GAO Highlights

Highlights of GAO-15-93, a report to congressional requesters

January 2015

JOB CORPS

Assessment of Internal Guidance Could Improve Communications with Contractors

Why GAO Did This Study

Job Corps—funded at about $1.6 billion in program year 2013—is the nation's largest residential, educational, and career training program for economically disadvantaged youth. In program years 2011 and 2012, ETA projected that Job Corps' costs would exceed its appropriations, and took action to resolve these gaps. In May 2013, DOL's inspector general reported internal control weaknesses and recommended improvements; however, questions remained about the funding transfers and spending cuts ETA implemented. GAO was asked to review these measures.

This report examines (1) how ETA selected the measures it implemented to address Job Corps' financial challenges, (2) the timeliness and completeness of ETA's communications to contractors, including center staff, and Congress, (3) how spending cuts affected applicants and students, and (4) steps ETA has taken since to improve Job Corps' financial management. GAO visited 8 of the 125 centers—selected based on their geographic diversity and other factors—and interviewed staff and students; reviewed ETA's internal notices to contractors and DOL's communications with Congress, and assessed ETA's guidance for internal notices using federal internal control standards; and analyzed ETA's enrollment data from program years 2010 through 2013.

What GAO Recommends

GAO recommends that ETA review the sufficiency of its guidance for internal notices about program changes. ETA concurred with this recommendation.

View GAO-15-93. For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

What GAO Found

In selecting funding transfers and spending cuts to address Job Corps' projected funding gaps in program years 2011 and 2012, the Department of Labor's (DOL) Employment and Training Administration (ETA) considered various factors, including the potential effects on students and recommendations from stakeholders. After considering these factors, ETA used $38 million in funding transfers and implemented $75 million in spending cuts, which included several temporary suspensions of new enrollments, temporary cuts to training, and permanent cuts to student benefits and services, and administrative costs.

Job Corps' contractors, including center staff, said ETA's internal notices to implement spending cuts in program years 2011 and 2012 were sometimes not timely and complete. For example, in some cases, ETA issued a notice on a Friday that required a response by Monday or Tuesday. Staff at three of the eight centers GAO visited said they or other staff worked over the weekend to prepare responses, such as revised spending plans. GAO's review of ETA's internal notices found that 11 of 19 gave contractors 3 business days or fewer to implement a program change, respond, or both. Contractors also said ETA's notices sometimes lacked information they needed to effectively implement changes and communicate them to students and community partners, such as how long cuts would last. ETA officials said their communications were appropriate, given their oversight role and time constraints. Although ETA has guidance on the content of internal notices to contractors, it does not specify time frames for providing notice of program changes. Given challenges contractors identified, ETA's guidance may not ensure that, in accordance with federal internal control standards, contractors receive sufficiently detailed information at the appropriate time to effectively communicate and implement changes. With regard to Congress, while DOL met requirements for notification of funding transfers, some members sent letters to DOL expressing dissatisfaction with the timing and completeness of DOL's communications. The Workforce Innovation and Opportunity Act, subsequently enacted in 2014, requires DOL to provide more frequent and detailed reports to Congress on Job Corps' financial position.

ETA's spending cuts reduced the number of applicants and new enrollees, limited some training opportunities for students, and had other adverse effects. According to ETA data, Job Corps applicants decreased by about a third, from 79,567 in program year 2010 to 53,725 in program year 2012, and new student enrollments decreased by about a quarter, from 56,171 to 40,792 over the same time period. The final enrollment suspension, along with other factors, such as a reduction in outreach and admissions staff, also had subsequent effects on student recruitment. For example, after the enrollment suspension ended, it took Job Corps 8 months to reach over 90 percent of its planned enrollment goal.

In response to recommendations by DOL's inspector general for internal control improvements, ETA has implemented several initiatives to improve the tracking and reporting of Job Corps' financial information. ETA also has initiatives underway to help ensure that Job Corps' costs and appropriations are aligned and to assess the financial implications associated with program changes. While these are all important steps, it is too early to determine the extent to which they will help ETA improve its financial management of the program in the future.