

Report on Implementation of the American Recovery and Reinvestment Act Funds



August 3, 2010

House Select Committee on Federal Economic Stabilization Funding

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Report Prepared by:

H.E. (Gene) Crump Jr.
Deputy Executive Director
Texas Workforce Commission

101 E. 15th Street
Room 656
Austin, Texas 78778
512-936-3609
gene.crump@twc.state.tx.us

Texas Workforce Commission

Schedule of American Recovery and Reinvestment Act (ARRA) Grant Awards and Expenditures

Prepared as of June 30, 2010 (TWC Finance Department)

| Federal Program | ARRA Sec. 1512 Reporting Period Ending 9/30/2009 | | | ARRA Sec. 1512 Reporting Period Ending 12/31/2009 | | | ARRA Sec. 1512 Reporting Period Ending 3/31/2010 | | | ARRA Sec. 1512 Reporting Period Ending 6/30/2010 | | |
|--|--|--------------------|------------|---|--------------------|------------|--|--------------------|------------|--|--------------------|------------|
| | Federal Award Amount | Expenditure Amount | % Expended | Federal Award Amount | Expenditure Amount | % Expended | Federal Award Amount | Expenditure Amount | % Expended | Federal Award Amount | Expenditure Amount | % Expended |
| Employment Service - Stimulus (17.207) | \$ 27,188,088 | \$ 7,462,807 | 27.4% | \$ 27,188,088 | \$ 14,065,159 | 51.7% | \$ 27,188,088 | \$ 20,408,499 | 75.1% | \$ 27,188,088 | \$ 23,273,750 | 85.6% |
| Senior Community Services - Stimulus (17.235) | \$ 1,316,701 | \$ 105,764 | 8.0% | \$ 1,316,701 | \$ 464,814 | 35.3% | \$ 1,316,701 | \$ 799,091 | 60.7% | \$ 1,316,701 | \$ 1,234,155 | 93.7% |
| Workforce Investment Act (WIA) - Stimulus | | | | | | | | | | | | |
| WIA - Adult - Stimulus (17.258) | \$ 34,344,771 | \$ 3,056,591 | 8.9% | \$ 34,344,771 | \$ 8,709,934 | 25.4% | \$ 34,344,771 | \$ 14,668,009 | 42.7% | \$ 34,344,771 | \$ 20,824,490 | 60.6% |
| WIA - Youth - Stimulus (17.259) | \$ 82,000,708 | \$ 49,792,884 | 60.7% | \$ 82,000,708 | \$ 62,059,732 | 75.7% | \$ 82,000,708 | \$ 66,177,267 | 80.7% | \$ 82,000,708 | \$ 69,369,693 | 84.6% |
| WIA - Dislocated Worker - Stimulus (17.260) | \$ 53,768,305 | \$ 5,807,906 | 10.8% | \$ 53,768,305 | \$ 13,138,539 | 24.4% | \$ 53,768,305 | \$ 20,763,696 | 38.6% | \$ 53,768,305 | \$ 29,506,606 | 54.9% |
| Total WIA - Stimulus | \$ 170,113,784 | \$ 58,657,381 | 34.5% | \$ 170,113,784 | \$ 83,908,204 | 49.3% | \$ 170,113,784 | \$ 101,608,972 | 59.7% | \$ 170,113,784 | \$ 119,700,789 | 70.4% |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) - Central TX | \$ - | \$ - | | \$ - | \$ - | | \$ 2,201,214 | \$ - | | \$ 2,201,214 | \$ 287,323 | 13.1% |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) - OJT | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ 3,524,688 | \$ - | |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) - TAT | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ 450,000 | \$ - | |
| Child Care Development Fund (CCDF) Block Grant - Stimulus (93.713) | | | | | | | | | | | | |
| CCDF ARRA Appropriated to TWC | \$ 198,463,366 | \$ 1,614,401 | 0.8% | \$ 198,463,366 | \$ 15,453,455 | 7.8% | \$ 198,463,366 | \$ 30,909,023 | 15.6% | \$ 198,463,366 | \$ 66,031,498 | 33.3% |
| CCDF ARRA Appropriated to DFPS | \$ 16,388,233 | \$ - | | \$ 16,388,233 | \$ - | | \$ 16,388,233 | \$ 359,757 | 2.2% | \$ 16,388,233 | \$ 8,989,668 | 54.9% |
| Total CCDF Grant - Stimulus | \$ 214,851,599 | \$ 1,614,401 | 0.8% | \$ 214,851,599 | \$ 15,453,455 | 7.2% | \$ 214,851,599 | \$ 31,268,780 | 14.6% | \$ 214,851,599 | \$ 75,021,166 | 34.9% |
| ARRA Section 1512 Grand Totals | \$ 413,470,172 | \$ 67,840,353 | 16.4% | \$ 413,470,172 | \$ 113,891,632 | 27.5% | \$ 415,671,386 | \$ 154,085,342 | 37.1% | \$ 419,646,074 | \$ 219,517,183 | 52.3% |
| TANF Emergency Fund - ARRA* | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ 101,423,984 | \$ 3,753,639 | 3.7% |

* The ARRA TANF Emergency Funding CFDA (93.714) is non Section 1512 Reportable, per OMB Memorandum M-09-21, Supplement 1.

Texas Workforce Commission

Summary of Increases/(Decreases) in ARRA Grant Awards and Expenditures by Reporting Periods

Prepared as of June 30, 2010 (TWC Finance Department)

| Federal Program | Amount of Increases/(Decreases) for 10/1/2009 through 12/31/2009 | | Amount of Increases/(Decreases) for 1/1/2010 through 3/31/2010 | | Amount of Increases/(Decreases) for 4/1/2010 through 6/30/2010 | |
|---|---|-----------------------|---|-----------------------|---|-----------------------|
| | Federal Award Amount | Expenditure Amount | Federal Award Amount | Expenditure Amount | Federal Award Amount | Expenditure Amount |
| Employment Service - Stimulus (17.207) | \$ - | \$ 6,602,352 | \$ - | \$ 6,343,340 | \$ - | \$ 2,865,252 |
| Senior Community Services - Stimulus (17.235) | \$ - | \$ 359,050 | \$ - | \$ 334,277 | \$ - | \$ 435,064 |
| Workforce Investment Act (WIA) - Stimulus | | | | | | |
| WIA - Adult - Stimulus (17.258) | \$ - | \$ 5,653,343 | \$ - | \$ 5,958,075 | \$ - | \$ 6,156,481 |
| WIA - Youth - Stimulus (17.259) | \$ - | \$ 12,266,847 | \$ - | \$ 4,117,535 | \$ - | \$ 3,192,426 |
| WIA - Dislocated Worker - Stimulus (17.260) | \$ - | \$ 7,330,633 | \$ - | \$ 7,625,158 | \$ - | \$ 8,742,910 |
| Total WIA - Stimulus | \$ - | \$ 25,250,823 | \$ - | \$ 17,700,768 | \$ - | \$ 18,091,817 |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) -Central TX | \$ - | \$ - | \$ - 2,201,214 | \$ - | \$ - | \$ 287,323 |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) - OJT | \$ - | \$ - | \$ - | \$ - | \$ 3,524,688 | \$ - |
| WIA - ARRA National Emergency Grant (NEG) Dislocated Worker (17.260) - TAT | \$ - | \$ - | \$ - | \$ - | \$ 450,000 | \$ - |
| Child Care Development Fund (CCDF) Block Grant - Stimulus (93.713) | | | | | | |
| CCDF ARRA Appropriated to TWC | \$ - | \$ 13,839,054 | \$ - | \$ 15,455,568 | \$ - | \$ 35,122,475 |
| CCDF ARRA Appropriated to DFPS | \$ - | \$ - | \$ - | \$ 359,757 | \$ - | \$ 8,629,911 |
| Total CCDF Grant - Stimulus | \$ - | \$ 13,839,054 | \$ - | \$ 15,815,325 | \$ - | \$ 43,752,385 |
| ARRA Section 1512 Grand Totals | \$ - | \$ - 46,051,279 | \$ - 2,201,214 | \$ 40,193,710 | \$ - 3,974,688 | \$ 65,431,841 |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

Description of ongoing projects and progress on each project

| Project | Amount | Description | Status |
|--|--------------|---|---|
| Wagner-Peyser Employment Services (ES) | \$27,188,088 | <p>These funds are provided for states to address the increasing Unemployment Insurance (UI) claimant population and the rising needs of claimants and other job seekers, and to enhance the availability of intensive, staff-assisted services. States are required to use 62.5 percent of their funds on reemployment services for UI claimants.</p> <p>Job seekers may receive a variety of services, including referral to job openings, assessment, employment counseling, access to resource areas in Texas Workforce Centers, labor market information, and seminars on topics such as résumé writing, interviewing skills, and job hunting techniques. Specifically, these may include:</p> <ul style="list-style-type: none"> • in-person, staff-assisted services; • initial UI claimant reemployment assessments; • career guidance and group and individual counseling, including provision of materials, suggestions, or advice intended to assist the job seeker in making occupation or career decisions; • provision of labor market, occupational, and skills transferability information that clarifies claimants' reemployment opportunities and skills used in related or other industries; • referral to job banks, job portals, and job openings; • referral to employers and registered apprenticeship sponsors; • assessment, including interviews, testing, individual and group counseling, and employability planning; • referral to WIA-funded training; and • outreach to special populations, such as migrant seasonal farm workers. | <p>By mid-July 2009, TWC had hired 325 temporary ES staff that will be retained through September 2010.</p> <p>Additionally, temporary ES staff was placed at Reemployment Centers opened in three Board areas (Dallas County, Alamo, and Tarrant County) to expand the workforce system's capacity to focus on services to UI claimants.</p> <p>Performance for the 12 months ending June 30, 2010 for all job seekers:</p> <ul style="list-style-type: none"> • 1.94 million job seekers received services, a 6.53% increase over the same period one year earlier. • Of those, 1.44 million received assistance from staff |
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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

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| <p>Senior Community Service Employment Program (SCSEP)</p> | <p>\$1,316,701</p> | <p>Funds are available to enhance services to eligible individuals age 55 or older by providing community service opportunities to assist them in gaining competitive job skills, leading to unsubsidized employment, through temporary subsidized employment in governmental and nonprofit entities. For performance, DOL requires that community service assignments focus on the growth industries emphasized (e.g., health care, child care, education, green jobs, energy efficiency, and environmental services) and on expanded public service activities that use ARRA funds. A total of 139 SCSEP positions will be funded. The Commission will establish performance expectations for the SCSEP contractor and will continue to meet all federal and state performance measures.</p> <p>ARRA requires that SCSEP funds be allocated based on current grantees' share of the Program Year 2008–2009 grant. Grantees may expend ARRA SCSEP funds through June 30, 2010.</p> <p>Of the ARRA SCSEP funds, 73 percent will be spent on participant wages and fringe benefits. Initially, primary emphasis will be on recruiting participants and host agencies. Two percent of the funds will be spent on additional targeted training and support services that assist participants with continuing and succeeding in their community service assignments or unsubsidized jobs secured after exiting the program.</p> | <p>DOL established a performance expectation which requires TWC to provide 137 community service positions.</p> <p>Performance through June 30, 2010</p> <ul style="list-style-type: none"> • cumulative enrollment: 325 in community service positions • Entered Employment rate for exited participants: 71.67% |
| <p>WIA Adult</p> | <p>\$34,344,771</p> | <p>Funds will be available to provide core, intensive, and training services, with priority given to low-income individuals and individuals receiving public assistance.</p> <p>The Commission established performance expectations for Boards and will continue to meet all federal and state performance measures. Boards must expend no less than 67% of their funds training services, support services and NRPs. Training services may include the following:</p> <ul style="list-style-type: none"> • Occupational skills training • On-the-job training programs that combine workplace training and | <p>Performance from 5/1/09 to 6/30/10:</p> <ul style="list-style-type: none"> • Adult customers served: 8,914 • Number of Adult customers in Training: 5,648 <p>Number of direct contracts with institutions of higher</p> |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

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| | | <p>related instruction, including registered apprenticeship</p> <ul style="list-style-type: none"> • Private sector training programs • Skills upgrade and retraining • Entrepreneurship training • Job readiness training • Adult education and literacy training • Customized training <p>Further, states have the authority to enter into contracts with institutions of higher education, such as community colleges, or with other eligible training providers to facilitate the training of multiple individuals in high-demand occupations, as long as the contract does not limit customer choice.</p> | <p>education*</p> <ul style="list-style-type: none"> • 9 Boards contracting directly with institutions of higher education • 219 Training programs ranging from healthcare and energy conservation to education and trades (e.g., Solar Installation, Weatherization, HVAC, Production Inventory and Management, Well Control, Vocational Nursing, Plumbing/Pipefitting, Welding, Drafting, Industrial Electrical Maintenance, Alternative Teacher Certification). |
| WIA Youth | \$82,000,708 | <p>Funds will be available to support enhanced youth services, with an emphasis on creating summer employment opportunities for youth.</p> <p>The Commission set a state-wide enrollment target of 14,420 to be served in Summer Youth Employment programs between May 1, 2009, through September 30, 2009.</p> | <p>SYEP Performance through June 30, 2010</p> <ul style="list-style-type: none"> • 21,844 youth enrolled in SYEP (or 159.5% of target) in the summer of 2009. Additional youth have been enrolled in 2010. A total of 23,736 youth were enrolled from 5/1/09 to 6/30/10. |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

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| | | | <ul style="list-style-type: none"> • 83.7% of 2009 SYEP participants completed the SYEP • 87.3% of 2009 SYEP participants attained work readiness skills (as measured and reported by the worksite employer) |
| WIA Dislocated Worker | \$53,768,305 | <p>Funds will be available to workers who have been laid off. The Commission established performance expectations for Boards and will continue to meet all federal and state performance measures. Boards must expend no less than 67% of their funds training services, support services and NRPs. Training services may include the following:</p> <ul style="list-style-type: none"> • Occupational skills training • On-the-job training • Programs that combine workplace training and related instruction, including registered apprenticeship • Private sector training programs • Skills upgrade and retraining • Entrepreneurship training • Job readiness training • Adult education and literacy training • Customized training <p>Additionally, states have the authority to enter into contracts with institutions of higher education, such as community colleges, or with other eligible training providers to facilitate the training of multiple individuals in high-demand occupations, as long as the contract does not limit customer choice.</p> | <p>Performance from 5/1/09 to 6/30/10:</p> <ul style="list-style-type: none"> • Dislocated Worker customers served: 8,756 • Number of Dislocated Worker customers in Training: 5,441 <p>Number of direct contracts with institutions of higher education*:</p> <ul style="list-style-type: none"> • 9 Boards contracting directly with institutions of higher education • 219 Training programs ranging from healthcare and energy conservation to education and trades (e.g., Solar Installation, Weatherization, HVAC, Production Inventory |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

| | | | |
|--------------------------------|--------------|--|---|
| | | | and Management, Well Control, Vocational Nursing , Plumbing/Pipefitting, Welding, Drafting, Industrial Electrical Maintenance,, Alternative Teacher Certification,). |
| WIA NEG for Dislocated Workers | \$2,201,214 | <p>These funds will to provide dislocated workers with training and other workforce services needed to regain employment. The funds will address dislocations resulting from plant closures and layoff in the following companies: Alcoa, and several of its contractors including Luminant, Bechtel/Becon, and Texas Hydraulics. The NEG funds will ensure that the Central Texas Workforce Development Board (Board) provides, subject to NEG allowable uses, workforce development services to 500 dislocated workers, including the following:</p> <ul style="list-style-type: none"> • Core and intensive services, such as skills and educational assessments, leading to an Individual Employment Plan, job search assistance, or referrals, as appropriate, to other workforce services; • Occupational and vocational training services; and • Support services, such as uniforms and tools, as well as transportation or other support to address barriers to participation, as determined by a needs assessment. | The Department of Labor has approved a grant totaling \$2,201,214, with an initial award of \$1,021,902. Through June 30, 2010, 139 participants have been enrolled with 68% beginning training services. Overall expenditures against the incremental award amount are currently at 52.7%. |
| WIA NEG for Dislocated Workers | \$ 3,524,688 | These ARRA On-the-Job Training NEG funds will provide re-employment assistance for dislocated workers experiencing prolonged unemployment by enabling employers to create training and job opportunities for these individuals. Participating employers will provide On-the-Job training and will receive partial reimbursement—on a sliding scale ranging from 50 to 90% of the participant’s wage—to offset the extraordinary cost of training | Staff is working with local areas to determine an appropriate distribution in order to finalize grant award documents. |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

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| | | <p>workers.</p> <ul style="list-style-type: none"> The grant was awarded June 24, 2010. | |
| Child Care and Development | \$214,851,599 | <p>To provide additional subsidized child care for low-income families. To enhance the quality of child care services. ARRA requires that Texas set aside approximately \$36.6 million to support quality improvement, as follows:</p> <ul style="list-style-type: none"> Required set-aside of at least 4 percent (\$8.6 million) for quality <p>Additionally, ARRA established additional set-asides to support quality improvement activities as follows:</p> <ul style="list-style-type: none"> \$17.7 million for quality expansion \$10.2 million for infant/toddler care quality improvement <p>On June 9, 2009, the Commission approved</p> <ul style="list-style-type: none"> the allocation of \$151,202,053 in CCDF ARRA funds to Boards for direct child care services http://www.twc.state.tx.us/boards/wdletters/letters/27-09.pdf the allocation of \$32.3 million in CCDF ARRA funds to Boards to be expended on child care quality improvement activities http://www.twc.state.tx.us/boards/wdletters/letters/22-09.pdf | <p>We estimate serving an average of 16,598 children per day over a 24 month period.</p> <p>Because of the ramp-up period involved in expanding services, we have thus far served an average of 13,796 children per day from 7/1/09 to 5/30/10.</p> |
| Temporary Assistance for Needy Families/Emergency Contingency Fund (TANF/ECF) | \$46,521,453 | <p>To provide subsidized employment opportunities for low-income unemployment insurance (UI) claimants and to provide subsidized summer employment opportunities for low-income youth. The Department of Health and Human Services' Administration for Children and Families has approved funding totaling \$46,521,453 through June 2010.</p> <p>UI claimants are served through the Texas Back to Work Initiative (TBTW) with the goal of timely reattachment to the workforce. TBTW is jointly funded with State general revenue funds and TANF ECF.</p> | <p>Through June 2010, 1,206 UI claimants have been served through TBTW, funded with TANF ECF, and 8,198 low-income youth have been served through SSYEP.</p> |

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Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

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| | | Youth participating in the Subsidized Summer Youth Employment Program (SSYEP) are provided meaningful workplace experiences over the course of the summer months of 2010. | |
|--|--|---|--|

*Contracts include Recovery Act Adult or Dislocated Worker funding.

| ARRA Audit | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|--|--|---|-------------------|--------------------------------|
| U.S. Government Accountability Office | | | | |
| 1. 1st Bimonthly Reviews of Selected States: Audit Report, <i>Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential</i> | March 2009 (for period February 17, 2009 - April 20, 2009) | Complete | None | N/A |
| 2. 2nd Bimonthly Reviews of Selected States: Audit Report, <i>States' and Localities' Current and Planned Uses of Funds While Facing Fiscal Stresses</i> (GAO's work focused on nine federal programs that are estimated to account for approximately 87 percent of federal Recovery Act outlays in fiscal year 2009 for programs administered by states and localities. The primary focus for TWC: the status of Recovery Act funds relative to the Summer Youth Program) | May 2009 | Complete | None | N/A |
| 3. 3rd Bimonthly Reviews of Selected States: Audit Report, <i>Funds Continue to Provide Fiscal Relief to States and Localities, While Accountability and Reporting Challenges Need to Be Fully Addressed</i> (primary focus: 1512 reporting at the state level and contract service delivery at the Boards) | July 2009 | Complete | None | N/A |
| U.S. Department of Labor Office of Inspector General | | | | |
| 1. Performance audit of the Workforce Investment Act Dislocated Worker and Adult programs under ARRA of 2009 | January 11-12, 2010 | Fieldwork Complete (Waiting on Report) | | |
| U.S. Department of Labor Employment and Training Administration | | | | |
| 1. Readiness and Technical Assistance Consolation (<i>The intent is to identify technical assistance needs throughout USDOL's system – as well as to provide USDOL office a sense of how it can help the State.</i>) | March 2009 | Complete | None | N/A |

| ARRA Audit | | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|------------|---|--|--|---|---|
| 2. | Financial Review of TWC's Workforce Investment Act Title I Adult, Dislocated Worker, and Youth programs, and Wagner-Peyser Act Programs to assess whether key policies, procedures and systems are in place to implement and manage all programs funded through ARRA. (State Level) | July 20-July 22, 2009 (Data Review Time Period: March 1, 2009 through June 30, 2009) | Complete | None | N/A |
| | | | | Positive Practice: "TWC has taken a very proactive role to ensure that it is ready to successfully complete its Section 1512 reporting in October 2009." | |
| 2a. | U.S. Department of Labor Employment and Training Administration (Dallas LWDB ¹) - Scope consisted of a Financial Review of WIA Title I Adult, Dislocated Worker, and Youth ARRA program funds and Title III Wagner-Peyser Act program funds Positive Practice #1: Documentary of the SYEP Positive Practice #2: Pro-Active Data Integrity Review Positive Practice #3: Leadership Development Opportunities in Worksites Positive Practice #4: Outreach Process Yields Positive Results | July 27-29, 2009 | Complete Per DOL Letter on May 27, 2010, all findings were addressed and resolved. | Compliance Finding #1: Lack of Individual Service Strategies Compliance Finding #2: Youth Funds Not Requested Based on Immediate Needs Compliance Finding #3: Allocation of Costs to Programs Not Based on Benefits Received Compliance Finding #4: Questionable Administrative and Center Pools Costs Areas of Concerns #1: Accessibility of Work Readiness Training Areas of Concerns #2: Work Readiness Indicator | We agree with the recommendation. Board will develop an ISS and document for all current and future participants. Finding Resolved. We agree with the recommendation. The Board will ensure it follows its standard practice of drawing down Federal funds based on immediate cash needs. Finding Resolved. We agree with the recommendation. The Board will provide TWC with figures based upon monthly reconciliations, and evidence of the correction in October, and then provide documentation of costs. TWC will make this information available to the regional office. We agree with DOL's final determination and will continue to work with the Board to resolve these issues. With regards to the areas of concerns, TWC has and will continue to work with the Board in correcting the weaknesses noted to ensure compliance and appropriate management of federal funds. |
| 2b. | U.S. Department of Labor Employment and Training Administration (North Central LWDB ¹) - Scope consisted of a Financial Review of WIA Title I Adult, Dislocated Worker, and Youth ARRA program funds and Title III Wagner-Peyser Act program funds | November 16-20, 2009 | Complete Per DOL Letter on May 28, 2010, all findings were addressed and resolved. | Compliance Finding #1: Allocating Questionable Indirect Costs to DOL Programs | Effective immediately, the Board will not be charging such costs to the indirect cost pool. During this year's on-site monitoring review, TWC will verify and test the expenditures to ensure that the Board is in compliance with this response. |

| ARRA Audit | | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|------------|---|-----------------------|-----------------------------------|---|---|
| | <p>Positive Practice #1: Conducting Major Procurement Actions</p> <p>Positive Practice #2: Effective Monitoring and Resolution of Findings</p> | | | <p>Areas of Concerns #1: Low ARRA Program Expenditures</p> <p>Areas of Concerns #2: Documentation Supporting the Cost Allocation Plan for the Council of Governments</p> <p>Areas of Concerns #3: Documentation Supporting the Cost Allocation Plan for the Workforce Development Division</p> <p style="text-align: center;">Areas of Concern at the Youth Contractor</p> <p>Areas of Concern #1: Sole Source Procurement Procedures</p> <p>Areas of Concern #2: Cost Allocation Plan</p> <p>Areas of Concern #3: Meal Expenditures</p> <p>Areas of Concern #4: Support for General Ledger Adjusting Entries</p> | <p>With regards to the areas of concerns, TWC has and will continue to work with the Board in correcting the weaknesses noted to ensure compliance and appropriate management of federal funds.</p> |
| 2c. | <p>U.S. Department of Labor Employment and Training Administration (Alamo LWDB¹) - <i>Scope consisted of a Financial Review of WIA Title I Adult, Dislocated Worker, and Youth ARRA program funds and Title III Wagner-Peysner Act program funds.</i></p> <p>Positive Practice #1: Valuable Work Experience for All Youth</p> <p>Positive Practice #2: ARRA Funds Expand Youth Opportunities</p> | September 21-23, 2009 | Complete | <p>Compliance Finding #1: Work Experience at Pool Facilities</p> <p>Compliance Finding #2: Grant Charged with Questionable Costs (Promotional Items and Beverages for Employee Consumption)</p> | <p>In DOL's report, the ETA Regional office considers this finding resolved based on the Board's submission of worksite review documentation which confirmed that job duties at these facilities did not directly involve working at or by pools. There is no further action needed by TWC or the Board.</p> <p>Upon notification, the Board immediately ceased purchases of promotional items that do not comply with regulations and TWC guidelines, and the Board immediately ceased purchases of beverages.</p> |

| ARRA Audit | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|---|------------------------------------|-----------------------------------|---|---|
| <p>2d. U.S. Department of Labor Employment and Training Administration (Gulf Coast LWDB¹) - <i>Review of the ARRA Summer Youth Employment Program to evaluate the management and administration of ARRA funds, the quality of programs and services, and performance data in order to determine if the program is in compliance with the WIA, ARRA and related guidance issued in achieving program goals.</i></p> <p>Positive Practice #1: Publication "Scrapbook" of the SYEP Positive Practice #2: Weekly meetings Result in Efficient Services Positive Practice #3: Non-Traditional Work Experiences for Youth</p> | <p>August 17-19, 2009</p> | <p>Complete</p> | <p>Compliance Finding #1: Work Experience at Pool Facilities</p> <p>Areas of Concern #1: Follow-Up Needed on Sub-Recipient Monitoring</p> <p>Areas of Concern #2: Participants with Different Fund Codes Counted as SYEP</p> | <p>The Board reported that the finding was due to a miscoding of youth participants in The Workforce Information System of Texas (TWIST). The Board took immediate action to correct the miscoding once it was discovered.</p> <p>The Board resolved all findings with both contractors, and also completed financial monitoring for all summer youth jobs contractors.</p> <p>The Board adjusted the service codes and fund codes to accurately reflect which program fund - SYEP or regular youth - was used to provide and reimburse services to its youth customers. Customer records and reports have been adjusted to reflect the changes made.</p> |
| <p>2e. U.S. Department of Labor Employment and Training Administration (Tarrant LWDB¹) - <i>Will consist of Financial and Program Review of WIA ARRA funds</i></p> <p>Positive Practice #1: A Consortium to Address Green Job Needs. Positive Practice #2: Rapid Response Activities Ensures Effective Transition Services. Positive Practice #3: Comprehensive On-the-Job Training Process. Positive Practice #4: Youth Program Fund Utilization.</p> | <p>March 1-5, 2010</p> | <p>Complete</p> | <p>Compliance Finding #1: Lack of Contract Provisions</p> <p>Compliance Finding #2: Cash Management Resulted in Cash Deficiencies</p> <p>Areas of Concern #1: Evaluate the Continued Need of Incentive Payments</p> <p>Areas of Concern #2: Expenditures are Below the State's Goal</p> | <p>We agreed with the recommendation. The Board amended all existing contracts to include the special labor standards provisions required by 29 CFR Part 95.</p> <p>The Board will coordinate with its contractors to make expenditure projections more frequently than monthly and utilize that information to make appropriate and timely cash draws.</p> <p>With regards to the areas of concerns, TWC has and will continue to work with the Board in correcting the weaknesses noted to ensure compliance and appropriate management of federal funds.</p> |
| <p>2f. U.S. Department of Labor Employment and Training Administration (Gulf Coast LWDB¹) - <i>Will consist of Financial Review of WIA ARRA funds</i></p> | <p>Scheduled for May 3-7, 2010</p> | <p></p> | <p></p> | <p></p> |

| ARRA Audit | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|--|--------------------------|-----------------------------------|--|--|
| <p>3. Program Review of TWC's Workforce Investment Act Title I Adult, Dislocated Worker, and Youth programs to assess whether key policies, procedures and systems are in place to implement and manage all programs funded through ARRA. (State Level)</p> <p>Positive Practice #1: Statewide Initiatives Target Different Populations</p> <p>Positive Practice #2: Performance Tools Provide Insight to Local Boards</p> <p>Positive Practice #3: Workforce Strategic Focus Aligned with Other State Agencies</p> <p>Positive Practice #4: Communication Ideal Between State and Local Areas</p> | <p>March 15-19, 2010</p> | <p>Complete</p> | <p>Observation #1: Workforce Services Provided to Adults Regardless of Income</p> <p>Observation #2: Lack of Guidance on Youth Incident Reports and Documentation of the 6th Youth Barrier</p> <p>Observation #3: Monitoring Issues Not Included in Final Monitoring Report</p> | <p>In accordance with 20 C.F.R. §663.600(b), each Board determines the sufficiency of funding in its workforce area. If a Board determines that it has sufficient funds, it can make a declaration of unrestricted funding, allowing the Board to provide services to WIA adult participants without regard to income. TWC evaluated the Adult program services at the nine identified Boards and found that for WIA formula funding, all nine do income determination. All Boards determine income eligibility for adult participants served with ARRA funding.</p> <p>We agree with the observations. TWC will provide guidance to Boards that outlines procedures for reporting incidents and issue it by a Workforce Development Letter. Additionally, TWC will provide guidance to Boards requiring eligibility documentation that supports how the youth meets the 6th barrier.</p> <p>We agree with the observation. TWC has previously identified a need for and has hired a quality assurance monitor to ensure a high-quality and consistent process for on-site state monitoring.</p> |

| ARRA Audit | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|--|---------------------------|--|---|--|
| Texas Comptroller of Public Accounts | | | | |
| 1. Post Payment Audit of American Recovery and Reinvestment Act (Reviewed transactions processed during the period of march 1, 2009 through August 31, 2009.) <i>The objective of the audit was to determine whether the Commission's expenditures of ARRA funds complied with certain state laws and rules and with the processing requirements of the statewide accounting and payroll systems.</i> | August - November 2009 | Complete | None | N/A |
| | | | The limited review did not reveal any errors. The report acknowledged that the Commission was in compliance with the following areas: (1) "The Commission recorded and reported federal receipts in accordance with the Comptroller's Fiscal Policies and Procedures for ARRA funds." (2) "Policies and procedures are adequate for monitoring grant award programs." (3) "Supporting documentation was sufficient to verify ARRA related cost allocation." | |
| Texas State Auditor's Office | | | | |
| 1. 2009 Statewide Audit | | | | |
| 1a. Statewide Audit - Comprehensive Annual Financial Report (<i>Scope was on the Unemployment Insurance Program</i>) | September - November 2009 | Complete | There were no findings related to ARRA funds. | N/A |
| 1b. Statewide Audit - Federal Compliance Audit (Performed by KPMG, Contractor of SAO) (<i>Programs being audited included Temporary Assistance for Needy Families, Workforce Investment Act Cluster-ARRA, Employment Services Cluster-ARRA, Unemployment Insurance-ARRA</i>) | June 2009-January 2010 | Complete Per Letter from DOL on July 14, 2010, the finding has been corrected and the corrective action is accepted. | Subrecipient Monitoring Compliance Finding (WIA Cluster & ES Cluster): Subsequent to the first ARRA disbursement, TWC continued to obtain documentation of the CCR registrations from all ARRA subrecipients. TWC should ensure the registrations remain current for all subrecipients." | The Texas Workforce Commission (TWC) agrees that subrecipients need to maintain current CCR registrations. TWC has put in place a process to notify the LWDBs and other subrecipients receiving ARRA funds two weeks prior to the expiration date of the CCR registration. If the subrecipient does not renew the CCR registration, ARRA funds are placed on hold until the registration is renewed. |
| 2. Audit of ARRA funds (specifically 17.259 Recovery Act-WIA Youth Formula Grants) <i>The objectives of the audit are "(1) Review and verify the quarterly reports on expenditures and performance data required by Section 1512 of the American Recovery and Reinvestment Act that were prepared by selected state agencies and higher education institutions. (2) Review internal controls at selected agencies and higher education institutions that receive ARRA funds. (3) Conduct post-payment audits of selected ARRA fund expenditures. (4) Respond to allegations of suspected fraud, waste, or abuse at various state agencies or higher education institutions."</i> | January 2010-July 2010 | In progress (Draft Report w/ Management Responses are in Review by SAO) | | |

Texas Workforce Commission

American Recovery and Reinvestment Act Audit Status

Prepared as of August 3, 2010

| ARRA Audit | | On-site Visit | Status of Audit (Complete / In | Findings / Issues | Disposition of Findings/Issues |
|------------|---|---|-----------------------------------|-------------------|--------------------------------|
| 2a. | <i>State Auditor's Office (Lower Rio Grande LWDB1) - Will consist of Financial and Program Review of WIA ARRA funds</i> | March 1-12, 2010 (Exit Conference was conducted on 3/11/2010) | | | |
| 2b. | <i>State Auditor's Office (Capital Area LWDB1) - Will consist of Financial and Program Review of WIA ARRA funds</i> | February 15-26, 2010 (Exit Conference was conducted on April 8, 2010) | | | |

¹ LWDB - Local Workforce Development Board

Texas Workforce Commission

Descriptions and Progress of Ongoing ARRA Projects

Prepared as of August 3, 2010

New Stimulus Funding Received

The Texas Workforce Commission (TWC) was awarded by the Department of Labor, Employment and Training Administration (DOL ETA) effective June 1, 2010, a \$1,800,000 grant to work in partnership with DOL ETA to support the development and delivery of DOL ETA Regional and State-specific technical assistance activities throughout the United States. Of the \$1,800,000, \$450,000 is American Recovery and Reinvestment Act funds. The DOL ETA Office of Regional Management uses the Region and State-specific Technical Assistance Training (TAT) grant resources to leverage change, strengthen areas of potential weakness, and address risk and compliance issues.

On June 24, 2010, TWC was awarded a Workforce Investment Act (WIA) NEG for Dislocated Workers (On-the-Job Training) grant of \$ 3,524,688. WIA NEG *On-the-Job Training* funds will provide re-employment assistance for dislocated workers experiencing prolonged unemployment by enabling employers to create training and job opportunities for these individuals. Participating employers will provide On-the-Job training and will receive partial reimbursement, on a sliding scale ranging from 50 to 90% of the participant's wage, to offset the extraordinary cost of training workers.

Number of New Hires for Auditing and Accounting of Stimulus Funds

Workforce – none

Subrecipient Monitoring - none

Challenges the agency is facing in utilizing stimulus dollars or applying for available funds

The delay in received federal approval for the ARRA/TANF ECF funds resulted in a late start to the subsidized employment program for UI claimants. This delay will result in TWC having less time to access the funds, as they expire on September 30, 2010, and therefore, we will serve fewer people than originally anticipated.

Compliance Issues (Recent and Historical)

Please refer to Pages 9-16 for American Recovery and Reinvestment Act Audit Status

Compliance Issue Resolutions

Please refer to Pages 9-16 for American Recovery and Reinvestment Act Audit Status

Upcoming Deadlines for Stimulus Dollars, and Plans to Apply Available for Additional ARRA Funds