

U.S. Department of Labor

Office of Inspector General—Office of Audit

**REPORT TO THE EMPLOYMENT
AND TRAINING ADMINISTRATION**



JOB CORPS COULD NOT DEMONSTRATE BENEFICIAL JOB TRAINING OUTCOMES

**DATE ISSUED: MARCH 30, 2018
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BRIEFLY...

JOB CORPS COULD NOT DEMONSTRATE BENEFICIAL JOB TRAINING OUTCOMES

March 30, 2018

WHY OIG CONDUCTED THE AUDIT

In a 2011 audit report, the Office of Inspector General (OIG) reported that Job Corps placed participants in positions unrelated to their training, placed participants in positions that required little or no training, and in general overstated the success of its job placements.

Job Corps' mission is to teach eligible young adults the skills they need to become employable and independent, and place them in meaningful jobs. For Program Years (PY) 2010 – 2016, Job Corps spent \$1.7 billion annually.

WHAT OIG DID

We conducted a performance audit to answer the following question:

To what extent have Job Corps training programs helped participants enter meaningful jobs appropriate to their training?

We selected a random sample of participants reported as placements to assess the skills and employment experience they had when they enrolled, the training and services they received while in Job Corps, and the outcomes achieved after exiting.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/04-18-001-03-370.pdf>.

WHAT OIG FOUND

Job Corps could not demonstrate the extent to which its training programs helped participants enter meaningful jobs appropriate to their training. This occurred because Job Corps' contractors did not adhere to program policy regarding the collection of information related to participants' prior employment history upon entry into the program, and did not provide participants with effective transition services.

We found 123 of 324 randomly sampled participants were employed prior to enrollment. However, contractor records only documented employment history for 50 of the 123 participants. For the 50 participants with a documented employment history, comparing pre-training to post-training employment revealed 27 participants were placed into jobs similar to their pre-training employment, including 4 that returned to prior employers.

Finally, Job Corps contractors could not demonstrate they had assisted participants in finding jobs for 94 percent of the placements in our sample. Participants either found jobs through their own efforts or without clearly documented contractor assistance. For PYs 2010 and 2011, Job Corps paid millions of dollars to transition services contractors, but we found insufficient evidence demonstrating they had provided the services required by their contracts.

WHAT OIG RECOMMENDED

We made four recommendations to the Employment and Training Administration to improve management oversight of center and transition services contractors.

The Employment and Training Administration concurred with the OIG's conclusions and agreed with the recommendations.

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INSPECTOR GENERAL'S REPORT

Rosemary Lahasky
Deputy Assistant Secretary
for Employment and Training
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In a 2011 audit report, the Office of Inspector General (OIG) identified issues with Job Corps placing participants in positions unrelated to their training, placing participants in positions that required little or no training, and overstating successful placements. Job Corps' mission is to teach eligible young adults the skills they need to become employable and independent, and place them in meaningful jobs or further education.

The Job Corps program is divided into four phases: outreach and admissions, career preparation, career development, and transition services. For Program Years (PY) 2010 – 2016, Job Corps spent \$1.7 billion annually, including \$50 million for transition services. Given Job Corps' history of job placement issues, we conducted an audit to answer the following question:

To what extent have Job Corps training programs helped participants enter meaningful jobs appropriate to their training?

To answer this question, we selected a random sample of participants reported as placements in PYs 2010 and 2011 (July 2010 to June 2012). From files maintained by center operators, we identified the employment history of 324 sampled participants prior to entering Job Corps and the training they received while enrolled in the program. From files maintained by career transition services contractors, we identified the job placement and support services the sampled students received. Finally, using state wage records, we tracked sampled participants' employment status and type approximately five years after their initial placement into employment or education.

RESULTS

Job Corps could not demonstrate the extent to which its training programs helped participants enter meaningful jobs appropriate to their training. This occurred because Job Corps' contractors did not adhere to program policy regarding the collection of information related to participants' prior employment history upon entry into the program, and did not provide participants with effective transition services.

We found 123 of 324 randomly sampled participants were employed prior to enrollment. However, contractor records only documented employment history for 50 of the 123 participants. For the 50 participants with a documented employment history, comparing pre-training to post-training employment revealed 27 participants were placed into jobs similar to their pre-training employment, including 4 that returned to prior employers.

Finally, Job Corps contractors could not demonstrate they had assisted participants in finding jobs for 94 percent of the placements in our sample. Participants either found jobs through their own efforts or without clearly documented contractor assistance. For PYs 2010 and 2011, Job Corps paid millions of dollars to transition services contractors, but we found insufficient evidence demonstrating they had provided the services required by their contracts.

JOB CORPS PARTICIPANT DATA

For PYs 2010 and 2011, 115,764 participants reportedly separated from the Job Corps program. Job Corps reported that 74,273 participants graduated from the program, with 67,628 participants completing their career technical training. Job Corps reported that 41,666 participants arrived at the center with a high school diploma or equivalency degree while 40,489 earned one while on center, leaving 33,609¹ who did not earn a high school diploma or equivalency degree. Job Corps reported 92,854 participants exited the program entitled to placement services, i.e. graduates and former enrollees. Of these, Job Corps reportedly placed 65,596² into employment, education, or the military.

¹Participants may choose to complete technical training without completing the requirements for a high school diploma or equivalency degree.

²We used 65,425 participants as the universe of placed participants after logic checks and data validation. The difference of 171 participants out of 65,596 is an immaterial variance.

JOB CORPS COULD NOT DEMONSTRATE BENEFICIAL JOB TRAINING OUTCOMES

To determine if Job Corps produced long-term positive results, we tracked sampled participants employment status and type approximately five years after their initial placement into employment or education. Because state wage records do not identify individuals' specific employment positions, we were limited to commenting on employment industries, time in employment, and wages.³ For the year 2016, we were able to find wage records for 231 of the 324 sampled participants. Our tests indicated that 137 of 231 participants worked in industries unrelated to their Job Corps' training. Furthermore, our tests indicated that 72 of 231 worked in food service, retail sales, temporary services, or some combination of the three.

In 2016, the 231 participants earned a median annual income of \$12,105. The 2016 median annual earnings for individuals without a high school diploma or equivalency degree was \$26,988, or \$14,883 more than earned by Job Corps participants that found placement after training. The earnings of participants 5 years after initial placement were slightly less than the poverty threshold for individuals under the age of 65, which was \$12,486.

Job Corps was challenged in demonstrating the extent to which its training programs had helped participants enter meaningful jobs appropriate to their training. For those participants in our sample for whom Job Corps documented a prior employment history, we found more than half found jobs similar to those they had prior to entering Job Corps. Moreover, in many cases, Job Corps' contractors did not document enrollees' prior employment history. Without this information, Job Corps cannot assess participants' improvement in their occupational level after leaving the program.

MORE THAN HALF OF SAMPLED PARTICIPANTS WITH A DOCUMENTED EMPLOYER HISTORY DID NOT HAVE A BENEFICIAL OUTCOME

We found records that indicated 123 sampled participants were employed prior to enrolling in Job Corps. However, we found complete prior work histories for only 50 of the 123. For these 50 participants, we found that 27 (54 percent) saw no

³According to Job Corps officials, Job Corps cannot directly access state wage records due to data confidentiality restrictions. However, Job Corps may receive aggregate wage record data but is unable to verify individual participant placements. Job Corps does not have the same access to information as the OIG.

improvement in their occupational level after training. For example, one participant worked as a fast food cook and cashier prior to entering Job Corps, graduated after attending carpentry training for 347 days, and obtained a job working as a pizza restaurant waiter. Five years after exiting the program in 2010, this same participant was working at a convenience store earning approximately \$11,000 per year. Job Corps reported this as a successful graduation and placement.

Additionally, we found four participants returned to the same employer for whom they had worked prior to entering Job Corps. For example, one participant worked as a cashier at a retail store before attending Job Corps in 2011, spent 310 days in bricklaying training, and then returned to work at the same retail store as a stock clerk after graduating. Job Corps also reported this as a successful graduation and placement. In 2016, this former participant trained in bricklaying was working for a bottling company.

PARTICIPANTS' PRE-ENROLLMENT JOB HISTORY NOT DOCUMENTED

For the other 73 participants in our sample of 123, Job Corps contractors did not document participants' complete employment history prior to enrollment, as required. Therefore, we could not fully determine the extent to which the training Job Corps provided helped participants enter meaningful jobs appropriate to their training.

The Job Corps Handbook, Chapter 2, Section 2.5, R2, requires centers to collaborate with each participant to create a Personal Career Development Plan (Plan). The Plan documents the participant's personal career goals, training needs, challenges, progress and accomplishments throughout enrollment and the post-center transition period. As part of the Plan, the centers must include participant entry status, including previous employment. The Job Corps Handbook, Chapter 4, Section 4.1, R1, states transition services contractors are required to include in their career transition plan how participants' Plans will be used to develop a job search strategy or postsecondary educational plan, including support services for the participant, which must build upon participants' demonstrated skills.

The stated purpose of Job Corps' outreach and admission phase is to help students fully benefit from Job Corps' training opportunities. Because the contractors did not document the prior employment history of Job Corps enrollees, Job Corps lacked the ability to assess participants' improvement in their occupational level after leaving the program. Without the ability to analyze participants' history, it is not possible to assess whether training opportunities

properly matched to participants needs. As a result, participants may have received training that was not suited to their post-training locality, aptitude, or the needs of employers.

JOB CORPS PAID MILLIONS OF DOLLARS
FOR TRANSITION SERVICES CONTRACTORS
COULD NOT SUPPORT

While Job Corps' training programs are key to helping students meet their career development goals, Job Corps' assistance does not end when the student leaves the center. Equally important are the center staff and transition service providers that provide employment placement assistance and coordinate transitional support services, which may include living accommodations, transportation, and family support resources.

We found that Job Corps transition services contractors did not provide or document transition services, as required. Both the Workforce Innovation and Opportunity Act and the Workforce Investment Act of 1998⁴ require Job Corps to provide eligible participants job placement and support services. To do so, Job Corps awards transition services contracts with the objective of quality placement, continued attachment to the workforce, and career progression. The contracts require contractors to establish a uniform system for documenting, verifying, and reporting transition services. Section 20 CFR 670.730, requires transition services contractors to contact graduates, assist them in improving job search skills, identify job leads or educational and training opportunities, and record and submit all placement information according to policy.

However, records indicated that 306 of 324 sampled participants either found their placement without contractors' assistance or without documented assistance. Based upon our projection, 61,790 of the 65,425 placed participants did not have evidence that the transition services contractors assisted them in securing placement.⁵ According to Job Corps officials, for PYs 2010 and 2011, transition services cost approximately \$102.2 million. Therefore, based on prorated costs per participant, the transition services contractors were paid

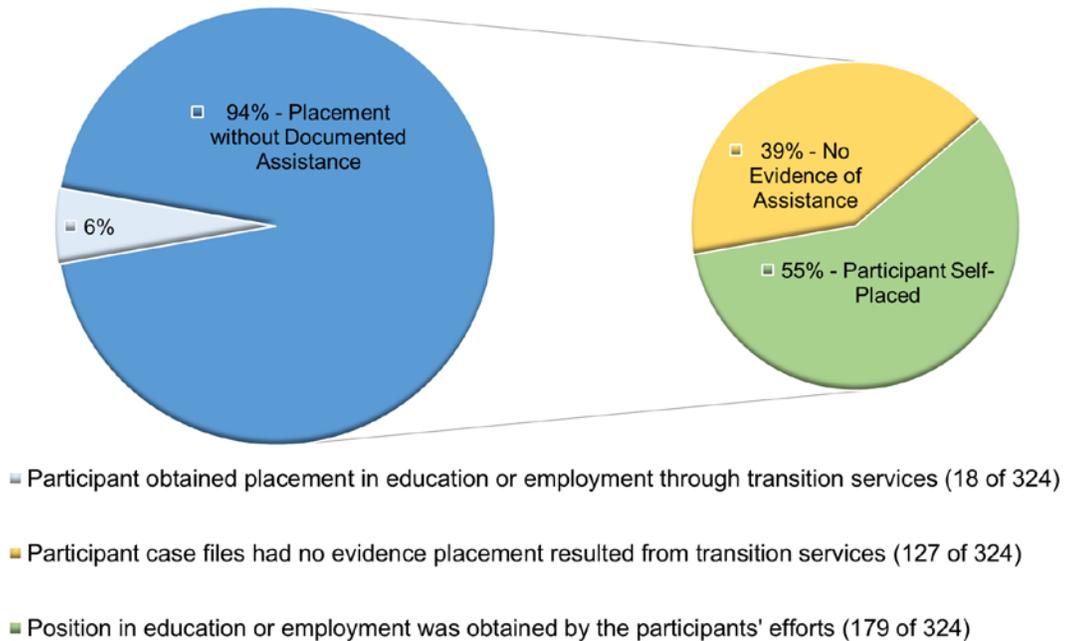
⁴During the course of our audit, Job Corps was reauthorized under WIOA, which replaced WIA. WIOA and WIA both require transition services for eligible participants.

⁵We are 95 percent confident that at least 60,160 participants and as many as 63,421 obtained employment or improved their education attainment without the transition services contractors' assistance.

approximately \$70.7⁶ million for transition services they could not support, which we believe—absent changes in Job Corps’ policy—could be funds put to better use. See Exhibit 1 for complete details on statistical projections.

For 179 of 306 participants the transition services specialists’ case notes indicated participants found placement through their own efforts without assistance from the transition services contractors. For the remaining 127 participants, there was insufficient evidence their placement resulted from contractors’ transition services. See Chart 1 below for a representation of levels of transition assistance.

Chart 1: Transition Services Did Not Result in Participants Obtaining a Position in Employment or Education in the Majority of Cases



Source: Job Corps Contractor Participant Case Files.

⁶The career transition services costs per participant is calculated as the total appropriated funds for career transition services divided by the entire placement pool, which are the total number of graduates and former enrollees entitled to placement services. For PYs 2010 and 2011, 43,574 and 45,791 participants were in the placement pool, respectively. The transition services costs per participant were \$1,144 (\$102,201,574 / 89,365 participants). This estimate assumes the 23,940 participants, who were not included in our testing and did not find placement, received beneficial services from the transition services contractors. Calculations based on performance and financial data reported by Job Corps.

TRANSITION SERVICES CONTRACTORS COULD NOT DEMONSTRATE THEY PROVIDED REQUIRED JOB DEVELOPMENT SERVICES

We determined 297 of 324 participant case files did not contain adequate support noting that participants received the required job development services. The required services included contacting graduates, providing job referrals, identifying transitional needs and services, improving skills in resume preparation, practicing interviewing techniques, and executing job search strategies. We project that 59,973 of 65,425 participant files did not have sufficient evidence of job development services.⁷

Transition services deficiencies occurred primarily because Job Corps did not provide adequate guidance or documentation requirements to ensure transition services contractors provided required services to participants. During the audit period, the Job Corps Handbook section for transition services, Chapter 4, did not require transition services contractors to document efforts in assisting participants in obtaining a placement or any specific details in regards to assisting participants in their job search. On April 14, 2016, Job Corps revised case note documentation requirements via PRH Change Notice 15-12. Transition services specialists are now required to maintain case note documentation on all services provided directly to or on behalf of the students.

At placement, the transition services contractors complete the Job Corps Placement and Assistance Record. It is the only documented information about participants' training and subsequent placement. The placement information creates and tracks common measures and collectively drives management decisions. However, nothing in the Job Corps Handbook or on the Placement and Assistance Record differentiates between transition services contractors assisting participants in finding placement or the participants obtaining the placement on their own. This results in transition services contractors receiving credit for placements despite not providing any documented assistance to the participant.

For example, a transition services contractor contacted a participant only twice before the participant's placement in February 2012. Based on available documentation, the participant, who graduated from the Job Corps program in April 2011, had not received transition services, such as referrals, resume preparation, practice interviews, or a job search strategy. Nevertheless, after having no documented contact for six months, the transition services contractor

⁷We are 95 percent confident that at least 58,006 participants and as many 61,940 participant case files contained insufficient evidence the transition services contractor provided required job development services.

claimed credit for the job placement. Lack of documentation requirements prevented Job Corps from determining if transition services contractors were providing required transition services, and whether contractors received payment for services they had not provided.

If Job Corps started to track participants placed into employment by transition services specialists versus those participants that are self-placed, outcomes for participants should improve. When Job Corps instituted a Career Technical Training Credential Attainment Metric into its Outcome Measurement System, the number of participants receiving credentials increased. For participants that did not receive documented placement services, 49 percent were in positions unrelated to their training, compared to 28 percent for participants that received documented placement services. Therefore, documenting and analyzing placement services' information should help to identify effective contractors and encourage assisted placements.

TRANSITION SERVICES CONTRACTORS REPORTED PLACEMENTS THAT COULD NOT BE CORROBORATED

We contacted 10 states and retrieved wage record information for 238 of the 324 sampled participants. We identified 58 of 238 participants whose placement information did not agree with state wage records. The wage records showed 54 participants worked for a different employer, 3 participants had no work history, and 1 participant's job did not begin until almost 2 years after the reported placement date. See Exhibit 2 for a complete breakdown.

In addition to the incorrectly reported job placements, the transition services contractors did not have supporting documentation for 11 participants placed into employment. Job Corps officials acknowledged that contractors reporting incorrect performance information and manipulating data is a concern. Job Corps officials also stated they would direct regional offices to enhance oversight for reported job placements. Using the liquidated damages amount of \$750 specified in the Job Corps Handbook, Chapter 5, Section 5.1, R.2, for invalid placements, we estimate liquidated damages totaling \$51,750 (69 x \$750) should be assessed for erroneous placements.

OIG'S RECOMMENDATIONS

We recommend the Employment and Training Administration:

1. Ensure outreach and admission contractors complete the forms identifying participants' prior employment work history and use that information to evaluate training and placement.
2. Ensure transition services contractors provide effective and documented placement services.
3. Update the Job Corps Placement and Assistance Record to include whether students were self-placed.
4. Determine and assess liquidated damages to contractors that misreported data based on invalid placements.

SUMMARY OF ETA'S RESPONSE

The Employment and Training Administration concurred with the OIG's conclusion and agreed with the above recommendations. Prior to receiving ETA's written response to our draft report, we reviewed the revised Job Corps PRH sections pertaining to career transition specialists' case note documentation. Based on our review, we agree with ETA that the updated guidance is sufficient. Therefore, we did not include a recommendation in this final report. Management's response to our draft report is included in its entirety in Appendix B.

We appreciate the cooperation and courtesies ETA extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.



Elliot P. Lewis
Assistant Inspector General for Audit

EXHIBIT 1: OIG STATISTICAL PROJECTIONS

Attributes for Projections	Type of Error		
	A	B	C
Universe Size	65,425	65,425	65,425
Sample Size	324	324	238
Number of Cases with Errors Identified in Sample	306	297	58
Percentage of Total	94%	92%	24%
Attribute Confidence Level	95%	95%	n/a
Point Estimate of Percentage of Cases in Universe with Errors	94%	92%	n/a
Point Estimate of Cases with Errors	61,790	59,973	n/a
Projected Percent of Lower Limit Cases in Universe	92%	89%	n/a
Lower Limit Estimate of Cases with Errors in Universe	60,160	58,006	n/a
Projected Percent of Upper Limit Cases in Universe	97%	95%	n/a
Upper Limit Estimate of Cases with Errors in Universe	63,421	61,940	n/a

Source: Job Corps Contractor Participant Case Files and State Wage Records.

Type of Error:

- A = Participants' employment did not result from services provided by transition services contractor
- B = Transition services contractor did not provide evidence of job development training
- C = Transition services records do not match state's wage records

EXHIBIT 2: VARIANCES IN RECORDS

State	No. of total participants sampled by state	Wage records that did not match transition services records	% of Total
Arkansas	22	5	8%
Florida	34	0	0%
Georgia	43	21	36%
Louisiana	20	7	12%
Maryland	19	5	8%
North Carolina	13	2	3%
Oklahoma	28	5	9%
Pennsylvania	20	1	2%
Texas	21	11	19%
Virginia	18	1	2%
Total	238	58⁸	24%

Source: Job Corps Contractor Participant Case Files and State Wage Records.

⁸According to Job Corps officials, Job Corps cannot directly access state wage records due to data confidentiality restrictions. However, Job Corps may receive aggregate wage record data, but is unable to verify individual participant placements. Job Corps does not have the same access to information as the OIG.

APPENDIX A: SCOPE, METHODOLOGY, & CRITERIA

SCOPE

This report reflects the audit work conducted at ETA and Job Corps' headquarters in Washington, DC, and ETA regional offices in Philadelphia, PA; Atlanta, GA; and Dallas, TX. Our work covered the period July 1, 2010, through December 31, 2016, which included an examination of wage data to determine the long-term effectiveness of Job Corps training. In addition, we examined allegations against a Job Corps contractor to determine if they had merit. The allegations were contained in a hotline complaint brought to our attention during the course of this audit.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

METHODOLOGY

To accomplish our objectives, we interviewed management and staff at ETA, Job Corps, center operators, transition services contractors, and program graduates. We reviewed applicable laws, regulations, policies, and Job Corps processes and controls. We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive audit phases and evaluated relevant controls.

SAMPLING PLAN

We developed a statistical sampling plan to test all reported participants that obtained a job, secondary education, military, or additional training for PYs 2010 and 2011. The Month Center Summary Reports for PYs 2010 and 2011, a report released monthly with the annual totals included at the end of the PY, were identified as the base documents. A placement database obtained from the Job Corps Data Center created the participant universe. The placement database, categorized by PY and exit status, i.e. graduates and former enrollees did not include uncommitted students who cannot receive career transition services. The participant universe included 65,425 total participants.

We performed a cluster sample, with a 95 percent confidence level, to select centers within a close geographical proximity. We created a Job Corps cluster universe of all 125 centers and 4 satellite centers. Cluster sampling divides the population into groups or clusters (primary sampling units). A number of clusters selected randomly to represent the population and then all units (secondary sampling units) within selected clusters are included in the sample. No units from non-selected clusters are included in the sample. The result was 15 different clusters with an approximate average of nine centers in each. We then used the information in the participant universe to add the total graduates and former enrollee participants that attended each center.

The sample design of the cluster universe identified clusters 4, 5, 6, 7, 8, and 9 for sampling, with three centers selected in each, for a total sample size of 18 centers. The sample size was 54 participants for each cluster, or 18 participants, per sampled center. The sample design summary specification indicated the sample size was 324 participants with a sample precision level of 8 percent and a confidence level of 95 percent for an expected error rate of 31 percent. A random number generator randomly selected three centers for each selected cluster. The centers selected were Atlanta, Carville, Cass, David L. Carrasco, Earle C. Clements, Flatwoods, Guthrie, Harpers Ferry, Homestead, Lyndon B. Johnson, Muhlenberg, Ouachita, Pine Knot, Pittsburgh, Schenck, Talking Leaves, Turner, and Woodstock. For each center, we compiled a participant list of graduates and former enrollees for PYs 2010 and 2011. A random number generator randomly selected 18 numbers for each center based on the total participants at that center. The random numbers were then applied to each centers' participant list.

PARTICIPANT SERVICE REVIEW

We obtained centers participant files and career transition services files for all 324 sampled participants. We analyzed the participants' identification, education, employment, technical training, concurrent training, work based learning, training/job code match, placement, relocation, certificate obtainment, placement type, transition services contractor, employer name, job title, hourly pay, start date, and number of hours per week. Our work included, but was not limited to, the status of participants prior to their enrollment in Job Corps through their initial placement following graduation, placement data reported by Job Corps and its contractors, internal control evaluation, management and staff interviews, participants' file reviews, program outcomes analysis, and other procedures as necessary.

We used information from the sample to determine the total number of participants that found placement unrelated to training, the services provided by transition services contractors and the occurrences of each result based upon the participants exit status. Participants may exit the program as graduates, former enrollees, or uncommitted students. These classifications determine the eligibility for, and duration of, career transition services. Graduates receive initial placement services for up to nine months following separation, and career transition services for 12 months following initial placement. Services provided shall not exceed 21 months from separation. Following separation, former enrollees are eligible for initial placement services for a period of up to three months. Uncommitted students are not eligible for career transition services.

We excluded all uncommitted students and participants not reported as achieving placement into education, employment, or the military from our testing. We did not include these participants since following them through a state's unemployment insurance wage records would be impossible, as there would be no post-training case notes to indicate the participant's location. This allows for a comprehensive review of the effectiveness of transition services, since participants that exit the program as graduates or former enrollees are entitled to transition services, but uncommitted students are not. Furthermore, Job Corps already reports data on all participants that exit the program, which we used for analysis. Our sample consisted of 272 graduates and 52 former enrollees.

To determine the level of services participants were receiving from the transition services contractors, we reviewed the career transition services case files for all 324 sampled participants, to include the Job Corps Placement and Assistance Record and career transition services case notes. We reviewed case files to determine if assigned transition services contractors offered each participant job related referrals. If the participant obtained a job from the referral, if the participant received guidance on job development, if the participant obtained his/her own job, if the transition services contractor had contact with the participant at the time of placement, and if the job placed should be considered as a placement or verification. The transition services contractors had multiple opportunities to respond to any results we identified.

To determine the long-term effectiveness of Job Corps training, we tracked the employment of participants from initial placement to approximately five years after their initial placement into employment or education (as of December 2016). We reviewed the state's wage records for 231 of the 324 sampled participants. Wage records for 93 participants were not readily available for our review. We used the information from the sample to determine the total number of participants placed into positions unrelated to training, the number of participants working in certain industries, and the average wages of participants.

RELIABILITY ASSESSMENT

We obtained Job Corps' management reports from the Job Corps Data Center. We reviewed performance outcomes published and publicly available on Job Corps website and reconciled the results to Job Corps' Month Center Summary Reports, generated by the Job Corps information system. We then performed multiple analytical tests and completeness checks of the management reports and discerned the data was complete and valid for testing. The Job Corps management reports data collected from Job Corps' Center Information System, a component of Job Corps Data Center. Job Corps is responsible for managing the data in this system, which is subject to separate, periodic OIG IT audits, to ensure integrity and effectiveness. The last audit report, published on September 28, 2012, on the Job Corps Data Center system, completed by independent public accountant, KPMG. The sampled participant information, traced back to source documents, did not reveal any unsupportable information. We determined that the data were sufficiently reliable for the purposes of this report.

INTERNAL CONTROL

In planning and performing our audit, we considered Job Corps' internal controls relevant to our audit objectives. We obtained an understanding of those controls and assessed control risk to achieving our objectives. The objective of our audit was not to provide assurance of the internal controls; therefore, we did not express an opinion on Job Corps' internal controls. Our consideration of internal controls for administering the accountability of the program would not necessarily disclose all matters that might be significant deficiencies. Because of the inherent limitations on internal controls, or misstatements, noncompliance may occur and not be detected.

CRITERIA

We used the following criteria to perform this audit:

- Code of Federal Regulations
- GAO Standards for Internal Control
- Job Corps Policy and Requirement Handbook
- Workforce Innovation and Opportunity Act
- Workforce Investment Act of 1998

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor

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



MAR 3 n 2018

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

FROM: ROSEMARY LAHASKY 
Deputy Assistant Secretary

SUBJECT: Response to Office of Inspector General (OIG) Draft Audit Report
No. 04-18-001-03-370, *Job Corps Could Not Demonstrate
Beneficial Job Training Outcomes*

Thank you for the opportunity to review the draft audit report on Job Corps' Career Transition Services (CTS) and to provide a response to its recommendations. The Employment and Training Administration (ETA) appreciates your interest in this critical aspect of the Job Corps program. We note that the data analyzed in your report concerns records from Program Years (PY) 2010 and 2011 (July 1, 2010 through June 30, 2012).

Since this audit, the program has taken significant steps to improve the quality of career transition services, which are critical to ensuring the continued success of Job Corps students. Specific actions include: the addition of a full-time employee in the National Office focused solely on modernizing and updating the program's CTS component; revising program policies to provide clear definitions for the various placement types; requiring that placement documents be submitted via current technologies (e.g., text, scan, and/or photograph); and updating the timeframes for placement verification.

While improvement has and will continue to be made in the quality of Job Corps' career transition services, we believe Job Corps' training provides significant and tangible employment results for students. For example, in PY 2016, 86.7 percent of graduates obtained an initial placement in a job, the military, or education. Job training matches were achieved for 62.1 percent of the placements, with an associated initial average hourly wage of \$10.78.

ETA appreciates the feedback provided in the OIG's audit. We agree with the OIG recommendations and believe we are effectively addressing them. Our detailed responses to your recommendations are as follows:

Recommendation 1: Ensure outreach and admission contractors complete the forms identifying participants' prior employment work history and use that information to evaluate training and placement.

Response: ETA agrees with this recommendation. While Admissions Counselors do collect data pertaining to prior work history for the purpose of assessing an applicant's income eligibility, employment history is not directly related to program eligibility. As such, Job Corps' Policy &

Requirements Handbook (PRH) does not require Outreach and Admissions contractors to collect an individual's employment history in order to process an application.

However, this information is currently collected by each center during the Career Preparation Period (CPP), which takes place in the first several weeks of a student's enrollment. Section 2.5, R2 of the PRH includes detailed requirements as to how centers must collaborate with students in order to initiate the development of a Personal Career Development Plan (PCDP). Center operators are required to administer a variety of formal and informal assessments to new enrollees during CPP to identify developmental and transitional needs, initial aptitudes, and personal interests and aspirations. Together with the participant's prior work experience, this information is used to develop the PCDP, which identifies short- and long-term career goals; desired geographic residence/work location; transitional needs; and current status as it pertains to pre-enrollment educational attainment, previous employment/skills, English language proficiency, and driver license. Centers must utilize PCDP information to develop a student's individualized schedule and to inform career technical training selections and related support needs.

In addition to existing work history documentation requirements, the program is currently implementing a new career planning initiative, My Pathway to Achieving Career Excellent (MyPACE). MyPACE will replace the PCDP with an individualized career plan that includes review of labor market information/local in-demand occupations in the student's desired geographic residence/work location. MyPACE is a comprehensive, student-centered career planning system that empowers all students to take ownership of their career pathway planning experience and to set, track, and achieve their individualized goals during and after enrollment. MyPACE identifies participants' prior employment history and work skills, and incorporates that information in the development of a comprehensive, individualized career plan. MyPACE includes lessons and software that speak directly to previously employed students with the message that their prior employment is only a stepping stone to a living wage and the independence available via a career pathway.

In sum, Job Corps believes that we have taken, and will continue to take, important steps to obtain and utilize participants' prior employment history to provide better service in the programs' career transition services.

Recommendation 2: Ensure transition services contractors provide effective and documented placement services.

Response: ETA agrees with this recommendation. To increase accountability among transition services contractors, Job Corps issued more explicit instructions regarding required documentation in PRH Change Notice 15-12, on April 14, 2016. PRH Section 4.3, Career Transition Services for Graduates, and Section 4.4, Career Transition Services for Former Enrollees, were both revised to require Career Transition Specialists to maintain case note documentation of all services provided directly to or on behalf of the student in Job Corps' web-based CTS application. Job Corps conducted mandatory training for the CTS community prior to and following the April 2016 policy update.

In addition, on March 9, 2018, Job Corps issued Program Instruction 17-21 on CTS electronic folders. This instruction notified the CTS community that all personnel must use the electronic

folder (e-Folder) system for scanning and storing all documents related to transition and placement services.

With these policy changes, federal staff have direct, ongoing access to required CTS documentation that supports the delivery of services and the validity of employment, education, or military placements. This is a substantial improvement over the previous system in which federal staff requested placement files from operators or performed site visits to CTS contractor locations to review documentation.

Further, as part of a broader internal audit effort in 2017, and in order to be responsive to the preliminary CTS findings provided in the OIG's Exit Conference on March 10, 2017, Job Corps' National Office conducted training for federal staff on the validity of placement-related documentation. This refresher training focused on identifying placement credits that did not meet the definition of the placement granted and provided examples of insufficient employer verification documentation in the student files.

Recommendation 3: Update the Job Corps Handbook to require transition services contractors to document in case notes all provided services.

Response: ETA agrees with this recommendation. As noted in response to Recommendation 2, Job Corps revised the PRH requirements in Sections 4.3 and 4.4 pertaining to case note documentation in April 2016. Career Transition Specialists are now required to maintain case note documentation of all services provided directly to, or on behalf of the student in Job Corps' web-based CTS application. Job Corps conducted mandatory training for the CTS community prior to and following the April 2016 policy update.

Recommendation 4: Update the Job Corps Placement and Assistance Record to include whether students were self-placed.

Response: ETA agrees with this recommendation. Job Corps received Office of Management and Budget (OMB) approval to make revisions to form ETA 678, *Job Corps Placement Record*, in order to capture self-placement and apprenticeship data. The Job Corps Data Center (JCDC) is currently adding these enhancements to the web-based CTS application with projected implementation by June 30, 2018.

Recommendation 5: Determine and assess liquidated damages to contractors that misreported data based on invalid placements.

Response: ETA agrees with this recommendation. In 2017, Job Corps conducted a high-level audit of student placement files for 18 Center/CTS contractors, verifying only whether each placement satisfied the documentation requirements in PRH Exhibits 4-1, *Placement Definitions*, and 4-2, *Initial Placement Documentation and Verification Requirements*. In this audit, a finding of "invalid placement" did not necessarily mean that the placement did not occur or was improper; rather, it indicated that there was an insufficient record of that placement, and the contractor's failure to maintain such a record justified invalidating the placement. Using this methodology, Job Corps identified 339 invalid placements and, through the Office of Contracts Management, has taken steps to recover liquidated damages. The Contracting Officers will continue to work with the program office's Contracting Officer Representatives to ensure that all

appropriate liquidated damages are recovered.

Conclusion

Thank you again for the opportunity to review this report and provide a response to its recommendations. ETA continues to take seriously its responsibility to quickly and effectively address these recommendations. We look forward to continuing to work with the OIG to implement actions to improve Job Corps' admissions and career transition services policies.

APPENDIX C: ACKNOWLEDGEMENTS

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