Draft February 22, 2010

DOL Response to Senator Coburn's Report

On February 9, 2011, Senator Tom Coburn released a report critical of Federal employment and training programs, *Help Wanted: How Federal Job Training Programs are Failing Workers.* This paper responds to the criticisms and recommendations raised in the paper, as well as provides an update on corrective action being taken on relevant cases cited in the report. *It is important to note that the cases referenced in the report span a 15-year timeframe and some address programs that are no longer in operation*. We believe these cases are exceptions rather than representative of the entire workforce system.

The Department of Labor is responsible for stewardship of Federal funds and regularly monitors states' use of federal dollars as well as federal contracts and grants. Each year, a sample of state and local workforce programs using federal investments are selected for on-site monitoring. Through this regular monitoring, the Department flags grants and contracts management issues and brings them to the attention of the Office of Inspector General for further investigation. Given the decentralized nature of the public workforce system, the responsibility of monitoring and ensuring local area financial and program compliance remains with the state.

Need for Training as Investment in Workers Future

Many workers experiencing long-term unemployment as a result of the recession do not have the skills or credentials for the jobs that will start opening up as the economy continues to recover. It is an investment in our future to train hard-working, unemployed Americans to upgrade their skills and help them get the credentials they need so they can be hired when job growth returns to the economy. Without the ability to get another job, many of these workers are faced with a slide down the economic scale, out of the middle class and into poverty.

The recent recession was the worst since the Great Depression causing millions of Americans to lose their jobs with more than 7 million workers experiencing long-term unemployment because their jobs are not returning. Nevertheless, as of the third quarter of 2010, more than one million jobs were saved or created due to Recovery Act investments. This includes nearly a quarter million clean energy jobs and 130,000 jobs in the construction of transportation infrastructure. This total represents an overall 200,000 job increase from the previous quarter with substantial gains across many categories.[1]

<u>System Accomplishments</u>

Even at a time of slow private sector job growth as was the case over the past year, over 7.2 million program participants entered employment upon the completion of Wagner Peyser and/or Workforce Investment Act (WIA) funded employment and training services. Additionally, funding made available through the WIA Adult and Dislocated Worker programs helped provide skill development training to nearly 215,000 program

[1] Council of Economic Advisors most recent quarterly report on impact of ARRA investments.

completers whose skill set, job knowledge, or technical expertise did not match the needs of local area businesses before they entered training.

While training cannot be provided to all participants due to its higher cost, when utilized, training yields higher placement outcomes for individuals when compared to those receiving only core and intensive services. The value of training is best illustrated by the entered employment rate, or how many individuals found jobs. For the 12-month period ending June 30, 2010, the entered employment rate for the WIA Dislocated Worker program completers who received training services showed a nearly 30 percentage point increase compared to those who did not receive training (76.2 percent versus 46.9 percent, respectively). In other words, individuals receiving training found it 1.6 times easier to find employment. For the WIA Adult program during the same 12-month period, those receiving training had an entered employment rate of 69 percent compared to 53 percent for all other program participants.

Also, during the same 12-month period, the WIA Adult and Dislocated Worker program completers who were unemployed at program participation helped to stimulate the economy by earning just under $7.2 billion in a six-month period after finding work. And WIA Adult and Dislocated Worker program participants who received On-the-Job Training achieved incredible outcomes. Adults found employment at a rate of 86 percent (32 percentage points higher than total Adults), while Dislocated Workers found a job at 90.3 percent (nearly 40 percentage points higher than total Dislocated Workers) rate.

Additionally, a recent net impact study of WIA services indicated that participation in training increased earnings more than $380 per quarter for employed WIA Dislocated Worker participants and $660 a quarter for employer WIA Adult participants.

Refuting Duplication Claim

With regards to GAO's report on multiple employment and training programs, one should be cautious in drawing conclusions. Many Federal employment and training programs may serve similar populations with some overlapping eligibility and shared goals to help individuals obtain and retain good jobs and become self-sufficient, and many have other unique goals and outcomes. However, this does not mean each of the 47 programs is duplicative.

The job training programs administered by the Department are geared to serve diverse individuals with specific needs, including veterans, dislocated workers, women, disabled workers, low income youth, Indians and Native Americans, and migrants and seasonal farmworkers. The public workforce system, authorized by the Workforce Investment Act, provides states and local areas flexibility in determining how best to implement their job training and employment programs by tailoring the system to meet the needs of local jobseekers and employers.

A coherent public workforce system does not mean we need to have a single program, supplier or bureaucracy; rather, we need a rational system whose diverse elements and multiple suppliers are building blocks that fit together logically, with minimal duplication, and that provide ready access to services for jobseekers and other workers looking for good jobs and to employers looking for job-ready skilled workers who met their needs.

Responses to Coburn's Recommendations

More than a decade has passed since the enactment of the Workforce Investment Act of 1998 (WIA), which serves as the foundation of the current workforce system's infrastructure. At the time of WIA's enactment the country was in a very different economic climate, and we believe that it is more important than ever that Congress reauthorize WIA to help the labor market keep up with changes spurred by innovation and globalization.

The Administration supports a reauthorized WIA that emphasizes streamlining service delivery, providing true one-stop shopping for high-quality services, engaging with employers on a regional and sectoral basis, improving accountability, and promoting innovation and identifying and replicating best practices. To that end, the Department has been providing technical assistance to aid Senate staff in the development of reauthorization legislation.

Please find below responses to Senator Coburn's recommendations:

1) Consolidate Federal Programs:
   Coburn's Recommendation: When reforming the federal job training system, especially the Workforce Investment Act, Congress should consolidate and better target job training programs across the federal budget.

   DOL's Response: The Department is committed to bringing about better alignment of Federal investments in job training, improved models for delivering quality services across programs at lower costs, and providing relevant information to workforce and social service communities. In fact, one of the Administration's five objectives for reauthorization of the Workforce Investment Act of 1998 is to promote streamlined service delivery. Streamlined service delivery can include several models that offer customers a full range of assistance through partner agencies, such as co-location and co-enrollment. To spur innovation in this area, new incentives and additional flexibility for states and localities are needed and where appropriate, realigning programs should be considered as well. Most importantly is that the workforce investment system is inherently designed to ensure that the most appropriate and cost-effective models for service delivery are best determined locally.

2) Eliminate Federal Programs Without Metrics
   Coburn's Recommendation: Programs lacking metrics and a means of accountability should be eliminated.

   DOL's Response: As demonstrated by the recent Departmental strategic plan, the Department is placing increased focus on performance-based management. Performance measures are being reassessed and made consistent among programs throughout the workforce system, to promote better outcomes for individuals of all skill and need levels, particularly those who are not yet ready and able to move quickly into a good job. We believe that workers and employers should have easy access to information about outcomes for past participants, so that they can make informed decisions about which programs are most likely to meet their needs.

Employment and training programs funded under the Workforce Investment Act include performance indicators that align with the agency's mission to assist Americans in finding and retaining good jobs while ensuring attainment of industry-recognized credentials and certificates that help workers move along a career pathway.

3) Improve Federal Program Metrics of Remaining Programs
Coburn's Recommendation: Programs the government chooses to fund should be rigorously and regularly evaluated through impact studies, performance reviews and other means.

DOL's Response: The Department has worked diligently over the past two years to support rigorous evaluation studies. Random assignment studies to assess effectiveness of the public workforce system and discretionary programs, in addition to grant making based on proven research, is part of DOL's approach in building a stronger evidence-base. Additionally, in a concerted effort with other Federal agencies, we have proposed, as part of our budget request, the creation of a Workforce Innovation Fund that will help test innovative strategies and replicate proven approaches. The intent of this fund is to help reinvigorate the workforce system to better meet the current needs of workers and employers.

4) Better Focus Federal Efforts by Narrowing Programs' Objectives:
Coburn's Recommendation: Programs using only a small fraction of their funding for job training and employment activities should have their program objectives narrowed and instead allow programs whose primary responsibility is job training to carry out such activities. Program objectives and eligibility for programs should be carefully reviewed to ensure maximum flexibility and the most efficient targeting of resources.

DOL's Response: The Department is focused on the strategic targeting of resources to ensure maximum flexibility towards training. We recognize, especially during an economic downturn, that different approaches are needed in providing states and local areas the ability to tailor their program based on the demands and needs of the local and regional labor market, as well as those of workers.

5) Target Eligibility of Federal Programs to Needy:
Coburn's Recommendation: Job training and employment programs should be targeted to those truly in need; therefore, eligibility should be determined in part through the use of income thresholds.

DOL's Response: The Department believes that in this economic climate, unemployment affects a multitude of American workers and accordingly, our employment and training programs are designed to address the needs of all American workers, including those in dire circumstances. For example, through our discretionary grants, we have targeted specific populations based on poverty data. This precise focus on individuals in disadvantaged communities is crucial; training and skills development are essential in finding and keeping employment.

Response to DOL-Related Cases[2]
February 2011 Coburn Report

#1: Bowling for Dollars

Issue: The state of West Virginia awarded Mr. Martin Bowling $100,000 for a worker training grant which was used for questionable expenses. Eventually, Mr. Bowling and his associates pled guilty to misappropriation of federal funds.

Corrective Action: Though the report indicates federal funds were used to make these illegal purchases, this is not the case. The federal government instructed the State of West Virginia to replenish the entire contract using state funds. The state completed this action on June 15, 2010. Individuals involved in the incident have been since convicted and restitution is being paid.

Grant/Contract Performance Period: Because Federal funds were not involved, there is no Federal period of performance.

Corrective Action Timeframe: The issue occurred in 2009. The Department of Labor became involved and worked with the State through 2010 on the resolution.

#2: The Tampa Bay Binge

Issue: In February 2010, the Florida State Inspector General (IG) found the Tampa Bay WorkForce Alliance misspent funds that state investigators claim benefited individual staff members at the agency and not job training programs.

Corrective Action: As the report indicates, the Office of Inspector General (OIG) launched an investigation and misused funds have been disallowed. During this investigation, the federal government offered guidance on what constitutes allowable costs as outlined by Office of Management and Budget circulars and Federal procurement laws.

Grant/Contract Performance Period: The Department of Labor's grant is with the state. The fund sources affected by the findings of the state's IG are Workforce Investment Act (WIA) formula and Recovery Act WIA supplemental funds.

Corrective Action Timeframe: While the Department closely followed the responses of the state in this matter, the state had primary responsibility for oversight of the activities of the Tampa Bay Workforce Alliance (and the other 23 sub-grantees in Florida). The state workforce investment board, Workforce Florida, Inc., requested the state's OIG conduct an investigation into the matter. The state of Florida's OIG review covered expenditures in program year (PY) 2008 and PY 2009, specifically from November 1,

[2] The numbering for the DOL-related cases corresponds to Senator Coburn's report numbering.

2008, through November 30, 2009. The state's OIG issued its report, "Investigation of Food Expenditures at Tampa Bay Workforce Alliance," on January 20, 2010. The Florida IG disallowed $24,477.13 in food and beverage costs and questioned an additional $81,231.92 in costs. During the resolution of these findings, the OIG determined $34,028.29 to be disallowed costs and ordered the Tampa Bay Workforce Alliance to repay these funds with non-federal sources. The state's OIG is working with the sub-grantee to resolve $23,326.90 in questioned costs: the OIG determined the Tampa Bay Workforce Alliance did not have to repay $76,359.15.

#5: Federal Performance Measures Inadequate, yet Federal Laws Inhibit Efforts to Improve Accountability

Issue: An audit of the Minnesota Opportunities Industrialization Centers State Council, a state employment and training program, raised questions on how state funds were being utilized. In addition, the state audit found that workforce programs are not well integrated despite the intent of WIA to develop a one-stop delivery system, and federal law grants little leeway to local workforce service areas to spend resources on meeting other needs that are gaps in service.

ETA Response: The Minnesota Opportunities Industrialization Centers State Council is not an ETA grantee, and WIA funds are not involved. A response to the inferences made about WIA and integration of services is included in ETA's overall policy response to Senator Coburn's report.

Grant/Contract Performance Period: This is not a DOL grantee; no federal WIA funds are involved.

Corrective Action Timeframe: No corrective action by the Department of Labor is necessary because this does not involve WIA or other DOL funding. Ongoing action is being undertaken by state agency.

#6: Where are the Green Jobs?

Issue: The American Recovery and Reinvestment Act (ARRA) allocated $90 billion for green job technology, including a number of ―green collar job training programs. The Administration emphasized the green industries as having significant potential for the creation of new jobs that pay 10-20 percent more than similar non-green work. ***However, many recent green energy training program graduates are unable to find green jobs.***

Response: Through the Recovery Act, the Department awarded nearly $500 million in competitive grants to support recruitment, retention and career pathways in green jobs training. These grants began in January 2010 and generally included a three to nine month start-up period in which grantees addressed key program needs, such as curriculum development, before beginning to train participants. Therefore, many of these grants are just beginning to match individuals to employment opportunities.

In the development of these grants, the Department emphasized the importance of employer and industry involvement. Grantees that are working with employers to provide on-the-job training, work experiences, and internships have been reporting that these strategies have been successful.

While the number of individuals that have received education and training, or employment as a result of that training seems small, it is important to note that these results are consistent with the typical grantee experience, especially considering the challenging economic conditions. As of the quarter ending September 30, 2010, which is the most recent data available, nearly 10,400 participants have been served through these grants and of these participants served, close to 8,400 have received education and training, including 313 in On-the-job Training activities and approximately 3,600 participants have completed education and training activities. After eight months following grant awards, nearly 500 participants who completed job training entered a new position of employment.

The Department anticipates having additional information about positive employment outcomes as our grantees continue to finalize the training phase of their projects and transition on to matching participants with employment.

Note: No corrective timeframe is applicable in this case because there are no audits referenced.

#9: Funds for the Already Employed

Issue: Coburn's report takes issue with the fact that the Central Oregon Intergovernmental Council (COIC) named six recipients, including Deschutes Brewery of Bend, of federal grant money to assist with incumbent worker training.

Corrective Action:
No federal funds were ever utilized by Deschutes Brewery, because the project was cancelled by the award recipient. However, it is important to note that incumbent worker training is an allowable activity of Workforce Investment Act funds.

Grant/Contract Performance Period: While funds were allocated during the performance period, September 9, 2009 through June 30, 2010, the awardee did not draw down any funds; the grant was cancelled at end of the period.

Corrective Action Timeframe: Not applicable; no WIA funds used.

#10: Lost Job Corps Opportunities: Multi-Year Lease Wastes $31 Million

Issue: An OIG audit found that Job Corps could not demonstrate that a multi-year lease with the YWCA was the least expensive option to the Government for purposes of acquiring a new facility at the Los Angeles Job Corps Center.

Corrective Action: A multi-year lease, in the amount of $82 million was awarded to the YWCA of Los Angeles for the construction of a new facility for the Los Angeles Job Corps Center. The Department determined that the award of the multi-year lease was the best value for the government after reviewing all available options. Through lease negotiations, the Department realized a savings of $23 million in Recovery Act funds. The $23 million in savings was reallocated to other Job Corps shovel-ready projects.

Grant/Contract Performance Period: A 20-year lease was signed in May 2009.

Corrective Action Timeframe: The Department maintains that this award was the best value for the Government; no corrective action is warranted.

#11: Unsafe Conditions, Expired Food, Filth and Cockroaches at Florida Job Corps

Issue: An OIG audit of the Gainesville, Florida Job Corps Center operated by DEL-GEN, Inc. found weaknesses in addressing safety and health and in performance reporting. The audit also looked into hotline complaints alleging improper management practices at the Albuquerque, New Mexico Job Corps Center.

Corrective Actions: The Office of Job Corps, in the cases of the audit findings at each center, conducted on-site assessments to follow-up on recommended corrective actions by the OIG. All areas identified in the OIG audit were reviewed thoroughly to ensure that corrective actions were taken and that systems were in place to prevent reoccurrence. The contactors were required to implement corrective action plans which the Office of Job Corps continues to monitor.

Grant/Contract Performance Period: June 1, 2007 through May 31, 2011

Corrective Action Timeframe: On-site assessment was completed in November 2010 to ensure the corrective actions were implemented. Monitoring is ongoing.

#12: Billion Dollar Youth Training Program "Half Disaster," Tens of Thousands Unable to Obtain Jobs.

Issue: In 2009, the American Recovery and Reinvestment Act (ARRA) provided $1.2 billion to support a summer jobs program funded under the Workforce Investment Act. This program was intended to provide low-income individuals aged 14 to 21 years old with job training. ***However, 18 percent of the approximately 355,000 individuals that***

enrolled the summer jobs program either were not provided a summer job or did not complete their summer job.

Response: During the development of the Summer Youth Employment Initiative, the Department established the goal of serving between 250,000 and 300,000 youth in summer employment during the summer of 2009. Updated Departmental data show that the program provided summer employment opportunities for over 368,000 youth between May 1 and December 31, 2010. Additionally, a study of the program by Mathematica Policy Research, Inc. indicated that 75 percent of participating youth during the summer of 2009 achieved a measurable increase in their work readiness skills. It also stated that employers also benefited from the program, and a vast majority of the participating employers reported a desire to continue their participation, if given the opportunity.

The Department was able to surpass its goals and provide meaningful work experiences to hundreds of thousands of youth, despite an extremely challenging economic climate and emphasizing services to out-of-school youth, a generally hard to serve population. Although the program could not place or ensure the program completion of every low income young person, the Department strongly believes the Summer Youth Employment Initiative was a success.

Note: No corrective timeframe is applicable; there are no audits referenced.

#14: Job Corps Contractor Paid for Ghost Employees While Millions of Youth are Unemployed

Issue: A Department of Labor employee was sentenced to 36 months probation for supplementing her government salary by accepting money from a Job Corps contractor.

Corrective Action: As soon as fraudulent behavior was discovered by Job Corps program officials, an investigation was initiated by the Job Corps office through notifying the Office of the Inspector General (OIG). Job Corps officials also cooperated with the OIG throughout the criminal investigation to ensure accuracy of claims against the employee, and to bring resolution of the matter through the court system.

Grant/Contract Performance Period: October 15, 2008 through March 15, 2010.

Corrective Action Timeframe: The former employee was sentenced December 3, 2010.

15: WIA Programs Pay Tuition for Officials' Children, Xbox and Laptops, Gold Shirts and More

Issue: The Ohio Department of Job and Family Services conducted an oversight review of funds received by Portage County and disallowed $700,000 involved in questionable activities including laptops, video games and charge cards. Other funds went to individuals who were determined ineligible to receive funds.

Corrective Action: The State of Ohio conducted a review and disallowed costs as part of their oversight responsibilities of the Workforce Investment Act (WIA) in accordance with the regulations which provide the formal federal guidance for the program (see 20 CFR 667.410). As a result of its investigation, the State of Ohio disallowed the costs involved in questionable activities. It appears that the state acted properly to investigate the activities and establish the disallowed costs.

Grant/Contract Performance Period: Portage Country received WIA grant funds from the State of Ohio in Program Years 2007 and 2008 (July 1, 2007 through June 30, 2009.

Corrective Action Timeframe: For disallowed funds, debt was established and collection efforts are in progress.

#16: Bureaucracy Curtail Employment Options for DC Youth

Issue: The District of Columbia's Department of Employment Services (DOES) issued a Request for Proposals to operate its In-School and Out-of-School Youth Programs through D.C.'s Office of Contracting and Procurement. After these contracts were awarded for Program Year (PY) 2010 (July 1, 2010 through June 30, 2011), an appeal was filed by an unsuccessful applicant. As part of the appeal process, DOES conducted a procurement review and discovered that the contracts awarded for PY 2010 did not comply with proper procurement procedures.

Corrective Action: DOES terminated the contracts awarded for PY 2010 but continues to provide services to low income youth under previous contracts. New grant applications are being solicited.

Grant/Contract Performance Period: The cancelled contracts were awarded by the District of Columbia for PY 2010. These contracts utilize federal funds and must be awarded in accordance with proper procurement procedures.

Corrective Action Timeframe: DOES implemented corrective action beginning in September 2010. The Department of Labor is regularly monitoring the District's progress.

Case #17: Iowa Job Training Agency Executives Scheme Bonuses, Frequent Casinos During Work

Issue: Central Iowa Employment Training Consortium (CIETC)'s former CEO was convicted in February 2010 of an 84-month prison sentence on fraud and corruption allegations.

Corrective Action: CIETC was a local workforce board and a state sub-grantee of employment and training federal funds. During an on-site monitoring review in December 2004, the Department's Regional Office uncovered fraudulent activities, including the excessive salary of Board members and local workforce investment board staff, bonus payments, and staff incurring non-allowable credit card charges. As a result of this discovery, the OIG immediately took over the investigation and as a result, various individuals were indicted, prosecuted, convicted and jailed. The Iowa Department of Workforce Development, in conjunction with its State auditors, issued a final determination disallowing these costs. The CIETC was removed as a Department of Labor grant recipient in June 2006. CIETC was dissolved, and the workforce program is now operated by another entity.

Grant/Contract Performance Period: There were various federal WIA grants during the period 2004 through 2007.

Corrective Action Timeframe: The issue was resolved and closed. Indictments were issued in 2007, and prosecutions occurred in 2008. The OIG issued a final report of all actions in 2010.

#18: A Kitchen Makeover and Cool New Digs

Issue: The Coburn Report takes issue with the fact that the Gerald R. Ford Job Corps Center in Grand Rapids, Michigan received $13 million in Recovery Act funds to modernize the heating, ventilation, and air conditioning (HVAC) systems at the Center, thereby reducing the facility's energy usage.

Response: This project was selected from the Job Corps program's list of construction priorities as it was shovel-ready, and could immediately impact the local economy. This project created over 100 local construction jobs and provided opportunities for over 20 Job Corps students to participate in work-based learning. Renovating existing Job Corps facilities is an appropriate use of funds; specific emphasis was given to projects that promote the sustainable goals for facilities and that would reduce the use of energy and water at centers. In addition, Recovery Act funding was allocated to projects that could begin and end in a short period of time, would generate a significant number of jobs in areas of high unemployment and would advance the mission and real property goals of Job Corps.

Grant/Contract Performance Period: January 27, 2010 through November 30, 2011

Corrective Action Timeframe: Not applicable; this project has not come under any audit or investigation.

Case #19: Rolling the Dice on Federal Job Training for Bartending and Gambling

Issue: The report references eight states (FL, IL, MI, MS, MT, OH, and TN) spending federal Workforce Investment Act dollars to provide individuals training in the bartending occupation. Also, WIA funds are used to provide training for casino workers and other gaming related occupations.

Response: No corrective action is necessary. The hospitality industry is an acceptable career pathway and is measured as part of performance outcomes of Workforce Investment Act funded programs. It is important to note that in the hospitality industry, the amusement, gambling and recreation occupational cluster constitutes a very small but strategically targeted portion of overall training.

For example, between 2005 and 2009, WIA formula and National Emergency Grant funds were used to train a total of 36 individuals in Louisiana for occupations in the amusement, gambling and recreation occupational cluster. This is far less than one percent of the total individuals trained during this time frame, and the training was supported by the industry being a vital part of the New Orleans' regional economy, with projected job growth. The Louisiana Workforce Commission reports that since 2009 (when the recession hit Louisiana), they have not enrolled anyone in training in this occupational cluster.

Due to appropriate targeting of higher demand occupations regionally, the state of Montana has not trained anyone with public funds in bartending or gaming since 2007. The state's Eligible Training Provider List includes one bartending school, but as a result of using labor market data to target growing occupations, no one has gone to this school through WIA or other federal workforce funds since 2005 when the state started keeping records of this.

Note: No corrective timeline is included. This case is related to ongoing formula grants, and the Department's response explains that no corrective action is needed.

22: Job Training Program Mismanagement in Pennsylvania Threatens Funding to Low-Income

Issue: The Coburn report references mismanagement of a YouthBuild program in Harrisburg, PA. The report also mentions that the Philadelphia Regional Office of the Department of Labor has already uncovered instances of unauthorized expenses.

Corrective Action: In 2010, the Department of Labor's Regional Office conducted a monitoring visit to the YouthBuild grant managed by the Harrisburg City School District in Pennsylvania to determine whether there were unauthorized expenses. The Department is in the process of resolving the issues outlined in the report through its Single Audit Resolution, monitoring resolution, and closeout processes. The Department currently is preparing a final determination of the costs so that disallowed costs can be recovered if necessary.

Grant/Contract Performance Period: July 21, 2008 through October 14, 2010

Corrective Action Timeframe: February 2010 to present.

#23: Federal Job Training for the Affluent?

Issue: An audit of the Gadsden, Alabama Job Corps Center found it to be violating Job Corps' low income eligibility requirements by enrolling students who were above the program's income guidelines.

Corrective Action: Through on-site monitoring by Job Corps Center staff, violations were reported to the Department of Labor and in turn, ETA asked the OIG to initiate an audit. Department of Labor officials worked with the ineligible students, who were enrolled through no fault of their own to identify other training and educational opportunities for them and assist them in the difficult transition to other opportunities. Further, the Department is monitoring all centers and outreach and admissions contracts to ensure that applicants enrolling in the program meet all eligibility standards.

Grant/Contract Performance Period: October 1, 2009 through September 30, 2011

Corrective Action Timeframe: December 12, 2010 and ongoing.

Case #24: $4 for Us, $1 for Workers

Issue: A Montana trade union managing federal employment and training funds was accused by the Montana Department of Labor and Industry of gross fiscal responsibility.

Corrective Action: This is a contract from the Montana Department of Labor and Industry (MDLI) to AFL-CIO Project Challenge: Work Again, funded by the State's Federal (formula) WIA Dislocated Worker grant. The contract was funded in the amount of $552,000 for the period July 1, 2007 through June 30, 2008. Through routine monitoring required to meet the grantee's fiduciary responsibilities, the Montana Department of Labor and Industry found that AFL-CIO was spending a majority of the contract funds on staff salaries rather than on participants. The Montana Department of Labor ended the contract in February, 2008, and the funds remaining on the contract went directly to payments for participant training through the MDLI Job Service offices. AFL-CIO no longer operates the WIA Dislocated Worker programs in Montana; it is now operated by MDLI's Job Service Bureau.

Grant/Contract Performance Period: July 1, 2007 through June 30, 2008

Corrective Action Timeframe: In February 2008, MDLI terminated the AFL-CIO Project Challenge contract. AFL-CIO Project Challenge no longer operates WIA programs in Montana.

#25: Atlanta Job Training Programs

Issue: In late 2008, the Department's OIG found a significant lack of management control for two federal job training programs run by the City of Atlanta: Welfare-to-Work and Workforce Investment Act.

Corrective Action:
The Welfare-to-Work program is no longer in operation. As for the WIA program, a recent audit of this case found that oversight procedures now are in place to ensure WIA funds are expended on allowable grant activities.

Grant/Contract Performance Period: July 1, 1998 through September 28, 2004

Corrective Action Timeframe: The Department requested payment for disallowed costs of $4,440,928 in a final determination letter dated February 2, 2011.