

**STATEMENT OF PATRICIA A. DALTON
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COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
SUBCOMMITTEE ON HUMAN RESOURCES
U.S. HOUSE OF REPRESENTATIVES
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Good Morning, Mr. Chairman and Members of the Subcommittee. Thank you for inviting me to testify in my capacity as Deputy Inspector General of the U.S. Department of Labor. I am pleased to appear before you today to discuss our audit work and recommendations concerning the Job Corps Program.

From the outset, I would like to emphasize that any views expressed today are those of the Office of Inspector General and may not be the official position of the U.S. Department of Labor.

BACKGROUND

The Job Corps Program was created in 1964 and is currently authorized under the Job Training Partnership Act (JTPA). The Department of Labor, through its Employment and Training Administration (ETA), administers the Job Corps Program, with annual appropriations of over \$1 billion. The purpose of this program is to provide disadvantaged young men and women with education, vocational training, work experience, and counseling to help them become responsible, employable, and productive citizens. Job Corps is unique in that the program establishes residential and non-residential centers at which intensive educational and vocational training is provided.

Each year over 60,000 students are served at 111 Job Corps Centers around the country. Job Corps operates through a partnership between the Government, labor, and the private sector. The Government provides the facilities and equipment for Job Corps centers and the funding for recruitment of students, center operations, and placement of students upon termination. Major corporations and nonprofit organizations manage and operate 83 of the Job Corps centers under contractual agreements with the DOL. The Departments of Agriculture and Interior operate on public lands 28 of the Job Corps centers, which are called civilian conservation centers.

Center operators are responsible for the day-to-day management and administration of the Job Corps centers. Their functions in management and operation of centers include hiring and training of staff, procuring materials and supplies, providing basic educational and vocational skill training, providing student orientation and residential living supervision, managing center finances, maintaining center facilities and equipment, ensuring security and safety, and fostering community relations. In addition to the center-sponsored training programs, Job Corps also contracts with

National Training Contractors (NTCs) to operate vocational training programs and provide placement services. NTCs are mainly national trade unions and affiliated organizations that provide hands-on training for over 12,000 students annually.

In its 33-year history, Job Corps has enjoyed a great deal of success. It has served as the critical turning point in the lives of thousands of young men and women. However, as is usually the case for programs of this magnitude, there is a need to provide continuous oversight and continue to identify what works, what does not work, and where improvements can be made. In addition, with enactment of the Government Performance and Results Act (GPRA) of 1993, Congress and the Administration are explicitly mandating that programs such as Job Corps be effective, have a positive impact, and -- most importantly -- demonstrate a positive return on the taxpayers' investment.

OIG OVERSIGHT OF JOB CORPS PROGRAM

Over the years, the OIG has conducted numerous audits of this program to provide management with information critical to its administration and to provide Congress with relevant oversight information. These audits have focused primarily on assessing the results of the program -- both from the perspective of student outcomes and the effectiveness of the program as a whole. Through these audits we have identified or pointed to weaknesses in the key aspects of the program -- namely the quality of training, contractor performance, center operations, the level and quality of placements, and the level and effectiveness of follow-up services. While we have not assessed the effectiveness of recruitment contractors, which is of particular interest to this Subcommittee, the weaknesses we have identified -- particularly with respect to student outcomes -- may indicate that the individuals entering the program may not always receive the appropriate screening to ensure they have the aspirations and capabilities to succeed in the program, as required by law. We have also identified best practices for the program as a whole and made recommendations on needed improvements and corrective action. In many cases, management has agreed with us and taken necessary corrective action.

Mr. Chairman, our most pressing concern with respect to the Job Corps Program is to ensure that the significant investment of taxpayers' dollars results in students obtaining long-term employment at a wage that ensures their self-sufficiency. Today I will first discuss our work related to the program as a whole and then focus on the issue of placements, which we have identified as critical to the success of this program.

GENERAL PROGRAM FINDINGS AND RECOMMENDATIONS

Overall Program Performance

As I mentioned, in our oversight of this program, we have worked to identify weaknesses, as well as best practices, which impact the overall success of the

program. For example, we have furnished Job Corps with comprehensive cost analysis reports on the performance of the program. These reports, which were based on Job Corps' own data for each of its individual centers, provided ETA with an additional management tool to evaluate and maximize the program's effectiveness. As a result, these reports did not contain specific recommendations -- just information on the program's performance. Through these reports, we identified a number of issues affecting the overall performance of the program including: students finishing the program with no measured gains, students not obtaining jobs in occupations for which they were trained, and the low performance of certain centers.

Student Outcomes

We also conducted an audit of Job Corps student outcomes for a sample of 1,800 students who were placed, or whose period of placement assistance expired, during Program Year 1991. Some 2 years following their termination from Job Corps, the OIG could not determine the career status of 56% of the students in our sample. Consequently, the OIG was unable to determine whether or not these students were working following their participation in the program, for which Job Corps had invested approximately \$12.5 million. We also found that 10% of the students were unemployed; 25% had obtained unmatched employment (i.e., employment not related to the training received), with an average hourly wage of \$5.79; 7% had obtained matched employment (i.e., employment related to the training received), with an average hourly wage of \$6.87; and 3% were either enrolled in school or in the military. The audit also disclosed that while the occupations in demand are determined at the center level, the vocational curriculum for each center is determined by the Job Corps National Office. Moreover, the geographic areas used to determine occupations in demand are defined primarily as the local community in which the center is located, despite the fact that many students return to their home for placement services following their job corps training.

As a result of this audit, Mr. Chairman, we identified several ways to improve the benefits students derive from the program. Among our recommendations were the need for:

- Job Corps to access wage data maintained by the states to track student's employment after leaving the program;
- Job Corps' performance measures to be augmented to measure and document, on a continuing basis, the long-term outcomes of Job Corps students;
- Vocational training to be refined to ensure that training provided is consistent with occupations that are in demand in the geographic areas to which the majority of students return;
- Addressing the needs of employers for skilled workers by ensuring that Job Corps curricula adequately prepare students; and
- Developing contacts with businesses to ensure that jobs are available for students upon completion of their training.

Best Practices of High Performing Centers

Moreover, to help Job Corps improve performance at low-ranked centers, the OIG conducted a survey, in cooperation with Job Corps, to identify best practices currently used at high performing centers. Best practices are those practices, processes and systems that have a positive effect on operating efficiency or performance. We surveyed outreach, admissions and placement contractors to identify their impact on successful center performance. The survey also addressed the oversight and support activities of corporate management, regional offices, Job Corps administrators of the U.S. Departments of Agriculture and Interior, and the Job Corps' national office. At every level, from Job Corps' national office to the centers, the OIG found common threads that helped improve the students' opportunities for success. It is important to note that no single practice alone will ensure success. Across the board, we found that high performing centers had sound management practices that included:

- Establishing an outcome-oriented program of academic education, vocational and social skills training with clear, attainable goals;
- Encouraging an atmosphere of teamwork and effective communication between students, staff, and the local community; and
- Establishing accountability over performance by identifying problems; taking prompt corrective action; tracking, monitoring and reporting performance; and ensuring staff has necessary and adequate training.

Through this audit we also identified the need to establish a unique focus and different performance standards for 16 and 17-year old Job Corps students because younger students have different needs and are harder to serve than older students.

Establishing Goals and Measuring Performance Under GPRA

Mr. Chairman, the development of outcome-related goals and performance measures is of major importance in ensuring the success of this program. It is also what is needed for the program to meet the spirit of GPRA, which requires Federal programs like Job Corps to demonstrate their value. In the case of Job Corps, that would be for its students to attain long-term employment resulting in self-sufficiency. Therefore, the Department needs to clearly define the outcomes expected from Job Corps in terms of the number of students who will achieve self-sufficiency, what constitutes self-sufficiency, and over what period of time. After the goals and measures have been established, Job Corps must begin collecting the long-term outcomes information needed to measure program performance against their goals. To collect this information, Job Corps needs to have access to social security and unemployment insurance wage data, which the program currently does not have.

IMPROVEMENTS BY JOB CORPS

In response to these audits, Job Corps has instituted policies or taken corrective action over the last few years in efforts to improve performance in many of these areas. For example, Job Corps:

- Revised its performance management system to improve performance in certain key areas such as: increasing placements in training-related employment, decreasing the number of students that terminate from the program without any measured gains, and decreasing the number of students whose career or education status is unknown once they leave the program.
- Implemented a new code of conduct for Job Corps students that requires the termination of any student committing any act of violence or testing positive for drugs.
- Developed a technical assistance guide to assist center operators in identifying performance problems, provided special training to key management staff, and provided certain low-performing centers with intensive on-site technical assistance.
- Implemented a screening process to ensure that students entering the program possess the capabilities and aspirations necessary to secure the full benefits of the program.
- Increased job placement assistance to 6 months following termination from the program and the follow-up on student employment status to 13 weeks after placement.
- Moved to cost-reimbursement contracting, rather than fixed-unit priced contracting to control and monitor costs claimed by contractors more effectively.

However, due to resource limitations, we have not been able to audit the implementation or effectiveness of many of these changes. Nonetheless, on the surface, these are positive changes in the management of the program.

PLACEMENT SERVICES

With respect to placement services, as you may be aware, Mr. Chairman, the Job Corps Program relies on contractors to find jobs for students after they terminate their training. These contractors may be independent placement agencies, State Employment Security Agencies, or national training contractors providing services to various centers. Upon terminating from Job Corps, all students are instructed to report to the designated placement contractor in the area in which the student intends to live. Placement contractors are to make every effort to place students in jobs with promising prospects for long-term employment. According to JTPA, Job Corps placement efforts are supposed to focus on jobs related to a student's vocational training, but may also include enrollment in other educational or training programs or enlistment in military service.

Deficiencies in Placement Services

Despite the many improvements implemented by Job Corps over the years, we continue to identify problems related to placement services provided to students after they terminate their training. Audits of specific training and placement services have consistently identified deficiencies in the level and quality of placements of Job Corps students by placement contractors.

A recent example of our work in this area is our performance audit of the training programs operated by the National Plastering Industry's Joint Apprenticeship Trust Fund (Trust Fund). DOL contracts with the Trust Fund to provide vocational training in plastering and cement masonry as well as placement services at various Job Corps centers. The Trust Fund is one of nine Job Corps National Training Contractors (NTC) and receives approximately \$4.7 million annually to provide training and placement services to about 1,200 Job Corps students. During Program Year 1995, the year for which we reviewed performance, the Trust Fund operated 47 vocational training programs at 30 Job Corps centers.

An analysis of the post-program employment experience of former students who were initially placed by the Trust Fund in training-related employment disclosed that a sizable number are having difficulty keeping and/or obtaining employment. The audit disclosed that only minimum post-placement follow-up services were provided to these former students.

The analysis, conducted an average of 14 months after the students were placed in training-related employment, was based on employer confirmation data as well as state unemployment insurance (UI) wage data. We received 129 responses to questionnaires mailed to employers regarding 259 randomly selected training-related job placements reported by the Trust Fund during Program Year 1995. The audit found that of the 129, 98 students were laid-off, had quit, or were fired (19, 55, and 24, respectively), and had an average length of employment of only 100 days. We found that only 12 of the former students were still employed with the initial employer. Another 11 told the initial employer that they were leaving to accept another job. The employers told us that 8 were never employed. After leaving the initial employer, the majority of these former students had very low wages, as reported in state UI wage records. The state UI wage data indicate that these former students were sporadically employed or not employed at all, and some had applied for unemployment compensation. The former students listed as sporadically employed had reported wages averaging \$2,400 per year, after an average of 8 months of training in plastering or cement masonry, at a cost of about \$17,000 per student.

Given the significant amount of resources invested in the students' Job Corps training, we recommended that additional post-placement follow-up services be provided to improve students' employment experience. This includes providing students with any needed placement services for up to 1 year after the completion of their training.

Despite concern with our reliance on state UI wage data to determine the employment status of 27 former students, Job Corps agreed with the OIG that every effort must be made to improve student employability and labor market attachment. Through the years, greater productivity has been expected from NTCs (as compared to Job Corps center-operated training programs) primarily because NTCs have a network of union and industry affiliates that support the placement process. This should increase the likelihood NTC students will be placed in jobs that match their training, pay well, and last long enough for strong roots to be established in the labor force. To immediately

deal with this issue, Job Corps established a placement follow-up workgroup and has requested our consultation assistance in that endeavor.

As a result of our concern in this area, we also audited the Job Corps placement verification system. Job Corps contracts for placement verification services to ensure the validity and accuracy of performance data related to placements. Our audit found that Job Corps has not adequately managed or controlled the process of resolving the questionable placement memoranda (QPMs) sent by the placement verification contractors to Job Corps regional offices. As a result of the backlog of the memoranda that accumulated in the regional offices, placement contractors were paid for invalid placements and former students were paid placement bonuses based on invalid placement data supplied by placement contractors. We recommended that Job Corps ensure that: the backlog of QPMs is resolved; the funds inappropriately paid to contractors and former students be recovered; placement statistics be adjusted as needed; and adequate controls over the Job Corps placement verification system be in place.

Current OIG Focus

Mr. Chairman, based on our extensive oversight of this program, we have recognized, and Job Corps has agreed, that the ultimate success of the Job Corps Program is the placement of students into long-term employment, in which they can earn a livable wage, and from which they can achieve self-sufficiency. In addition to providing appropriate screening and providing a quality training program, key to achieving this is the effectiveness of placement services. Therefore, we are currently shifting resources to devote more attention to the placement function. Specifically, we have begun a cooperative effort with Job Corps to identify improvements in this function to maximize the students' Job Corps experience and translate that into a meaningful job. This joint audit will assess placement services being provided by contractors to Job Corps students and identify affordable placement practices which, if implemented, would provide reasonable assurance that each student would receive assistance resulting in a quality placement.

We will be evaluating the adequacy of placement services provided to students terminating from Job Corps under varying circumstances (i.e., completer, non-completer, in need of support services, age, etc.) This will include determining the level of intervention on the part of the placement contractor to assist students in finding quality employment. We will also determine if placement practices result in quality placements (i.e., job match, high wages, full-time employment).

Finally, we will assess whether monitoring practices by Job Corps regions are effective in evaluating the quality of a contractor's performance and in ensuring that corrective action on any identified deficiencies is implemented. Our overriding goal in devoting more attention to placement services is to help Job Corps ensure that students derive the maximum benefit from their training -- that is, obtaining and maintaining quality jobs at wages that makes them self-sufficient.

CONCLUSION

Mr. Chairman, the OIG looks forward to continuing to work with the Department and the Congress to ensure the success of the Job Corps Program. This concludes my prepared statement. I would be pleased to answer any questions you or the other Members of the Subcommittee may have.