance for the American Recovery and Reinvestment Act of 2009 (April 2009)

For each of the six grant programs, we interviewed the grant officers and reviewed the Solicitations for Grant Applications (SGAs) selection criteria, grant selection memos and the selection methodology for the awards. The selection criteria and other considerations utilized by the panels in the evaluation process varied for each of the grant programs. Evaluation scores are the primary basis for selection; however, other factors may be utilized by the grant officer in the final selection. The following procedures were discussed with the ETA solicitor who concurred with the procedures followed in awarding these competitive grants.

*Pathways Out of Poverty:*

The Pathways Out of Poverty program funded projects that provide training and placement services that leads to a pathway out of poverty and into employment. Training and placement services under this program are to prepare workers for careers in the energy efficiency or renewable energy industry.

From a list of 444 total eligible applicants, 38 were selected for funding totaling approximately \$147.8 million. To determine which of the grant applicants would receive Recovery Act funding, the 444 eligible applicants were scored by a review panel against the evaluation criteria stated in the SGA. (See Exhibit 1 for a list of awardees.)

While scores were the primary basis for selection, other factors were considered, resulting in some of the selections being made out of rank order within the scoring range. These factors included urban, rural, geographic balance, applicant types, the availability of funds, and consideration of proposals that were most advantageous to the government.

Funding was not awarded to more than one organization within the same city to avoid competition for the same service areas and to ensure geographical balance. An emphasis was placed to avoid the duplication of services of other grant types to the extent possible within a single geographic area. Additionally, one grantee was determined to be advantageous to the government for selection because no other tribal organizations were previously included, and it represented an expansion of areas being serviced with a significantly high poverty rate.

*State Labor Market Information Improvement:*

The State Labor Market Information Improvement program funded states and multi-state consortiums allowing grantees to collect, analyze, and disseminate labor market information. This funding was meant to collect, analyze and disseminate labor market information and to enhance the labor exchange infrastructure for careers within the energy efficiency and renewable energy industries.

From the list of 45 total eligible applicants, 30 were selected for funding totaling approximately \$48.8 million scored by the review panel based on the evaluation criteria stated in the SGA. (See Exhibit 2 for a list of awardees.)

The panels' scores served as the primary basis for selection of applications for funding in conjunction with other factors such as geographic balance. All eligible applications were reviewed and assigned scores ranging from a high of 99 to a low of 42. A total of 30 applicants with a score of at least 70 out of 100 were selected for award including 24 individual state grants and 6 state consortia grants. The selections represented a reasonable geographic balance.

Typically applications scoring below 80 are not funded; however, the grant officer and program staff discussed the issues to determine if these applicants could satisfactorily perform the activities outlined in their proposals. ETA staff determined that with improvements to their technical proposal coupled with technical assistance, the potential grantees would be able to implement their projects successfully. These applicants received conditions on their grant award outlining deficiencies along with the requirement that they address the issues found within the first 30 days of the grant period of performance.

*Energy Training Partnership:*

The Energy Training Partnership program provided placement and training services in the energy efficiency and renewable energy industries for workers impacted by national energy and environmental policy.

From the list of approximately 161 total eligible applicants, 25 were selected for funding totaling approximately \$99.8 million scored by the review panel based on the evaluation criteria stated in the SGA. (See Exhibit 3 for a list of awardees.)

The SGA required that approximately \$25 million of total funds be reserved for projects serving communities impacted by automotive industry-related restructuring. With the selection of these applicants, ETA exceeded the "approximately \$25 million" requirement, allowing for a cushion in the event that any grantees for whom ETA estimated the amount of funds used for activities in auto-impacted counties use a smaller portion of funds for those activities than expected. In addition, funding was provided to an applicant that enhanced the geographic balance across the country by adding both a new service area and an additional state. Geographic balance was a consideration specified in the SGA.

*Green Capacity Building:*

The Green Capacity Building program was available to active DOL funded grantees to build the capacity of DOL-funded training programs to ensure that targeted groups were prepared to meet the needs of our country's expanding green industries.

From the list of 113 total eligible applicants, 53 of the most highly-rated applications were selected for funding. The additional selection of 9 of the next highest-rated applications increased the geographic balance. In total, 62 of the highest-rated applicants were selected for funding totaling approximately \$5.8 million scored by the

review panel based on the evaluation criteria stated in the SGA. (See Exhibit 4 for a list of awardees.)

The eligible applicants were limited to current DOL grantees who had previously received funding through selected SGAs. The panel scores served as the primary basis for selection of applications for funding, in conjunction with other factors such as geographic balance and representation across the eligible grant programs. These grant programs were Indian and Native Americans Program, National Farm Worker Jobs Program, Prisoner Re-Entry, Women in Apprenticeship and Non-Traditional Occupations, Senior Community Service Employment Program, Youth Build, and Young Offender grants.

*State Energy Sector Partnership and Training:*

The State Energy Sector Partnership and Training program provided funding to be used for training, job placement, and related activities that reflect a comprehensive statewide energy sector strategy including the Governor's overall workforce vision, state energy policies, and training activities that lead to employment in energy efficiency and renewable energy industry sectors.

From the list of 48 total eligible applicants, 34 were selected for funding totaling approximately \$187.9 million scored by the review panel based on the evaluation criteria stated in the SGA. (See Exhibit 5 for a list of awardees.)

The panel scores served as the primary basis for selection of applicants for funding in conjunction with other factors such as geographic balance across the energy efficiency and renewable energy industries and representation among communities impacted by automotive industry restructuring.

*Health Care and Other High-Growth:*

The Health Care Sector and Other High-Growth and emerging-industries programs provided funding to teach the necessary skills and help participants pursue careers in health care and other high-growth industries.

From the list of approximately 734 total eligible applicants, 55 were selected for funding totaling approximately \$226.9 million scored by the review panel based on the evaluation criteria stated in the SGA. (See Exhibit 6 for a list of awardees.)

The panel scores served as the primary basis for selection of applicants for funding. Twenty-nine of the most highly-rated applications were selected for funding. The remaining funds were awarded to 26 additional grant applicants if 1) they added a new state that was not previously represented in the highest-rated score, or 2) added an industry focus other than health care. ETA stated that selection of applicants meeting these criteria enhanced the geographical distribution and supported ETA's focus on other high-growth industries' representation as specified in the SGA.

**Objective 2 — Did ETA consider “a demonstrated or potential ability to deliver programmatic results,” in awarding competitive grants under the Recovery Act, as required by OMB Memo M-09-15?**

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*ETA considered a demonstrated or potential ability to deliver programmatic results in awarding 244 Recovery Act competitive grants.*

From the six grant programs included in our audit, ETA selected the 244 Recovery Act grantees using merit-based selection criteria. The selection criteria were designed to identify projects for funding that had a demonstrated or potential ability to deliver programmatic results. To assess the criteria selected and whether it was utilized in the evaluation process, we reviewed the SGAs for each of the grant programs and tested the panel process.

OMB Memorandum M-09-15, *Updating Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, states that “merit-based selection criteria shall be designed to support particular projects, applications, or applicants for funding that had, to the greatest extent, a demonstrated or potential ability to (i) deliver programmatic results.... In evaluating projects for funding, departments and agencies accordingly should allocate Recovery Act funds toward projects that will achieve long-term public benefits, ... optimize economic activity, deliver programmatic results, and meet transparency and accountability objectives.

Our review of the SGAs for each of the six competitive grant programs found that all of the SGA’s incorporated factors to enable the panel to assess the grantees’ demonstrated or potential ability to deliver programmatic results. Our testing of a random sample of 45 grants found that these factors were utilized by the panelists to rank the grant applications. Zero errors were noted.

For example, the SGA for the State Energy Sector Partnership Training program required that the applicant demonstrate strong evidence that it had the fiscal, administrative, and performance management capacity to effectively administer the grant. The applicant was required to fully describe its capacity to lead and manage the grant project and oversee the local and regional project teams in order to successfully implement the project plan. The discussion was also to include the applicant’s relevant systems, processes, and administrative controls that would enable it to comply with Federal rules and regulations related to the grant’s fiscal, administrative, and programmatic requirements.

Additionally, grant funds awarded under the State Energy Sector Partnership Training SGA were to be used to provide training, job placement, and related activities that reflected a comprehensive statewide energy sector strategy. In response, applicants were to include a recruitment plan that could yield a large number of qualified applicants for the program, be able to collect participant-level information on individuals who apply

to participate in the program, and have project retention strategies to minimize client attrition.

**Objective 3 — Did ETA’s guidance during grant solicitation and post-solicitation activities address Congress’ requirements regarding use of these funds?**

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*ETA’s guidance during the grant solicitation and post-solicitation activities addressed Congress’ requirements regarding the use of the funds; however, funding challenges threaten ongoing monitoring activities. Furthermore, DOL lacks a comprehensive policy framework to guide its multifaceted green jobs initiatives.*

Overall, the grants were announced, evaluated, and selected in accordance with relevant criteria, and developed comprehensive monitoring procedures and guidelines. However, the ETA employees currently charged with monitoring these grants are scheduled to leave the Department in September 2010 with the expiration of Recovery funding, and ETA is developing the plans to assign the grant monitoring workload across existing non-Recovery Act funded staff (see Finding 1). While reviewing the green jobs projects of the Recovery Act high-growth grants, we noted that ETA has no comprehensive policy framework to guide its green jobs initiatives and grant programs (see Finding 2).

The audit included structured interviews administered on a nationally projectable statistical sampling basis to grant monitors responsible for oversight of the Recovery Act grants awarded for worker training and placement in high-growth green jobs, health care and emerging-industry sectors. Our sample included 63 grants resulting in a total of 34 FPOs. We interviewed the 34 FPOs to gain a better understanding of the monitoring activities. To assess ETA solicitation and post-solicitation process, we reviewed grant documents and data available from ETA’s Office of Workforce Investment, Office of Policy, Development & Research and the Office of Regional Management, as well as interviews of various ETA personnel.

Solicitation Activities

The Recovery Act provided ETA \$750 million for competitive grants for worker training and placement in high-growth and emerging-industry sectors. The Act specified that \$500 million be used for research, labor exchange and job training projects that prepare workers for careers in energy efficiency and renewable energy as described in section 171(e)(1)(B) of the WIA. The Act also specified that the remaining \$250 million should give priority to projects that prepare workers for careers in the health care and other high-growth sectors. Of the \$750 million, the Department of Labor (DOL) had awarded \$717 million in these grants in time to be included in our review.

Section 171 of the Workforce Investment Act of 1998 (29 U.S.C. 2916) focused on energy efficiency and renewable energy worker training programs and required that not

later than 6 months after the date of enactment, the Secretary of Labor in consultation with the Secretary of Energy, establish an energy efficiency and renewable energy worker training program under which the Secretary shall carry out the following activities:

- *National Research Program*  
The research program, acting through the Bureau of Labor Statistics, will collect and analyze labor market data to track workforce trends resulting from energy-related initiatives.
- *National Energy Training Partnership Grants*  
Energy training partnership grants awarded on a competitive basis to enable entities to carry out training that leads to economic self-sufficiency and to develop an energy efficiency and renewable energy industries workforce.
- *State Labor Market Research, Information, and Labor Exchange Research Program*  
The state labor market research grants fund the states' administration of programs that identify job openings in the renewable energy and energy efficiency sector; administer skill and aptitude testing and assessment for workers; and counsel, manage cases, and refer qualified job seekers to openings and training programs, including energy efficiency and renewable energy training programs.
- *State Energy Training Partnerships Program*  
The state energy training program awarded competitive grants to eligible State Energy Sector Partnerships to enable such partnerships to coordinate with existing apprenticeship and labor management training programs and implement training programs that lead to the economic self-sufficiency of trainees.
- *Pathways Out of Poverty Demonstration Program*  
The pathways out of poverty demonstration program awarded competitive grants to entities to carry out training that leads to economic self-sufficiency.

Our review of the guidance specified in the five ("Green Job") SGA's did address Section 171 of the Workforce Investment Act of 1998 and focused on energy efficiency and renewable energy worker training programs. Additionally, our review of the healthcare and other high-growth solicitation found that the award process did address projects that are focused on preparing workers for careers in the health care sector. In response to the requirements of the Recovery Act, ETA awarded funds for the following grant programs:

**Table 1: Competitive Grant Programs (see note)**

Title	Award Date	Award Amount	Period of Performance
<b>Green Jobs:</b>			
Pathways Out of Poverty	January 29, 2010	\$ 147,757,701	Up to 24 months
State Labor Market Information Improvement	December 1, 2009	48,848,285	18 months
Energy Training Partnership	January 15, 2010	99,760,688	Up to 24 months
Green Capacity Building	December 1, 2009	5,814,360	Up to 12 months
State Energy Sector Partnership & Training	January 29, 2010	187,908,818	Up to 36 months
<b>Green Jobs Total</b>		<b>490,089,852</b>	
<i>Health Care and Other High-Growth:</i>			
Health Care Sector and Other High-Growth & Emerging-Industries	March 1, 2010	226,929,446	Up to 36 months
<b>Competitive Grants Total</b>		<b>\$ 717,019,298</b>	

Note - Of the \$750 million, the DOL awarded \$717 million in these grants in time to be included in our review.

### Post-Solicitation Activities

#### *Policies and Procedures*

ETA issued Employment and Training Order (ETO) No. 1-08, *Grants Management Policies and Responsibilities within the Employment Training Administration*. The ETO defines the post-solicitation activities within the grant life cycle as the “period-of-performance.” The period-of-performance covers the period within the beginning and ending date of the award. This phase in the grant life cycle includes any necessary oversight and assistance to ensure grantees accomplish the program objectives. Specifically, the objectives during this phase are to:

- Oversee grant compliance;
- Identify grantees’ individual and collective training needs;
- Determine grantees’ individual and collective technical assistance needs;
- Arrange for training and technical assistance; and
- Develop and update monitoring plans to target at-risk grants.

Per the ETO, grantees are held accountable for “maintaining fiscal integrity, delivering products and services on time and within budget, and meeting performance goals.”

To help ensure compliance with Recovery Act and Congressional requirements regarding the use of the funds, ETA has developed a core monitoring guide to incorporate Recovery Act requirements. The final supplement, issued to the Regional Offices in August 2010, focuses on specific Recovery Act regulations and requirements and is to be used by the Federal Project Officer’s (FPO) when performing core monitoring visits of Recovery Act grantees.



### *Oversight and Monitoring*

The FPOs are primarily responsible for oversight of the grantees. The FPOs work closely with the performance specialists, financial service staff, grants management staff and program office staff. The FPOs, working closely with the other ETA offices, ensure the fiscal integrity of the grantee and ensure the grantee delivers the products and services on time, within budget and are in keeping with performance goals.

In the monitoring process, the FPOs act as a technical liaison between the grantee, grant officer, and program office. In order to ensure grantee program results are in keeping with program and Congress' requirements, the FPOs:

- Maintain regular communication with the grantees;
- Perform risk assessments;
- Complete quarterly performance desk reviews;
- Perform monitoring visits; and
- Develop a comprehensive oversight plan.

The oversight plan is designed to address risks identified during the FPOs' risk assessment of the grantees. For the Recovery Act grants, the oversight plan included ensuring Section 1512 reporting requirements were met, and on-site and core monitoring visits to the grantee were conducted.

As part of the oversight and monitoring activities, the FPOs prepare reports noting the important facts, deficiencies observed and areas of concern relating to the administration and performance of each grant. FPOs complete an analysis of the quarterly reports (Section 1512, fiscal, narrative and program) for timeliness, accuracy, and satisfactory progress. FPOs review grant modification requests, recommend action such as grantee equipment purchases, and identify and provide technical assistance as necessary. If grantees need more intensive technical assistance, the FPOs are responsible for identifying that need and arranging for training. If the project is not progressing successfully, the FPOs develop correction action requirements and oversee the corrective action implementation.

### *FPO Interviews*

To gain a better understanding of the post-solicitation activities for the six Recovery Act projects noted above, WS+B statistically selected a sample of 63 grants. The random statistical sample is projectable nationally and included a total of 34 FPOs. We interviewed the 34 FPOs to gain a better understanding of the monitoring activities and policies and procedures. The interviews included questions concerning job responsibilities, job training, monitoring requirements, monitoring activities, and tracking grantee deliverables.

Our interviews of FPOs found that ETA has a well-designed training and monitoring process. To help ensure that Recovery Act grant funds are spent according to grant specifications and Congressional requirements, ETA has held webinars and training

sessions to make certain that grantees and ETA personnel are aware of Recovery Act requirements regarding the use of the funds.

In addition to training, ETA has designed the Recovery Act Data (RAD) system to facilitate the collection of Recovery Act data. Grantees enter data into the RAD system so the data can be readily summarized and reported. The RAD system went online on July 23, 2010, and is a web-based case management system designed to collect participant data and quarterly performance and narrative reports. Prior to the RAD system, grantees submitted participant information and quarterly performance and narrative reports via email.

### **Finding 1 — Issues with Funding Threaten Effective Monitoring of Recovery Act Competitive Grants**

Although ETA has comprehensive training and monitoring procedures in place, our FPO interviews found that 70 percent of grants sampled (44 out of the 63) were administered by FPOs hired under the Recovery Act. Those FPOs will be leaving September 30, 2010 when Recovery Act funding for their positions ends. Based on our interviews, the Recovery Act FPOs will pass oversight responsibility for their grants to the remaining FPOs stretching ETA's current available monitoring resources. The average monitoring workload for non-Recovery Act FPOs, depending on the number of grants in the region, is 26–37 grants. After September 30, 2010, the non-Recovery Act FPO workload will increase to approximately 30 to 40 grants, depending on the staff level of the FPO.

The remaining FPOs will assume responsibility for all of the technical assistance needs and the onsite visits to the grantees. The three basic categories of onsite visits are technical, site, and monitoring visits. Technical assistance visits are designed to address a specific assistance need and are performed as necessary. Site visits are designed as a general assessment of the grantee and to identify grantee technical assistance requirements. For the Recovery Act grantees, site visits were planned for all grantees, but typically are performed based on grantee risk. Monitoring visits are an in-depth assessment of the grantees and include a formal monitoring report and compliance findings on each grantee upon completion. Monitoring visits occur approximately halfway through the period of performance; therefore, ETA is expected to complete the monitoring visits once the grantees reach that milestone.

ETA intended to ensure that the six competitive grant program grantees had a site visit prior to September 30, 2010. Our interview found that 29 percent (18 out of the 63) of the grants in our sample had been visited as of August 27, 2010, including 4 technical assistance visits, 13 site visits and 1 monitoring visit. Subsequent to our interviews, the Regional Administrators said that 5 of the 6 regions have completed site visits to all the regional grantees included in our audit. The 6th region has visited approximately 3/4 of the grantees. To date one core monitoring visit has been completed. The other grantees are not required to have this core monitoring visit until later.

ETA program officials and Region Administrators said they plan to implement strategies to do more with less and will assign the Recovery Act monitors' workload to non-Recovery Act grant monitors. The reduction in staff resources and funding for travel costs for monitors, will negatively impact ETA's ability to fully execute the Recovery Act grantee monitoring and oversight functions as originally planned and that were evaluated positively by our audit. Lack of monitors will likely result in less contact with grantees, in general, and less frequent visits to the grantee sites. Regional Office management said they will ensure risk is continually assessed for the grantees, and those with higher risk will receive priority attention.

As of September 20, 2010, the ETA had about \$4 million remaining from the more than \$40 million provided by the Recovery Act to, among other things, monitor the Recovery Act grants including those under our review. ETA management said that they are planning to use some of the remaining funds to contract for support services, which will lighten the remaining FPOs' administrative workload and facilitate their ability to focus on grant oversight activities.

ETA has also asked for funding to support an increase in grant monitoring staff as part of its FY 2011 budget request. The FY 2011 budget request stated:

The Office of Regional Management (ORM), the Office of Trade Adjustment Assistance (OTAA), and the Office of Financial and Administrative Management (OFAM) are currently managing and will continue to manage increased workloads under the Recovery Act through FY 2011. In addition, the Office of Policy Development and Research (OPDR) will oversee evaluation of Recovery Act programs and activities beyond FY 2010.

For ORM, increased workloads will be managed by the Regions under the Recovery Act continuing into FY 2011, providing justification for the requested increase in FTE. The request for FY 2011 reflects an increase from the FY 2010 Agency Request Level of 286 to the level of 334 FTE (an increase of 48 FTE, but 66 below the FY 2010 level including Recovery Act funded positions). ORM received — in Recovery Act funds — an increase of 114 FTE, or about 40%, to manage the increased Recovery Act workload in FY 2010. However, for formula grants the workload was almost double what it was in FY 2008; for the discretionary grants, the workload will triple from FY 2008 to FY 2010 and will remain high through FY 2011. Federal staff will be needed to ensure that these funds are spent wisely and desired outcomes are achieved. Also, it should be noted that nearly all formula and discretionary grants are authorized for a 3-year period, with the exception of Unemployment Insurance (UI) and Trade. The Regions manage all grants until close out, which means that these numbers should be tripled to get a closer approximation of total grant management responsibility. Additional Recovery Act work for the ORM include reviews of new monthly performance reporting for formula grants in addition to the regular

quarterly performance reports; and reviews of the OMB required recipient/sub-recipient reports, which will add new reviews of nearly 6,000 reports by the Regions on a quarterly basis through FY 2011.

ETA officials told us that if the agency does not receive the requested funds for additional monitoring, it will negatively impact ETA's ability to monitor its Recovery Act grants.

## **Finding 2 — DOL Lacks a Comprehensive Policy Framework to Guide its Multifaceted Green Jobs Initiatives**

In performing our work, we noted that ETA has no comprehensive policy framework to guide their green jobs initiatives and grant programs. Because of the dynamic nature of the green issue, this framework would assist in carrying out future responsibilities concerning green issues. By its very nature, this would need to be viewed as a living document, and should be updated as the green environment evolves.

The Department's FY 2011 Congressional Budget Justification discusses the Department's intention to further develop its efforts to expand on the Green Jobs initiatives begun in FY 2010. DOL has requested \$85 Million to fund the second year of the green jobs innovation project. These funds will build upon the initial investments in green jobs innovation and further address the workforce needs associated with green jobs for FY 2011 by targeting its efforts on further development of green curricula, competency models, career pathways, and other valuable training tools. Without a comprehensive policy framework, DOL will lack a needed programmatic definition to guide its green jobs initiative and help ensure the grants addressing green jobs are as effective as possible.

## **Objective 4 — Did grant agreements require adherence to Recovery Act reporting and tracking requirements?**

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*ETA did require adherence to the Recovery Act reporting and tracking requirements in the grant agreements.*

We found that ETA included in the grants, notification that the grantees were required to comply with Recovery Act Section 1512 reporting requirements and related OMB guidance. Section 1512 of the Recovery Act requires that recipients of Recovery Act funds submit quarterly reports regarding use of the funds, as well as the impact on the Recovery Act objective to create and preserve jobs. Recipients are also responsible for submitting information on any subcontracts or sub-grants awarded with Recovery Act funds and for submitting their reports using a centralized web portal at FederalReporting.gov within 10 days after the end of each quarter.

In addition, OMB guidance (M-09-15) also requires Federal agencies to notify contractors and grantees in their agreements of recipient reporting responsibilities under the Recovery Act, including compliance with related OMB guidance.

To assist the grantees in meeting the reporting requirements, ETA sponsored technical assistance activities to explain the reporting requirements and how to comply with them. These activities included DOL and OMB webinars; a Recovery Act reporting workshop held in Washington, D.C.; and ongoing technical assistance calls and support from ETA program staff.

We reviewed the SGAs and noted that Recovery Act reporting requirements were included in the solicitations. The SGAs were subsequently incorporated into the grant award documents. Additionally, we tested our sample of 45 grants to determine whether the grantee reports were in compliance with Section 1512 of the Recovery Act. Zero errors were noted.

## **RECOMMENDATIONS**

To ensure the nearly \$717 million in green and health care grant funds are not at risk of not being spent as intended by Congress, we recommend the Assistant Secretary for Employment and Training:

1. Take the necessary actions to continue to identify and prioritize workloads and funding levels to ensure grants are adequately monitored. These efforts may or may not need to focus exclusively on Recovery Act funding streams.
2. Take the necessary actions to provide a comprehensive policy framework for its training and employment programs in carrying out its responsibilities in the green jobs area.

We appreciate the cooperation and courtesies that ETA personnel extended to WithumSmith+Brown during this audit.

*WithumSmith+Brown, PC*

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# Exhibits

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**Exhibit 1**

**Pathways Out of Poverty Grants Awarded**

<b>No.</b>	<b>Organization Name</b>	<b>National or Local</b>	<b>State</b>	<b>Amount</b>
1.	Better Family Life, Inc.	L	MO	\$ 3,305,493
2.	Goodwill Industries International	N	MD	\$ 7,303,634
3.	Roca, Inc.	L	MA	\$ 2,398,778
4.	Community College of Philadelphia	L	PA	\$ 3,184,428
5.	Consortium for Worker Education	L	NY	\$ 4,000,000
6.	Mott Community College	L	MI	\$ 3,662,403
7.	Private Industry Council of Westmoreland/Fayette, Incorporated	L	PA	\$ 2,732,719
8.	SER - Jobs for Progress of the Texas Gulf Coast, Inc.	L	TX	\$ 3,122,554
9.	West Hills Community College District	L	CA	\$ 3,000,000
10.	Alternative Opportunities, Inc.	L	MO	\$ 2,308,200
11.	Boley Centers, Inc.	L	FL	\$ 2,300,678
12.	Citrus Levy Marion Regional Workforce Development Board, Inc.	L	FL	\$ 2,985,175
13.	City of Minneapolis	L	MN	\$ 4,000,000
14.	Grand Rapids Community College	L	MI	\$ 4,000,000
15.	It's My Community Initiative	L	OK	\$ 4,000,000
16.	Lehigh Valley Workforce Investment Board, Inc.	L	PA	\$ 4,000,000
17.	Los Angeles Community College District	L	CA	\$ 4,000,000
18.	National Association of Regional Councils	N	DC	\$ 7,994,999
19.	National Council of La Raza	N	DC	\$ 3,063,839
20.	Northern Rural Training & Employment Consortium (NoRTEC)	L	CA	\$ 4,000,000
21.	Providence Economic Development Partnership	L	RI	\$ 2,489,111
22.	Southeast Community College Area	L	NE	\$ 2,331,278
23.	CNY Works, Inc.	L	NY	\$ 3,715,931
24.	Florida State College at Jacksonville	L	FL	\$ 2,229,642
25.	Jobs for the Future, Inc.	N	MA	\$ 7,997,936
26.	Mi Casa Resource Center for Women, Inc.	L	CO	\$ 3,633,195
27.	Opportunities Industrialization Centers of America, Inc.	N	PA	\$ 4,900,000
28.	Pathstone Corporation	N	NY	\$ 8,000,000
29.	Southwest Housing Solutions Corporation	L	MI	\$ 4,000,000
30.	Western Iowa Tech Community College	L	IA	\$ 3,999,459
31.	Worksystems, Inc.	L	OR	\$ 4,000,000
32.	Eastern Maine Development Corporation	L	ME	\$ 2,109,088
33.	MDC, Inc.	N	NC	\$ 3,780,816
34.	Moultrie Technical College	L	GA	\$ 3,753,579
35.	The Workplace, Inc.	L	CT	\$ 4,000,000
36.	White Earth Band of Chippewa	L	MN	\$ 3,086,817
37.	Workforce Development Council of Seattle King County	L	WA	\$ 3,639,530
38.	East Harlem Employment Services, Inc. DBA Strive	N	NY	\$ 4,728,419
			<b>Total</b>	<b>\$147,757,701</b>

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**Exhibit 2**

**State Labor Market Information Grants Awarded**

**Consortiums:**

No.	Organization Name	Consortium Members	State	Amount
1.	Nevada Department of Employment, Training & Rehabilitation	CO, FL, IL, NY, NC, TX and UT	NV	\$ 3,753,000
2.	Vermont Department of Labor	CT, ME, MA, NH, NJ, NY and RI	VT	\$ 3,999,923
3.	Maryland Department of Labor, Licensing & Regulation	DC and VA	MD	\$ 4,000,000
4.	State of Louisiana Office of Occupational Information Services, Research & Statistics Division	MS	LA	\$ 2,279,393
5.	Indiana Department of Workforce Development	MI and OH	IN	\$ 4,000,000
6.	Montana Department of Labor and Industry	IA, NE, ND, SD, UT and WY	MT	\$ 3,877,949
			<b>Total</b>	<b>\$ 17,910,265</b>

**Individual State Selections:**

No.	Organization Name	State	Amount	
1.	New York State Department of Labor	NY	\$ 1,112,207	
2.	Minnesota Department of Employment and Economic Development	MN	\$ 1,155,488	
3.	Employment Security Commission of North Carolina	NC	\$ 946,034	
4.	State of Idaho	ID	\$ 1,250,000	
5.	Commonwealth of Pennsylvania Department of Labor & Industry	PA	\$ 1,250,000	
6.	New Mexico Department of Workforce Solutions	NM	\$ 1,250,000	
7.	State of California Employment Development Department	CA	\$ 1,250,000	
8.	State of Oregon Employment Department	OR	\$ 1,250,000	
9.	Kentucky Education and Workforce Development Cabinet	KY	\$ 1,250,000	
10.	Missouri Department of Economic Development	MO	\$ 1,227,192	
11.	Florida Agency for Workforce Innovation	FL	\$ 1,250,000	
12.	Georgia Department of Labor	GA	\$ 1,177,975	
13.	Ohio Department of Job and Family Services	OH	\$ 1,015,700	
14.	New Jersey Department of Labor and Workforce Development	NJ	\$ 1,249,995	
15.	South Carolina Department of Commerce	SC	\$ 763,175	
16.	Hawaii Department of Labor and Industrial Relations	HI	\$ 1,247,343	
17.	Iowa Workforce Development	IA	\$ 1,172,614	
18.	Puerto Rico Department of Labor and Human Resources	PR	\$ 1,248,388	
19.	Alabama Department of Industrial Relations	AL	\$ 1,145,210	
20.	Delaware Department of Labor	DE	\$ 889,404	
21.	Alaska Department of Labor & Workforce Development	AK	\$ 800,000	
22.	Tennessee Department of Labor & Workforce Development	TN	\$ 765,340	
23.	Washington State Employment Security Department	WA	\$ 1,060,910	
24.	Arizona Department of Economic Security	AZ	\$ 1,211,045	
			<b>Total</b>	<b>\$ 30,938,020</b>

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**Exhibit 3**

**Energy Training Partnership Grants Awarded**

No.	Organization Name	National or Local	State	Amount
1.	H-CAP, Inc.	N	NY	\$ 4,637,551
2.	Northwest Energy Efficiency Council	L	WA	\$ 3,876,171
3.	UAW-Labor Employment and Training Corporation	L	MO	\$ 3,200,000
4.	Utility Workers Union of America, AFL-CIO	N	DC	\$ 4,993,922
5.	Central Vermont Community Action Council, Inc.	L	VT	\$ 4,846,195
6.	International Transportation Learning Center	N	MD	\$ 5,000,000
	Joint Labor Management Cooperation Committee-IBEW/NECA DBA			\$ 5,000,000
7.	California LMCC/IBEW-NECA	L	CA	
8.	E.C.I.A. Business Growth Inc.	L	IA	\$ 2,060,250
9.	Institute for Career Development, Inc.	N	IN	\$ 4,658,983
10.	National Ironworkers and Employers Apprenticeship Training and Journeyman Upgrading Fund (Ironworkers)	N	DC	\$ 1,943,931
11.	Blue Green Alliance	L	MN	\$ 5,000,000
12.	Oregon Manufacturing Extension Partnership	L	OR	\$ 5,000,000
13.	SER Metro Detroit Jobs for Progress, Inc.	L	MI	\$ 4,298,673
14.	The Providence Plan	L	RI	\$ 3,720,000
15.	Montana Electrical Joint Apprenticeship and Training Committee	L	MT	\$ 5,000,000
16.	CWA National Education and Training Trust	N	DC	\$ 3,969,056
17.	Heritage Health Foundation, Inc.	L	PA	\$ 1,408,600
18.	International Training Institute for the Sheet Metal and Air Conditioning Industry	N	VA	\$ 4,995,188
19.	Labor's Community Agency, Inc.	L	CO	\$ 3,604,162
20.	Memphis Bioworks Foundation	L	TN	\$ 2,931,103
21.	Thomas Shortman Training Scholarship and Safety Fund	L	NY	\$ 2,802,269
22.	Austin Electrical J.A.T.C.	L	TX	\$ 4,842,424
23.	Broward County Minority Builders Coalition	L	FL	\$ 3,280,656
24.	Community Housing Partners Corporation	L	VA	\$ 3,865,480
25.	Ohio Electrical Labor Management Cooperative Committee, Inc.	L	OH	\$ 4,826,073
			<b>Total</b>	<b>\$ 99,760,688</b>

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**Exhibit 4**

**Green Capacity Building Grants Awarded**

No.	Organization Name	City	State	Amount
1.	National Institute for Metalworking Skills, Inc.	Fairfax	VA	\$ 93,000
2.	Pathways-VA, Inc.	Petersburg	VA	\$ 100,000
3.	Southern Nevada Workforce Investment Board	Las Vegas	NV	\$ 99,965
4.	Old Colony Y	Brockton	MA	\$ 100,000
5.	Aletheia House	Birmingham	AL	\$ 70,736
6.	Comprehensive Community Solutions, Inc.	Rockford	IL	\$ 97,868
7.	Goodwill Industries of the Conemaugh Valley, Inc.	Johnstown	PA	\$ 99,524
8.	Youth Build Boston, Inc.	Roxbury	MA	\$ 100,000
9.	Able-Disabled Advocacy, Inc.	San Diego	CA	\$ 100,000
10.	ARCH Training Center, Inc.	Washington	DC	\$ 94,255
11.	Youth Build McLean County (YBMC Inc.)	Bloomington	IL	\$ 100,000
12.	Arizona Women's Education and Employment, Inc. (AWEE)	Phoenix	AZ	\$ 100,000
13.	Co-Opportunity, Inc.	Hartford	CT	\$ 69,933
14.	The Workplace, Inc.	Bridgeport	CT	\$ 59,894
15.	Year One, Inc. DBA Mile High Youth Corps	Denver	CO	\$ 99,855
16.	Community Action Partnership of Sonoma County	Santa Rosa	CA	\$ 85,910
17.	Community Teamwork, Inc.	Lowell	MA	\$ 77,585
18.	Florida Institute for Workforce Innovation, Inc.	Melrose	FL	\$ 100,000
19.	Goodwill Industries International	Rockville	MD	\$ 100,000
20.	Coalition for Responsible Community Development	Los Angeles	CA	\$ 100,000
21.	Cobb Housing, Inc.	Marietta	GA	\$ 100,000
22.	People Incorporated of Virginia	Abingdon	VA	\$ 42,793
23.	San Gabriel Valley Conservation and Service Corps	El Monte	CA	\$ 98,122
24.	Youth Conservation Corps	Waukegan	IL	\$ 100,000
25.	Youth Build Lake County	North Chicago	IL	\$ 100,000
26.	Southern Appalachian Labor School	Montgomery	WV	\$ 98,700
27.	Urban League of Broward County	Fort Lauderdale	FL	\$ 100,000
28.	Walker Montgomery Community Development Corporation	New Waverly	TX	\$ 75,000
29.	Indianapolis Private Industry Council, Inc.	Indianapolis	IN	\$ 100,000
30.	Milwaukee Area Workforce Investment Board	Milwaukee	WI	\$ 98,364
31.	Portland Youth Builders	Portland	OR	\$ 100,000
32.	Sacramento Regional Conservation Corps	Sacramento	CA	\$ 92,820
33.	San Diego Imperial Counties Labor Council	San Diego	CA	\$ 100,000
34.	County of Kern	Bakersfield	CA	\$ 100,000
35.	Latin American Youth Center Youth Build Public Charter School	Washington	DC	\$ 100,000
36.	San Antonio Youth Centers	San Antonio	TX	\$ 100,000
37.	Salt Lake Community College	Taylorsville	UT	\$ 96,211
38.	City of Phoenix	Phoenix	AZ	\$ 100,000
39.	Connection Training Services	Philadelphia	PA	\$ 100,000
40.	Springfield Urban League, Inc.	Springfield	IL	\$ 100,000
41.	Young Adult Development in Action, Inc.	Louisville	KY	\$ 100,000
42.	Goodwill Industries, Inc., Serving E. Nebraska and SW. Iowa	Omaha	NE	\$ 71,714
43.	Improved Solutions for Urban Systems, Inc.	Dayton	OH	\$ 100,000
44.	Los Angeles Communities Advocating for Unity, Social Justice and Action (La Causa)	Los Angeles	CA	\$ 100,000
45.	Maui Economic Opportunity, Inc.	Wailuku	HI	\$ 100,000
46.	Apprenticeship and Nontraditional Employment for Women (ANEW)	Seattle	WA	\$ 100,000
47.	Blackfeet Tribal Business Council	Browning	MT	\$ 96,257
48.	OAI, Inc.	Chicago	IL	\$ 100,000
49.	San Joaquin County Office of Education	Stockton	CA	\$ 70,000
50.	Telamon Corporation	Raleigh	NC	\$ 100,000

**Exhibit 4**

**Green Capacity Building Grants Awarded (Continued)**

<b>No.</b>	<b>Organization Name</b>	<b>City</b>	<b>State</b>	<b>Amount</b>
51.	City of Peoria Workforce Development Department	Peoria	IL	\$ 100,000
52.	American Youth Works	Austin	TX	\$ 100,000
53.	Youth Build USA, Inc.	Somerville	MA	\$ 78,047
54.	Cook Inlet Tribal Council, Inc.	Anchorage	AK	\$ 67,268
55.	Episcopal Community Services of Maryland	Baltimore	MD	\$ 97,128
56.	Women in Non Traditional Employment Roles	Los Angeles	CA	\$ 100,000
57.	Easter Seals, Inc.	Chicago	IL	\$ 99,956
58.	Experience Works, Inc.	Arlington	VA	\$ 100,000
59.	Mojave Basin Youth Corps, Inc.	Adelanto	CA	\$ 83,455
60.	Western New York AmeriCorps Fund	West Seneca	NY	\$ 100,000
61.	California Indian Manpower Consortium, Inc.	Sacramento	CA	\$ 100,000
62.	Northeast Parent & Child Society, Inc.	Schenectady	NY	\$ 100,000
			<b>Total</b>	<b>\$ 5,814,360</b>



**Exhibit 5**

**State Energy Sector Partnership Grants Awarded**

<b>No.</b>	<b>Organization Name</b>	<b>City</b>	<b>Amount</b>
1.	Washington State Workforce Training and Education Coordinating Board	WA	\$ 5,973,635
2.	Oregon State of Education (DBA) Department of Community Colleges and Workforce	OR	\$ 5,383,568
3.	Wisconsin Department of Workforce Development	WI	\$ 6,000,000
4.	Hawaii Department of Labor and Industrial Relations	HI	\$ 6,000,000
5.	Kansas Department of Commerce	KS	\$ 5,999,890
6.	Nebraska Department of Labor	NE	\$ 4,839,511
7.	Arizona Department of Economic Security	AZ	\$ 6,000,000
8.	State of California Employment Development Department	CA	\$ 6,000,000
9.	State of Ohio	OH	\$ 6,000,000
10.	Alaska Department of Labor and Workforce Development	AK	\$ 3,600,000
11.	Colorado Department of Labor and Employment	CO	\$ 5,998,050
12.	Minnesota Department of Employment and Economic Development	MN	\$ 6,000,000
13.	Nevada Department of Employment, Training and Rehabilitation	NV	\$ 6,000,000
14.	Idaho Department of Labor	ID	\$ 5,991,184
15.	Workforce West Virginia	WV	\$ 6,000,000
16.	New Mexico Department of Workforce Solutions	NM	\$ 5,999,989
17.	Michigan Department of Energy, Labor & Economic Growth	MI	\$ 5,819,999
18.	Iowa Workforce Development	IA	\$ 5,997,000
19.	Utah Department of Workforce Services	UT	\$ 4,600,000
20.	North Carolina Department of Commerce Division of Workforce Development	NC	\$ 5,976,512
21.	Commonwealth of Massachusetts Executive Office of Labor and Workforce Development	MA	\$ 5,973,657
22.	Missouri Division of Workforce Development	MO	\$ 6,000,000
23.	Oklahoma Department of Commerce	OK	\$ 6,000,000
24.	Indiana Department of Workforce Development	IN	\$ 6,000,000
25.	Alabama Department of Economic and Community Affairs (ADECA)	AL	\$ 6,000,000
26.	Arkansas Workforce Investment Board Department of Workforce Services	AR	\$ 4,866,479
27.	Education and Workforce Development Cabinet (Kentucky)	KY	\$ 4,740,457
28.	Illinois Department of Commerce and Economic Opportunity	IL	\$ 6,000,000
29.	New Jersey Department of Labor and Workforce Development	NJ	\$ 6,000,000
30.	Wyoming Department of Workforce Services	WY	\$ 4,495,704
31.	Maryland Department of Labor, Licensing and Regulation	MD	\$ 5,793,183
32.	Commonwealth of Pennsylvania Department of Labor & Industry	PA	\$ 6,000,000
33.	Connecticut Employment and Training Commission	CT	\$ 3,360,000
34.	South Dakota Department of Labor	SD	\$ 2,500,000
<b>Total</b>			<b>\$ 187,908,818</b>

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**Exhibit 6**

**Healthcare, Other High-Growth & Emerging-Industry Grants Awarded**

No.	Organization Name	National or Local	State	Amount
1.	Crowder College	Healthcare (Nursing, Allied Health)	MO	\$ 3,576,760
2.	South Central College	Healthcare	MN	\$ 4,506,101
3.	University Behavioral Associates, Inc	Healthcare (Home Health Aid)	NY	\$ 5,000,000
4.	Louisiana Technical College Greater Acadiana Region	Transportation	LA	\$ 4,859,040
5.	Hudson Valley Community College	Biotech/Bio-Manufacturing	NY	\$ 3,382,200
6.	American Indian Opportunities Industrialization Center	Healthcare	MN	\$ 5,000,000
7.	Cincinnati State Technical and Community College	Healthcare	OH	\$ 4,935,132
8.	Fulton Montgomery Community College	Healthcare (Nursing)	NY	\$ 2,865,657
9.	Indianapolis Private Industry Council, Inc.	Healthcare	IN	\$ 4,885,812
10.	MN State Colleges & Universities DBA Pine Technical College	Healthcare (Nursing, Allied Health)	MN	\$ 4,230,950
11.	Mt. San Antonio Community College District	Building Automation Systems	CA	\$ 2,239,714
12.	National Council of La Raza	Healthcare (Nursing)	DC	\$ 3,457,516
13.	Northland Community and Technical College	Unmanned Aircraft Systems	MN	\$ 4,996,844
14.	Workforce Training and Education Coordinating Board	Healthcare (Acute/Ambulatory Care)	WA	\$ 5,000,000
15.	Youth Policy Institute (YPI)	Healthcare (Allied Health, Long-Term Care)	CA	\$ 3,623,473
16.	Workforce Investment Board of Herkimer, Madison and Oneida	Healthcare	NY	\$ 2,700,096
17.	Berea Children's Home	Healthcare (Long-Term Care)	OH	\$ 4,927,843
18.	Full Employment Council	Healthcare	MO	\$ 4,998,344
19.	Los Rios Community College District	Healthcare	CA	\$ 4,988,561
20.	Maryville University - St. Louis	Healthcare (Nursing)	MO	\$ 4,699,354
21.	Southern University at Shreveport	Healthcare (Nursing, Allied Health)	LA	\$ 4,296,308
22.	The University Of Texas Medical Branch at Galveston	Healthcare (Nursing, Medical Assisting)	TX	\$ 4,655,799
23.	San Diego State University Research Foundation	Biotech	CA	\$ 4,953,575
24.	Providence Health Foundation of Providence Hospital	Healthcare	DC	\$ 4,953,999
25.	Macomb Community College	Defense Acquisitions/Logistics/Technology	MI	\$ 4,971,642
26.	North Central Texas College	Healthcare (Allied Health)	TX	\$ 4,150,005
27.	Kern Community College District	Renewable Energy Generation/Distribution	CA	\$ 2,768,572
28.	Governors State University	Healthcare	IL	\$ 4,994,686
29.	Maine Department of Labor	Healthcare (Nursing, Allied Health)	ME	\$ 4,892,213
30.	Nevada Cancer Institute	Healthcare (Nursing, Allied Health)	NV	\$ 3,262,676
31.	Shenandoah Valley Workforce Investment Board, Inc.	Green Technology Manufacturing	VA	\$ 4,951,991
32.	Columbus State Community College	Logistics	OH	\$ 4,605,303
33.	BioOhio	Bioscience/Biotech and Related Advanced Manufacturing	VA	\$ 5,000,000
34.	Centerstone	Healthcare	TN	\$ 5,000,000
35.	Enterprise for Employment and Education	Healthcare	OR	\$ 2,373,073
36.	Maysville Community and Technical College	Healthcare (Nursing)	KY	\$ 2,007,637
37.	Passaic County Community College	Healthcare (Nursing, Allied Health)	NJ	\$ 4,475,041
38.	San Jacinto Community College District	Petrochemical	TX	\$ 4,722,919
39.	The Community College of Baltimore County (CCBC)	Healthcare	MD	\$ 4,928,654
40.	Trident Technical College	Healthcare (Nursing, Medical Assisting)	SC	\$ 2,624,532
41.	University of New Hampshire	Healthcare (Long-Term Care)	NH	\$ 2,944,732
42.	San Jose State University Research Foundation	Biotech/Biomedicine	CA	\$ 5,000,000
43.	San Bernardino Community College District	Logistics	CA	\$ 4,260,863
44.	Ivy Tech Community College of Indiana	Advanced Manufacturing, Logistics, IT	IN	\$ 5,000,000

**Exhibit 6**

**Healthcare, Other High-Growth & Emerging-Industry Grants Awarded (Continued)**

<b>No.</b>	<b>Organization Name</b>	<b>National or Local</b>	<b>State</b>	<b>Amount</b>
45.	DeKalb Technical College	Healthcare (EMT/Paramedic Technology)	GA	\$ 2,043,859
46.	Montgomery Institute, The	Healthcare (Nursing)	MS	\$ 4,519,625
47.	Calhoun Community College	Energy Efficiency	AL	\$ 3,470,830
48.	Goodwill Industries, Inc., Serving E. Neb. And SW. Iowa	Insurance/Banking	NE	\$ 2,007,846
49.	Iowa Workforce Development	Healthcare	IA	\$ 3,403,164
50.	Otero Junior College	Healthcare (Nursing)	CO	\$ 4,999,350
51.	South Arkansas Community College	Healthcare	AR	\$ 3,520,612
52.	Spanish Speaking Unity Council	Healthcare	CA	\$ 3,559,139
53.	Mid-South Community College	Aviation (Airframes/Power Plant)	AR	\$ 3,391,053
54.	Florence-Darlington Technical College	Electric Power	SC	\$ 4,346,351
55.	The University of South Dakota	Healthcare	SD	\$ 5,000,000
			<b>Total</b>	<b>\$ 226,929,446</b>

# Appendices

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**Appendix A**

**Background**

The Recovery Act was signed into law by the President on February 17, 2009, to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. As of August 19, 2010, Congress provided \$70.8 billion to DOL (See Table 1 below.)

**Table 1: Department of Labor Recovery Act Funding, as of August 19, 2010**

Program	Amount <sup>a</sup> (millions)	Percent
Unemployment Insurance	\$65,996	93.17
Training and Employment Services	3,950	5.58
State Unemployment Insurance and Employment Service Operations	400	0.56
Community Service Employment for Older Americans	120	0.17
National Emergency Grants for Health Insurance Coverage	40	0.06
Job Corps	250	0.35
Departmental Management	80	0.11
<b>Total</b>	<b>\$70,836<sup>b</sup></b>	<b>100.00</b>

<sup>a</sup> – The amounts other than “Unemployment Insurance and National Emergency Grants for Health Insurance Coverage” were obtained from the Recovery Act dated February 17, 2009. The “Unemployment Insurance” amount was provided by the Office of the Assistant Secretary for Administration and Management, and includes amounts made available for Federal and State Extended Benefits, Extension of Emergency Unemployment Compensation, and Federal Additional Unemployment Compensation programs. The National Emergency Grants for Health Insurance Coverage amounts were adjusted in United States Public Law 111-226 (HR1586).

<sup>b</sup> – The total amount does not include \$6 million provided to the OIG to provide oversight over the Department’s Recovery Act activities.

The stated purposes of the Recovery Act are to:

- preserve and create jobs and promote economic recovery;
- assist those most impacted by the recession;
- provide investments needed to increase economic efficiency by spurring technological advances in science and health;
- invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The Recovery Act requires agencies to implement an unprecedented level of transparency and accountability to ensure the public can see where and how their tax dollars are being spent and recipients of these funds deliver programmatic results.

On April 3, 2009, the Office of Management and Budget (OMB) issued guidance, *Updating Implementation Guidance for the American Recovery and Reinvestment Act of 2009 (M-09-15)*, reinforcing the Administration's intent that Federal agencies award Recovery Act funds responsibly and with transparency. Specifically, the guidance directed Federal agencies to adhere to the following three principles in awarding grants and contracts under the Recovery Act:

- Merit-based decision-making. Agencies should develop merit-based criteria to guide awarding grants, contracts, and other forms of Federal financial assistance.
- Long-term benefits. Agencies should support projects that have demonstrated or have potential to deliver programmatic results.
- Targeting assistance consistent with other policy goals. To the extent possible, agencies should include "additional policy" considerations when awarding Recovery Act funds. Examples include supporting projects that ensure compliance with equal opportunity laws, promote local hiring, and engage with community-based organizations.

DOL also issued guidance to its agencies on implementing and accounting for Recovery Act activities including program administration, funding, and accomplishment of Congressional requirements. DOL's Recovery Act website provides information on these activities, as well as its periodic webinars and other informational forums, to provide timely information to Recovery Act stakeholders concerning DOL's responsibilities under the Act. DOL's Employment and Training Administration (ETA) also maintains a website for its Recovery Act activities.

#### Workforce Investment Act Competitive Grants for High-Growth Workers

##### a) Training Grants for green jobs and Emerging-Industry Sectors

Title VIII of the Recovery Act provided the Department of Labor \$750 million in WIA funds to be awarded in competitive grants by the Employment and Training Administration for worker training and placement in high-growth and emerging-industry sectors. It requires that ETA award \$500 million out of the \$750 million for research, labor exchange and job training projects for careers in green jobs.

The Recovery act required that the \$500 million be used as described in section 171(e)(1)(B) of WIA. The Energy Independence and Security Act of 2007 created the Green Jobs Act of 2007 (§171(e)(1)(B)) and incorporated the language from the Energy Policy Act of 2005. The Green Jobs Act of 2007 defines green jobs as workplace activity that involves energy efficiency or renewable energy



manufacturing, installation and maintenance; building retrofits to improve energy use, as well as energy assessments; deconstruction and materials re-use, and manufacturing of sustainable products using sustainable processes. The Energy Policy Act of 2005 (§203(b)(2)) defines renewable energy as electric energy generated from solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric project.

In awarding the remaining \$250 million, the Department must give priority to careers in the health care sector. The Recovery Act required the Department of Labor to award these grants no later than June 30, 2010.

Of the \$750 million, DOL had awarded grants totaling \$717 million in time to be included in our review.

*ETA Awarded Funds in Separate Competitions*

ETA issued Training and Employment Notice (TEN) 44-08 on May 15, 2009, "American Recovery and Reinvestment Act of 2009 (Recovery Act) Competitive Grants for Green Jobs Training." The TEN provided a discussion of funding opportunities, and explained the agency planned to award the \$750 million through several competitions. Overall, the purpose of the grants is to help individuals impacted by the recession by providing training and employment in high-growth and emerging-industries in both green and health care industries.

Between June 4, 2009, and July 22, 2009, ETA issued six separate SGAs related to the \$717 million that had been awarded in time to be included in our review. The table below lists the separate competitions comprising the \$717 million.

<b>Competitive Grant Programs</b>		
<b>Title</b>	<b>Opened</b>	<b>Closed</b>
<b><i>Green Jobs:</i></b>		
Pathways Out of Poverty (SGA/DFA PY 08-19) and Amendments One and Two	June 24, 2009	September 29, 2009
State Labor Market Information Improvement (SGA/DFA PY 08-17) and Amendment One	June 24, 2009	August 14, 2009
Energy Training Partnership (SGA/DFA PY 08-18) and Amendment One	June 24, 2009	September 4, 2009
Green Capacity Building (SGA/DFA PY 08-21) and Amendment One	June 24, 2009	August 5, 2009
State Energy Sector Partnership & Training (SGA/DFA PY 08-20) and Amendment One	June 24, 2009	October 20, 2009
<b><i>Health Care and Other High-Growth:</i></b>		
Health Care Sector and Other High-Growth & Emerging-Industries (SGA/DFA PY 09-01)	July 22, 2009	October 5, 2009

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## Appendix B

### Objectives, Scope, Methodology, and Criteria

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#### Objectives

Our audit objectives were to determine if:

- (1) ETA used merit-based selection criteria, as required by OMB, in awarding \$717 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors.
- (2) ETA considered “a demonstrated or potential ability to deliver programmatic results,” in awarding competitive grants under the Recovery Act, as required by OMB Memo M-09-15.
- (3) ETA’s guidance during grant solicitation and post-solicitation activities addressed Congress’ requirements regarding use of these funds.
- (4) Grant agreements required adherence to Recovery Act reporting and tracking requirements.

#### Scope

We conducted this performance audit in accordance with generally accepted government auditing standards. 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. We conducted our fieldwork at the ETA National Office in Washington, D.C. and interviews of the FPOs in the six Regional Offices.

The audit included a review of grant documents and data available from ETA’s Office of Workforce Investment, Office of Policy, Development & Research and the Office of Regional Management, as well as external sources. The audit included a random sample of all grants made under the six competitive grant solicitations. The audit also included structured interviews conducted with 34 FPOs administered on a nationally projectable statistical sampling basis to grant monitors responsible for oversight of the Recovery Act competitive grants awarded for worker training and placement in high-growth and emerging-industry sectors. The audit work was completed in September 2010.

#### Methodology

To accomplish our audit objectives, we obtained an understanding of the Recovery Act. We conducted interviews with ETA officials from the Office of Workforce Investment, Office of Policy, Development & Research and the Office of Regional Management to

gain an understanding of the grant award and monitoring processes. Policies and procedures followed by ETA during the grant selection process were reviewed.

For each of the six grant programs, we interviewed the grant officers and reviewed the SGA's selection criteria. We reviewed the grant selection memos and interviewed the grant officers to gain an understanding of the award process and the selection methodology. We reviewed the SGAs to ensure Recovery Act reporting requirements were included in the solicitations.

We randomly sampled 45 of the 244 competitive grants awarded across the six grant programs included in our audit. Based on the sample, we found a zero percent error rate and stopped our sampling. We would expect that, had we continued our sample, we would have found a similar error rate throughout the universe. To assess the use of merit-based criteria and ETA's consideration of the applicants demonstrated or potential ability to deliver programmatic results, we reviewed the panel documentation applicable to the grants in our sample to determine whether panel results (ranking scores) were utilized in the final selection.

To gain a better understanding of the post-solicitation activities for the six Recovery Act projects noted above, from the universe of 244 grants we statistically sampled 63 grants with a 95% confidence level. The random statistical sample by region is projectable nationally and included a total of 34 FPOs. We interviewed the 34 FPOs to gain a better understanding of the monitoring activities and policies and procedures. Therefore, we project our finding in the report to indicate that all FPOs in the Department performing monitoring activities on the grants included in our universe on any of the grant programs (Pathways Out of Poverty, State Labor Market Information Improvement, Energy Training Partnership, Green Capacity Building, State Energy Sector Partnership & Training, and the Health Care Sector and Other High-Growth & Emerging-Industries) would have had the same experience as the results reflected in the finding.

Examples of the audit results and the relevance of the tests to the audits' objectives are provided in the body of the report.

## **Criteria**

We used the following criteria to accomplish our audit:

- American Recovery and Reinvestment Act of 2009, dated February 17, 2009
- Green Jobs Act of 2007, dated December 19, 2007
- Energy Policy Act of 2005, dated August 8, 2005
- Workforce Investment Act of 1998, as amended, dated August 7, 1998
- Workforce Investment Act Regulations – 20 CFR 660 through 667, dated August 11, 2000
- Office of Management and Budget (OMB) Memorandums:

- M-09-10: *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated February 18, 2009
- M-09-15: *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated April 3, 2009
- M-09-21: *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*, dated June 22, 2009
- Training and Employment Guidance Letter No. 14-08 (TEGL 17-08), dated March 18, 2009
- Training and Employment Notice No. 44-08 (TEN 44-08), dated May 15, 2009
- Training and Employment Notice No. 30-08 (TEN 30-08), dated March 4, 2009
- Training and Employment Notice No. 3-09 (TEN 6-09), dated August 11, 2009
- Employment and Training Order No. 1-08 (ETO 1-08), dated June 18, 2008

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**Appendix C**

**Acronyms and Abbreviations**

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Recovery Act	American Recovery and Reinvestment Act of 2009
DOL	Department of Labor
ETA	Employment and Training Administration
ETO	Employment and Training Order
FPO	Federal Project Officer
FY	Fiscal Year
FTE	Full-time Equivalent
OFAM	Office of Financial and Administrative Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPDR	Office of Policy Development and Research
ORM	Office of Regional Management
OTAA	Office of Trade Adjustment Assistance
RAD	Recovery Act Data
SGA	Solicitation for Grant Application
TEN	Training and Employment Notice
UI	Unemployment Insurance
WS+B	WithumSmith+Brown
WIA	Workforce Investment Act

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Appendix D

ETA Response to Draft Report

U.S. Department of Labor

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



SEP 30 2010

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

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

SUBJECT: Response to Draft Report No. 18-10-013-03-390  
"Recovery Act: Employment and Training Administration  
Grant Issuance and Monitoring Policies and Procedures for  
Discretionary Grants Including Green Jobs are  
Comprehensive but Funding Challenges Threaten the  
Quality of Future Monitoring Activities"

We are pleased with the overwhelmingly positive results of the audit that clearly show how the Employment and Training Administration (ETA) was able to efficiently and effectively competitively award approximately \$750 million in Recovery Act grant awards to 244 grantees across 6 individual grant competitions with "zero errors" in this process. ETA staff worked tirelessly to ensure that the awards were made in accordance with the law and expeditiously after the passage of the Recovery Act in order to support grantees' activities to get workers trained and, ultimately, into jobs. In fact, as we approach the one year anniversaries of the beginning of these grants (starting this December), we are already showing promising progress, with over 4,000 individuals beginning education and training activities since the start of the grants.

In the audit report, the Office of the Inspector General notes zero errors against each of the audit objectives and made two additional observations regarding the implementation of these grant programs:

- The administrative funding provided to manage and monitor the grants was authorized through 9/30/10 even though the grants will be operating into 2013, posing a challenge for ETA grants management; and
- The priority for "green jobs" across the federal government required grant making activities such as ETA's work to be done simultaneous to work that statistical agencies such as the Bureau of Labor Statistics (BLS) were doing regarding green jobs definitions as well as efforts by industry associations and educational institutions to define green job competencies and develop curricula.

ETA responses to the two recommendations to the findings are outlined below:

*Recommendation 1. Take the necessary actions to identify and prioritize workloads and funding levels to ensure grants are adequately monitored. These efforts may or may not need to focus exclusively on Recovery Act funding streams.*

ETA has already taken several steps to address the challenge of ensuring adequate monitoring of ARRA grants once the Recovery Act positions have ended, including:

Assigning the ARRA grant workload to a combination of both ARRA funded and permanent ETA Federal Project Officers (FPOs), all of whom are supervised by permanent ETA management staff and a Regional Administrator to assure continuity in administration once the temporary staff left ETA.

Requesting 48 additional FTE for ARRA grant monitoring in the FY 2011 budget to increase the resources available for this task.

Developing a Workforce Analysis report for each Regional Office on how the ARRA grants monitoring work will be absorbed into on-going operations. Although the reduction in ARRA staff does pose a considerable challenge for the permanent staff in the Regions, these analysis reports ensure that risk will be mitigated through planned priority actions which will ensure that any high risk grants will receive immediate attention.

Securing contract support with remaining ARRA administrative funds for administrative tasks related to grants management in order to free-up permanent staff time for grants monitoring ETA will add a total of 18 contractors across the six regions to provide this support.

We acknowledge that there will be a lag in ETA's ability to add the 48 FTE as we await the enactment of the FY 2011 budget. It is also clear that the 48 FTE for staff plus the 18 contractor staff, when combined, are still below the 114 FTE total staff under ARRA that was working in the Regional Offices. However, the workload has already decreased as there are ARRA programs that have already ended like the extra funding for the Wagner-Peyser program, including Reemployment Services, and the CSEOA program, and not all discretionary grants continue for a full three years.

Based on the significant number of necessary actions that ETA has already undertaken plus the plans which we have put in place regarding this challenge to identify and prioritize workloads and funding levels to ensure grants are adequately monitored, I request that this finding be closed. We take the stewardship of public resources seriously, as your report accurately acknowledges in many sections, and we are taking advantage of all possible avenues to ensure an adequate level of grant monitoring as a key element of our ARRA grants management process.

Before leaving our comments on this section, ETA would like to note that the current title of the document does not reflect the excellent work of ETA outlined in the overall report

accurately. The current title seems unnecessarily negative, using the phrase “threaten the quality,” implying there is increased risk to the proper use of federal funds, which we feel is unwarranted. Please consider the following substitute title: "ETA Grant Issuance and Monitoring Policies and Procedures for Discretionary Grants including Green Jobs are Comprehensive but funding Challenges Require Increased Attention to Future Monitoring Activities."

On page 14, we have the actual number of increases in grant work load per FPO, and would like that reflected, rather than the estimate that the OIG has cited. Based on Workload Analysis done by each region, the increase over 24, will be 26-37, depending on the number of grants in the region. And, finally, on page 15 and again on 16, the words “negatively impact” assume an outcome. ETA acknowledges that there will be an impact but is taking actions to minimize it with available resources.

*Recommendation 2: We recommend that ASET take the necessary actions to provide a comprehensive policy framework for its training and employment programs in carrying out its responsibilities in the green jobs area.*

ETA’s role is to operationalize the concept of green jobs and to work at the implementation level to ensure that our programs provide training that prepares people for employment. ETA focuses on: providing technical assistance to grantees; developing tools such as asset maps to understand where other federal investments have been made in green sectors; mapping green pathways and competencies to lead to credentials; and providing a comprehensive system for training grantees to ensure they are able to meet their project outcomes. During the implementation of this grant program, ETA has provided the best information available on green jobs.

Each of the green training Solicitations contained a section entitled “Green Industries and Occupations” that cited four key sources for green information in the absence of a national definition of green. First, the key energy efficiency and renewable energy sectors were outlined in the Green Jobs Act which was authorized but first received funding through the Recovery Act. Second, the applicants were directed to an Occupational Information Network (O\*NET) system report, funded by ETA, that focused on green occupations across a number of industries. Third, applicants were provided information on the Energy Policy Act of 2005, which defined “renewable energy” and “energy efficiency.” Finally, the Solicitation referenced the work that BLS was just beginning at the time in the area of defining green.

ETA also built into its investment strategy a goal to create better information on green jobs for the entire workforce system. One grant solicitation was devoted to “State Labor Market Information Improvement Grants,” which are designed to collect, analyze and disseminate labor market information, and to enhance the labor exchange infrastructure for careers within the energy efficiency and renewable energy industries.

ETA hosted six Regional Recovery and Reemployment Forums which included training workshops on Green Jobs for the workforce system and grantees. ETA has provided

training in the form of Webinars on Green Jobs for the workforce system and grantees, which remain archived online for further training. ETA has established a green jobs “community of practice” to share information and promising practices among grantees, the workforce system, industry partners and others. And, ETA has a comprehensive technical assistance plan which is being implemented to support the grantees.

Finally, ETA is aware that green definitions and data on green jobs are being developed and updated on a continual basis by our grantees and by others. ETA is already seeing early results from the State Labor Market Information Improvement grantees that are undertaking extensive surveys with employers, unions, and others to make meaningful determinations regarding green jobs and the labor market that make the most sense for them. The Bureau of Labor Statistics has published its definition of green jobs. And others are doing the same.

With the forgoing in mind, ETA will continue to provide the public workforce system with data and definitions on green jobs as they become available, and will incorporate that data and definitions into its SGAs and other policy documents as appropriate. Based on the evolving data and definitions related to Green Jobs, this approach will ensure that ETA guidance is consistent with definitions used by industry and other stakeholders.

As we discussed with your staff, ETA believes it is premature to conclude that a “comprehensive policy framework” in the nature of a “living document” is needed by the system or feasible to produce. This is largely because of the evolving nature of the green jobs initiative, the wide participation by many federal agencies in the initiative, and the broad impact of “greening” across numerous industries and occupations. As the work progresses, if it becomes clearer that such a product is feasible to produce and is needed by the system, ETA would pursue the development of such a product.

I believe that this response resolves these findings and responds to the recommendations.

cc: Edward C. Hugler

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U.S. Department of Labor  
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Washington, D.C. 20210