



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

OFFICE OF WOMEN'S SERVICES

HOMEMAKERS CONTRACT

Report by

Inspector General Bill Lynch

Prepared for

Governor M. J. "Mike" Foster, Jr.

March 15, 2002

File No. 1-02-0039



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Office of Women's Services

Homemakers Contract

The Office of Women's Services trained only 23 eligible displaced homemakers under a Workforce Investment Act contract with the State Department of Labor. Under the contract, Women's Services received \$1.1 million in federal funds for reimbursements during the 15-month period July 1, 2000, through Sept. 30, 2001. This averages to more than \$48,000 per person trained.

Although the contract's effective date was July 1, 2000, it was not signed until December. Essentially, Women's Services kept an average of 26 people on the payroll for five months when there was little to no work being performed for the displaced homemakers program. In addition, Women's Services did not receive participants for the displaced homemakers program until February, 2001. Of the 23 eligible displaced homemakers trained, only 13 persons were placed in jobs.

Since job placement is a basic objective of the displaced homemakers program, it is noteworthy the agency only placed 13 eligible persons in jobs, which averages to more than \$85,500 per person.

There was considerable confusion over the number of participants cited by Vera Clay, director of Women's Services, in accounting for the displaced homemakers program to the Performance Review Subcommittee of the Joint Legislative Committee on the Budget at its November, 2001, meeting. Women's Services officials stated 99 participants had been trained, which included 44 directly under the displaced homemakers program and another 55 listed under a Individual Training Accounts (ITA) program.

However, the 44 figure also included 21 participants in other job programs and individuals who were ineligible because they were not displaced homemakers. The number should have been 23.

Although Women's Services would like to include the other 55 in calculating the per person cost of the displaced homemakers program, they were not eligible. The total amount of funds reimbursed to Women's Services under the contract was approximately \$1.2 million, of which approximately \$1.1 million were costs for the displaced homemakers program and \$132,000 were costs for what was actually 57 persons (not 55) trained under the ITA program. In addition, Women's Services received another \$132,000 routed through local agencies for the ITA program. Because it was paid twice

for the ITA program, Women's Services was required to remit the second \$132,000 to Labor. Hence, calculations pertaining to the displaced homemakers program are based on the \$1.1 million figure. The 57 persons trained under the ITA program were basically trained at a per person cost of \$2,400.

The displaced homemakers program and the ITA program provided 12 to 18 weeks training in computer and clerical skills, and 9 to 17 weeks training in non-traditional skills for women.

Even though little to no work was performed for the displaced homemakers program for the first five months of the contract, the agency was reimbursed for employee salaries, rent and other expenses for the entire period of the contract. Commissioner of Administration Mark Drennen said he was unaware of the delay in the approval of the contract, but felt it was better not to dismantle the office force because of its past performance under previous programs, which would have required laying off as many as 30 persons.

Background

The Office of Women's Services, which is an agency under the Office of the Governor, conducts a number of programs designed to assist women. For the period under review, Women's Services had a \$6.8 million budget, of which there was a \$3.7 million pass through program dealing with family violence. The budget also included the Workforce Investment Act program, a \$300,000 program with the Department of Transportation and Development to conduct non-traditional job training, and a \$70,000 program with the Department of Social Services for job readiness and placement. In addition, Women's Services had another displaced homemakers program for which it was appropriated \$485,000 from the State general fund. However, it did not provide training services. It provided survival skills, job placement and referrals for training.

The Workforce Investment Act (WIA) of 1998 did not take full effect until July 1, 2000. It is significantly different from the Job Training Partnership Act, which it replaced. WIA requires state and local entities to centralize certain federal programs in local centers called One-Stops. One-Stops offer job placement, education and training to job seekers and employers seeking workers.

The Department of Labor administers WIA funds to local governments, which in turn distributes the funds to One-Stop operators. Labor also contracts with eligible organizations to provide services statewide to participants of WIA, such as its contract with Women's Services for fiscal year 2001.

The contract, which was capped at \$1,339,000, was originally a 12-month contract beginning July 1, 2000, through June 30, 2001. However, it was amended to 15 months in an effort to increase the number of training participants. Under the contract, Women's Services was to provide training followed by job placement services to displaced homemakers who were enrolled as a WIA participant at the One-Stops. Women's Services was reimbursed a total of \$1,111,765 for the displaced homemakers program.

Displaced homemakers are defined as individuals who have been providing unpaid services to family members in the home and who have been dependent on the income of another family member but are no longer supported by that income and are unemployed or underemployed and are experiencing difficulty in obtaining or upgrading employment.

Types of Services

In its May, 2000, application for WIA funds, Women's Services proposed providing core and intensive services, as well as training services to female job seeking adults and dislocated workers. Women's Services also proposed recruiting participants. However, WIA did not allow Women's Services to do what it proposed because it duplicated One-Stop services and thereby conflicted with the law.

Examples of core services under WIA include determination of eligibility, outreach, intake and orientation, initial assessment of skills, and job search and placement.

Examples of intensive services under WIA include comprehensive and specialized assessments of skill levels and service needs, development of an individual employment plan, group counseling, individual counseling and career planning, case management for participants seeking training services, and short-term prevocational services.

Disagreement

From the time of its initial application in May, 2000, a disagreement between Women's Services and Labor developed over the type of services to be rendered. In August, 2000, Commissioner of Administration Drennen directed Labor to contract with Women's Services for training services at the prior funding level. Mr. Drennen's directive was the basis on which Labor reimbursed Women's Services for the full period of the contract.

Mr. Drennen stated that his decision to direct Labor to contract with Women's Services was made because Women's Services' prior performance with similar training programs had been outstanding and he felt that it would be best for Labor to contract with Women's Services rather than layoff approximately 30 employees.

In response to Mr. Drennen's directive, Garey Forster, Secretary of Labor, gave Women's Services two options. The first option would allow Women's Services to assign staff members to local area One-Stops and provide core and intensive services to displaced homemakers. The second option restricted Women's Services to provide only training services followed by job placement to displaced homemakers. Labor officials were concerned that conflicts of interests could arise if Women's Services provided all three types of services. They were also concerned about duplication of efforts with the One-Stops.

Women's Services chose to provide training services and job placement for those trained. Mr. Forster's response letter to Mr. Drennen dated Sept. 9, 2000, warns that as a training provider Women's Services scope of services and eligible population of participants would be limited.

Women's Services initially applied for \$1.7 million and the amount finally approved in the contract was \$1.3 million. The contract was not approved by Women's Services until Nov. 20, 2000, and by Labor on Dec. 8, 2000. Women's Services received \$1.1 million for reimbursement of expenditures for the displaced homemakers program.

The following chart shows the number of eligible participants trained and the number of job placements by area under the displaced homemakers program.

<u>Area</u>	<u>Training Service Provided</u>	<u>Number of Participants</u>	<u>Number of Job Placements</u>
Shreveport	Computer and Clerical	3	2
Lafayette	Computer and Clerical	6	6
Baton Rouge	Computer and Clerical	7	2
Baton Rouge	Non-Traditional	2	2
New Orleans	Non-Traditional	5	1
Alexandria	Non-Traditional	0	0
Lake Charles	Non-Traditional	<u>0</u>	<u>0</u>
Total		<u>23</u>	<u>13</u>

The low number of participants resulted in a cost of more than \$48,000 per person trained or a cost of more than \$85,500 per job placement.

Lake Charles Office

In the case of the Women's Services office in Lake Charles, four employees were assigned and charged to the WIA displaced homemakers program from the beginning of fiscal year 2001. However, no training services called for under the program were provided.

The four employees were paid from general funds of Women's Services during the five-month period July 1, through Dec. 8, 2000, before the contract was signed. These general fund monies were reimbursed from the WIA funds.

A memorandum of understanding was executed between the Lake Charles office and the Calcasieu Parish Office of Community Services, Lake Charles Workforce Center, a One-Stop operator. The Lake Charles office used the memorandum to recruit program participants for job placement. However, recruitment was not included in the contract between Labor and Women's Services. In addition, only job placement of women trained by Women's Services is included in the contract.

The Women's Services office in Lake Charles recruited eight individuals for job placement during February and March, 2001. However, these recruits were not displaced homemakers, and therefore, Women's Services was not eligible for reimbursement for these costs under the contract with Labor.

Ms. Clay said she was advised by Labor that each One-Stop operated differently and could dictate what type of service Women's Services could provide. The contract does not provide for this. When Women's Services made inquiries to determine if other area offices could do as Lake Charles had done, Labor halted the practice.

Due to the lengthy negotiations with Labor over the type services Women's Services could provide under the contract and the choice of Women's Services to only provide training and related job placement, Ms. Clay should have known that the Lake Charles office was not eligible for reimbursement under the contract for the 8 individuals who were not displaced homemakers.

Individual Training Accounts

The contract permitted Women's Services to conduct training under another program called Individual Training Accounts. Women's Services was required to account for the costs of the ITA program and deduct those costs from the amount to be reimbursed for the displaced homemakers program.

The cost of the ITA program was to be funded by tuition payments from the One-Stops. Women's Services and the One-Stops agreed to a tuition payment of \$2,400 per person.

Women's Services failed to develop a cost allocation for the ITA program and settled with Labor on the tuition amounts to cover the amount to be deducted from the displaced homemakers program reimbursements.

Women's Services received \$132,000 from local One-Stops for tuition to train 57 adult and dislocated workers. The payment rate was \$2,400 for each trainee who completed the course and \$800 each for three who dropped from the program.

Ms. Clay, and the program manager, Sheila Montgomery, stated that they did not get clear direction from Labor on how to handle the funds for the individual training

accounts. Ms. Montgomery said the agency did not receive any technical support and she did not know when or how to account for the funds.

Sujuan Boutte, assistant secretary of Labor, said Labor did not feel it had to hold their hand.

Even though an analyst with Labor issued a report in May, 2001, recommending that funds be deducted on a monthly basis, the money was kept another five months. Women's Services received \$1,243,765 from Labor for reimbursements on the WIA displaced homemakers program. Women's Services did not reduce reimbursements for the \$132,000 of tuition received and did not refund the money to Labor until Nov. 16, 2001, after the Performance Review Subcommittee of the Joint Legislative Committee on the Budget began to question Women's Services.

Original Budget

Women's Services prepared a \$1.3 million budget for 12 months for inclusion in the contract with Labor outlining the anticipated costs. However, the budget does not appear to have any relationship to actual expenditures.

The relationship between the budget and actual expenditures is skewed somewhat by the three-month extension of the contract period because no additional funding was authorized. This alone does not account for the disparity between the contract budget and expenditures on a detailed level.

For example, Women's Services already rented space and, therefore should have been able to reasonably estimate rent costs over the 12-month period. For rent, the budget listed \$155,396, which is \$12,950 a month. The actual rent paid was \$246,414, which is \$16,427 a month for the entire 15 months. The additional three months did not account for the variation between the budget and actual.

Salaries and benefits were budgeted at \$885,733 for the 12-month contract period and actual expenditures were \$876,763 for the 15-month period. During the 12-month period, \$692,449 was spent on salaries and benefits.

Women's Services was able to cover the differences by surplus from other budget categories. The budget called for \$40,000 to be spent on equipment, but nothing was

spent. Automobile maintenance was budgeted at \$20,000, but only \$300 was spent. As a consequence of the dismal participation, a \$158,883 item to provide support services for trainees had only \$13,470 spent, leaving \$145,413.

The non-spending is not being criticized in the report. Confusion over the budget is being cited.

Total expenditures for the displaced homemakers and ITA programs for the 15-month period by Women's Services were \$1,243,765. The extra three months added \$260,661 to the costs of the programs.

Women's Services failed to separately account for costs of the displaced homemakers and ITA programs. Accordingly the number of employees cannot be determined for each program. The number of employees paid varied from a high of 29 to a low of 23.

The average number of employees for both programs for the term of the contract totaled 26. By combining the total participants of each program (23 + 57) and dividing by the 26 employees, on the average each employee served 3.1 participants for the contract period of 15-months.

Performance Standards

State agencies are required to develop performance standards and indicators depicting the measure of success for their operations, subject to oversight by the Office of Planning and Budget. These are prepared long prior to submission to the Legislature during the budget process. These standards and indicators may not be valid if conditions, programs, funding, etc. change prior to or during the year of operation, as occurred in the case of Women's Services.

Women's Services developed performance goals in November, 1999, showing it expected to enroll 472 participants in the training program and place 377 of those in jobs during the one-year period beginning July 1, 2000. However, these performance goals were based on a prior contract for services under the Job Training Partnership Act and not WIA.

Because of the significant differences in organization and services between the Job Training Partnership Act and WIA, and the reduced population of eligible participants

under the Labor contract, Women's Service had no reasonable expectations of meeting its performance goals.

Ms. Clay did not try to change the performance goals with the Budget Office. However, she did report the differences with the performance goals on reports to the Budget office. Ms. Clay stated she was unaware that she could amend the performance goals without losing any of the funding for the program, which she did not want to lose.

Contract Changes

The Department of Labor expressed concerns about the lack of participants in the displaced homemakers program at a meeting with Women's Services in March, 2001, according to Ms. Boutte, assistant secretary of Labor. She said that Labor offered to amend the contract, which would expand the scope of services, and locate program workers at the One-Stop operations to serve as an advocate and clearinghouse for materials and other resources. These actions, Ms. Boutte stated, would have dramatically increased the participation population.

Ms. Clay acknowledges that Labor offered to modify the contract but stated that she was not given any information on what the modification would be. She said she did not take up the proposal because the program had started receiving participants, and still had a chance to meet its performance predictions. What Labor offered in this modification was not offered in the original 2 options given to Women's Services.

In addition, the contract could have been modified to allow Women's Services to train incumbent workers who were also displaced homemakers. Incumbent workers are persons who are employed but do not necessarily have to meet the eligibility requirements for intensive and training services as adults and dislocated workers under WIA. Neither Labor nor Women's Services pursued this option.

Employers who qualify for their employees to receive training from Labor's Incumbent Worker Training program may choose a provider from the list of eligible training providers at local One-Stops, and could have sent their incumbent workers who were also displaced homemakers to Women's Services for training. This would have been a limited segment of the work force, but nonetheless this option was available for consideration.

National Level

The displaced homemakers program is a small part of the overall Workforce Investment Act, for which hundreds of millions of dollars are being spent nationally. Because of the wide variation in types of programs from state to state, there is no way to compare the Louisiana program performance to those in other states.

Throughout the United States, costs per participant in the WIA program for fiscal year 2001 varied considerably. Nine states including Louisiana were contacted regarding WIA funding. WIA funds received by these states ranged from \$5 million in North Dakota to \$220 million in Texas.

Louisiana received \$66.6 million for the WIA program, which included the approximate \$1.1 million for Women's Services' displaced homemakers program.

<u>State</u>	<u>WIA \$\$</u>	<u>Participants</u>	<u>WIA \$\$/Participant</u>
North Dakota	\$5.0 million	900	\$5,555
Wyoming	\$9.6 million	1,500	\$6,400
Montana	\$10.0 million	2,500	\$4,000
Utah	\$11.0 million	6,000	\$1,833
Colorado	\$11.0 million	5,500	\$2,000
Oklahoma	\$24.0 million	10,000	\$2,400
Arkansas	\$32.8 million	18,901	\$1,735
Texas	\$220.0 million	76,729	\$2,790
Louisiana	\$66.6 million	10,544	\$6,316

As the table above shows, the number of participants and the amount spent per participant varied considerably from state to state. For example, in Wyoming \$9.6 million was spent to provide services to about 1,500 clients, or about \$6,400 per client. In Arkansas, \$32.8 million was spent to provide services to 18,901 clients, or about \$1,735 per client.

In five states, North Dakota, Wyoming, Montana, Utah and Colorado, all WIA funds were disbursed by the state's primary job service agency to local entities or "One-Stops." In four states, Louisiana, Oklahoma, Arkansas and Texas, some WIA money was passed from the primary state agency to at least one other state agency for spending.

For example, in Oklahoma, \$600,000 was passed from the primary agency, the Employment Security Commission, to the Department of Corrections, where it was used to provide vocational training to several hundred inmates. In Arkansas, about \$3 million was passed from the Employment Security Office to the Governor's Dislocated Worker Taskforce, which served as a rapid response service and workshop provider for dislocated workers. Some 12,813 clients received referral and resource information through this secondary agency.

Two states, Utah and Colorado, used secondary state agencies to assist in the delivery of services to clients, but no WIA funds were directly provided to the secondary agencies for their own training programs.

Although the manner of disbursement of WIA funds and the amount spent per participant varied, all nine states met the performance standards necessary to continue receiving WIA funding.

Low Participation Factors

There are a number of factors contributing to the low participation in the training program offered by Women's Services.

Nationwide, participation in training programs under WIA during fiscal year 2001 was low.

According to an October, 2001, Workforce Investment Act report from the U.S. General Accounting Office, training providers nationwide received relatively few training referrals between July, 2000 and July, 2001. From nine One-Stops reviewed, an average of six individuals had been sent to training providers. Two One-Stops encompassing nine counties did not send anyone to training until March, 2001. The following were noted reasons for the low training referrals:

- One-Stops encouraged participants to seek jobs first before entering training programs.
- Employers were more interested in employing rather than in waiting for training to take place.

- A fear by One-Stop operators that since funding is tied to performance, they might lose funds if referrals to training failed to complete the program.

In addition to the national trend of low participation, the number of participants in the Women's Services contract with Labor was also affected by the following:

1. Women's Services failed to recognize changes required by WIA as of July 1, 2000.

- On Aug. 7, 1998, the Workforce Investment Act was signed into law. In September of the same year, the United States Department of Labor issued a publication, which highlighted the major features of the new legislation. It was intended to "give state and local elected officials, program designers and operators, and the public quick information about the structure, funding, and target population groups to be served."

This publication was put in the public domain for all states to use. The publication clearly states that 95% of states are building One-Stop centers. The publication further states, "Each local area will establish a "One-Stop" delivery system through which core services are provided and through which access is provided to other employment and training services funded under the Act and other Federal programs."

- Under the Job Training Partnership Act, the prior federal jobs program, Women's Services was allowed to recruit participants for its training programs. Under the new WIA program, Women's Services could not recruit participants for its training programs. Clients were only available through the One-Stops, which dramatically reduced participation in the training program.
- The information on changes to the program was available since September, 1998, which was 22 months before the effective date of the act in July, 2000 and 14 months before Women's Services performance goals were developed.
- It was not until Dec. 6, 1999, that a consultant was hired to evaluate the effect of WIA on Women's Services' programs, and develop a proposal for contracting with Labor, 16 months after WIA was enacted. In May, 2000, Women's Services submitted the proposal to Labor for funds available through WIA. Furthermore, the proposal failed to take into consideration significant changes called for by the new Act. The most significant was a

failure to take into consideration the requirement for recruiting clients through local One-Stops.

2. Although Women's Services submitted its proposal to Labor in May, 2000, it was not until Aug. 4, 2000, that Labor informed the agency it could not provide both the training services, and the core and intensive services as sought.
3. Women's Services failed to recognize that training only displaced homemakers would limit the number of eligible participants under the Labor contract.
4. Three of the seven local One-Stops did not begin serving participants until December, 2000, or later, a full six months after the effective date of the contract between Labor and Women's Services.
5. WIA allowed participants to name their training providers. Participants could choose a training provider other than Women's Services.

Fiscal Year 2002 Contract Services

For fiscal year 2002, Labor entered into a substantially broadened \$1,285,440 contract with Women's Services for the nine-month period beginning Oct. 1, 2001 and ending June 30, 2002. However, Women's Services is not meeting the requirements of the contract.

Labor approved the fiscal year 2002 reimbursement contract on Oct. 2, 2001, after approval from Women's Services on Sept. 21, 2001, picking up where the previous contract ended. Changes from the previous contract are as follows:

- Individual Training Accounts are not included in the contract.
- As a core service, employees of Women's Services will co-house staff at the One-Stops and serve as a clearinghouse of materials and other resources for displaced homemakers and other women seeking self-sufficiency.
- As a core service, Women's Services will provide life skills workshops and/or seminars to displaced homemakers and other women seeking self-sufficiency. A minimum of 750 individuals is to be served.
-

- As an intensive service, the agency will provide short-term (less than 40 hours) computer training to displaced homemakers and other women seeking self-sufficiency. A minimum of 200 participants is to be served.
- As a training service, Women's Services will provide a 12-week non-traditional training program to displaced homemakers and other women seeking self-sufficiency. A minimum of 60 participants is to be served.
- As a training service, in areas where Women's Services is not located it will train One-Stop staff in the skills required to deliver seminars and/or workshops developed by Women's Services under WIA. A minimum of 20 training sessions for staff is to be conducted.

The following is the number of services provided as of Jan. 11, 2002 compared to what it should have provided as of the three-month period ending Dec. 31, 2001 and the additional amount needed by the end of the contract year:

<u>Type of Service</u>	<u>Services Provided At Jan. 11, 2002</u>	<u>Should Have Provided By Dec. 31, 2001</u>	<u>Additional Needed By June 30, 2002</u>
Life Skills Workshop Participants	103	250	647
Computer Module Training Enrollments	18	67	182
Non-Traditional Training Enrollments	11	20	49
One-Stop Staff Training Sessions	0	7	20

Sheila Montgomery, program manager for Women's Services, stated that participation in Life Skills workshops is low due to confusion over the logistics of handling the program, but that has since been cleared up.

A total of 162 workshops have been scheduled since Jan. 11, 2002 at the seven Women's Services' offices throughout the state. Ms. Montgomery stated that each of the seven offices must have at least 107 participants at the fiscal year end in order for Women's Services to achieve its goal. A total of 41 staff training sessions have also been scheduled.

Performance Goals

Aside from the requirements set forth in the contract between Women's Services and the Department of Labor, the Legislature set forth performance goals in both the 2001 and 2002 general appropriations act.

The performance goals in the appropriations act for each of the years are substantially different.

Whereas the contract for 2001 separated the displaced homemakers program from the Individual Training Accounts program, the performance goals of the appropriations act combined the two. These appropriation act goals and performance were:

- 200 persons to enroll in the non-traditional training segment. However, only 17 enrolled.
- 160 persons to obtain employment in the non-traditional training segment. Only 4 were employed.
- 272 persons to be enrolled in the computer/clerical program. Only 42 were enrolled.
- 271 persons to be employed after the computer/clerical program was completed. Only 7 were employed.

For fiscal year 2002, the performance goals in the appropriations act were based on a percentage factor rather than on specific number of persons. Applying the percentage factor for the first half of the year gives an appearance the program is doing well. However, in contrast the performance for the 2002 contract requirements give a far different picture. The appropriations act goals and percentage performance for the program for the first half of the year are the following:

- 72 percent of those persons completing training were expected to enter employment for the year. For the first six months, Women's Services reported the percentage was 34 percent. The percentage was actually 78 percent. The number of people placed the first six months of the year is 47.

- The follow up retention rate for the year was projected at 85 percent. But for the first six months, Women's Services is ahead of its percentage goal at 89 percent. Follow ups have been made on 16 of 18 persons for the first half.
- Earnings replacement rate completed at follow up for training graduates 97 percent. At the halfway mark, no tracking was made of this category.
- Participant satisfaction rate was expected to be 68 percent. At the halfway mark the number was 86.5 percent. 48 clients were surveyed.

The Office of Women's Services demonstrated improvement when a comparison of certain units of services for fiscal year 2001 and the first half of 2002 are examined. The data shows the following:

	<u>2001</u>	<u>2002 (first half of year)</u>
Training Enrollment	59	50
Training Completed	30	41
Employed prior to training completed	0	3
Employed after completing training	11	47

Conclusions:

1. Women's Services only trained 23 eligible displaced homemakers under the Labor contract resulting in a cost of \$48,000 per person trained.
2. Since job placement is the fundamental objective of the program, it is noteworthy that Women's Services placed only 13 eligible trainees under the Labor contract in jobs, resulting in a cost of \$85,500 per placement.
3. Women's Services failed to take into account significant changes required by the Workforce Investment Act. These failures included the following:
 - The required use of One-Stops reduced the types of services that the agency could provide as a stand alone provider.
 - The number of eligible participants for Women's Services training would be severely reduced.

4. Women's Services was ill prepared to successfully complete the Labor contract for fiscal year 2001. This is illustrated by the following:
 - Contract funds were expended on ineligible persons.
 - The contract budget was not based on contract requirements.
 - Performance goals were inappropriate for the contract because they were based on historical data from the Job Training Partnership Act.
5. Women's Services failed to timely process reimbursement reductions of WIA expenditures for tuition receipts from One-Stops.
6. It is highly questionable whether Women's Services will meet the service requirements under its current fiscal year 2002 contract with Labor.
7. Women's Services performance goals related to fiscal year 2002 contract with Labor in the general appropriations bill are significantly different from the scope of services and performance measures of the Labor contract.

Recommendations:

1. Program costs should be adjusted to match program services.
2. Women's Services should reevaluate its performance goals on a continuing basis, utilizing realistic expectations.
3. Women's Services should monitor its performance on a continuing basis and take actions to meet or change its goals.

Management Response:

A response from Women's Services is attached.



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana

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VERA CLAY
EXECUTIVE DIRECTOR

March 5, 2002

Mr. Bill Lynch, State Inspector General
State of Louisiana, Division of Administration
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Dear Mr. Lynch:

Thank you for the opportunity to respond to your draft report on the Office of Women's Services. The following is information that addresses specific issues in this draft of your report:

IG's Report states (page 1):

"Under the contract, Women's Services received \$1.1million in federal funds for reimbursements during the 15-month period July 1, 2000, through Sept. 30, 2001. This averages to more than \$48,000 per person trained."

"Of the 23 eligible displaced homemakers trained, only 13 persons were placed in jobs."

OWS Response:

Page five (5) of the contract explains the project under the Need for Program section.

"This project will serve displaced homemakers as defined by the Workforce Investment Act (WIA) targeting dislocated women workers who are heads of household..." Under this provision, the OWS is expected to serve displaced homemakers.

Page six (6) of the contract between the Office of Women's Services (OWS) and the Louisiana Department of Labor (LDOL) for FY 2000-01 gives further explanation of the program conducted under the contract.

"The number of students at each site receiving services through eligible training accounts (ITAs) must also be tracked separately." Under this provision, the OWS is expected to serve ITAs. *Therefore, ITAs are part of the original contract, with services being provided to the ITAs by the same OWS staff in the same locations during the same time period that services were provided to displaced homemakers. Because the ITAs are in the contract, the ITA numbers are valid indications of performance and should be counted.*

During the 15 month time period of the contract and contract extension, there were:

- **25 (33 minus 8 drops) program participants trained under displaced homemaker category.**
- **57 program participants trained under the ITA category.**
- **24 program participants trained under the displaced homemaker category were placed in jobs.**
- **49 ITA program participants trained under the ITA category were placed in jobs.**

During the 15 month time period of the contract and contract extension, expenditures for both displaced homemakers and ITAs totaled \$1,111,767. (Although vouchers totaling \$2400 each were paid to OWS by the One Stops for the ITA participants, **that money (\$132,000) was returned to the LDOL as agreed upon by the OWS.** Therefore, money expended under the contract went not only to train displaced homemakers, but also to train ITAs. If OWS received \$2400 per ITA and that money went back to LDOL, where would OWS charge the costs of training the ITA participants if not to the contract?)

As a result, the training cost per participant is calculated by adding the number of displaced homemakers and ITAs served, (25 + 57 = 82) then dividing that number (82) into the total amount of expenditures -- \$1,111,767 divided by 82 = \$13,558.13

The job placement cost per participant is calculated by adding those placed in jobs in the displaced homemaker category and the ITA category, (24 + 49 = 73) then dividing that number (73) into the total amount of expenditures - \$1,111,767. divided by 73 = \$15,229.68

\$13,558.13 is the cost per participant associated with training.

\$15,229.68 is the cost per participant associated with job placement.

IG's Report states (page 1):

“The total amount of funds reimbursed to Women’s Services under the contract was approximately \$1.2 million, of which approximately \$1.1 million were costs for the displaced homemakers program and \$132,000 were costs for what was actually 57 persons (not 55) trained under the ITA program”

OWS Response:

The total draw down from LDOL was \$1,243,767 which included \$132,000 in ITA vouchers paid by the One Stops to OWS to train ITAs. *The \$132,000 was paid back to LDOL as agreed upon by OWS.* Therefore the total program cost was \$1,243,767 minus \$132,000 which equals \$1,111,767.

IG's Report states (page 1):

"Because it was paid twice, for the ITA program, Women's Services was required to remit the second \$132,200 to Labor."

OWS Response:

If the OWS was paid twice -- once in the contract amount which totaled \$1,339,000 and the second time in vouchers totaling \$132,000 -- then returning the voucher amount (\$132,000) to LDOL (which OWS did) means we were paid under the contract for training ITAs. If we were paid under the contract for training ITAs, then ITAs should count in the contract performance numbers. If ITAs are counted in the performance numbers, that means the OWS trained a total of 82 participants at a cost of \$13,558.13 each and placed 73 of those trained in jobs at a cost of \$15,229.63 each.

IG's Report states (page 1):

"...there was little or no work being performed for the displaced homemakers program."

OWS Response:

The OWS provided the Inspector General's office with documentation (approximately 538 pages) of the work performed by OWS staff during the time of the contract. OWS staff worked diligently with the One Stops attending their meetings and giving presentations and helping with orientations, attending Workforce Investment Board meetings, revising curriculums, attending numerous professional trainings, mentoring former participants, revising reporting forms, etc. **OWS was also allowed to recruit women to send to the One Stops. In previous contracts, the OWS recruited approximately 700 women. During FY 2000-01, the OWS recruited and sent 641 women to One Stops across the state.** What happened to those women?

IG's Report states (page 2):

"The displaced homemakers program..."

OWS Response:

The contract between OWS and the LDOL was for training and employment services that were to be given to displaced homemakers. This was not a "displaced homemaker" program. This was a training and employment program for displaced homemakers and ITAs.

IG's Report states (page 2):

"In addition, Women's Services had another displaced homemakers program..."

OWS Response:

The Women Work, Louisiana!...serving displaced homemakers (WWL) program does not do training. This program serves women who have other needs and do not necessarily want job training. One component of the WWL program is Survival Skills, a national curriculum based on 10 workshops (Assertiveness, Personal Health, Nutrition, Money Management, Child Management, Legal Rights, Self Advocacy, Coping with

Crisis, Community Resources, Re-entry/Employment). Some women need immediate job placement (without training) which is another component of the program. Other services include placement in a GED program, Technical College, Junior College, College or **placement** in a Job Training program. WWL is not a job training program.

IG's Report states (page 5):

"The following chart shows the number of eligible participants trained and the number of job placements by area..."

<u>Area</u>	<u>Training Service Provided</u>	<u>Number of Participants</u>	<u>Number of Job Placements</u>
Shreveport	Computer and Clerical	3	2
Lafayette	Computer and Clerical	6	6
Baton Rouge	Computer and Clerical	7	2
Baton Rouge	Non-Traditional	2	2
New Orleans	Non-Traditional	5	1
Alexandria	Non-Traditional	0	0
Lake Charles	Non-Traditional	<u>0</u>	<u>0</u>
Total		<u>23</u>	<u>13</u>

OWS Response:

According to our records and perhaps **LDOL records**, the following chart shows the number of eligible participants (displaced homemakers and ITAs) trained and the number of job placements by area under the contract.

<u>Area</u>	<u>Training Service Provided</u>	<u>Number of Participants</u>	<u>Number of Job Placements</u>
Shreveport	Computer and Clerical	21	16
Lafayette	Computer and Clerical	26	23
Baton Rouge	Computer and Clerical	10	8
Baton Rouge	Non-Traditional	4	4
New Orleans	Non-Traditional	1	2
Alexandria	Non-Traditional	0	0
Lake Charles	Non-Traditional	<u>20</u>	<u>20</u>
TOTAL		82	73

IG's Report states (page 5)

The low number of participants resulted in a cost of more than \$48,000 per person trained or a cost of more than \$85,500 per job placement.

OWS Response:

The job placement cost per participant is calculated by adding those placed in jobs in the displaced homemaker category and the ITA category, (24 + 49 = 73) then dividing that number (73) into the total amount of expenditures - \$1,111,767. divided by 73 = \$15,229.68

\$15,229.68 is the cost per participant associated with job placement.

IG's Report states (page 5):

"In the case of the Women's Services Office in Lake Charles....However, no training services called for under the program were provided."

"Ms. Clay should have known that the Lake Charles office was not eligible for reimbursement under the contract."

OWS Response:

The OWS was told to work closely with the One Stops. Because each One Stop operated differently, OWS was told each program should follow the directions given to OWS by the One Stops in the OWS program area. The OWS program in Lake Charles worked with the Calcasieu One Stop. The Calcasieu One Stop sent to the Lake Charles Non Traditional Program 8 participants to receive services under the displaced homemaker portion of the contract. The Lake Charles Non Traditional Program provided 12 ITA participants with services under the contract. The total number of participants served is 20. **All 20 participants were placed in jobs.** Because all of the participants were provided services according to the contract and the approval of the Calcasieu One Stop, OWS should indeed have been reimbursed.

IG's Report states (page 6):

"The contract permitted Women's Services to conduct training under another program called Individual Training Accounts...."

OWS Response:

There was no 'other program.' The ITA participants were covered under the same contract as the displaced homemakers receiving the same services in the same locations by the same staff using the same curriculum.

IG's Report states (page 6):

"Women's Services failed to develop a cost allocation for the ITA program and settled with Labor on the tuition amounts to cover the amount to be deducted from the displaced homemakers program reimbursements."

OWS Response:

I request that the Inspector General indicate where in the contract it was OWS's responsibility to 'develop a cost allocation for the ITA program.' **The only mention of ITAs in the contract is on pages 6 and 7, as follows:** "The number of students at each site receiving services through eligible training accounts (ITAs) must also be tracked separately. Although expenditures under this agreement are reported as program costs, expenditures for administrative functions must be detailed and itemized by category upon request by LDOL. As part of the monthly expenditure report, OWS will disclose the total monthly expenditures less the ITA expenditures to equal contract expenditures."

OWS was told after the contract was signed that LDOL wanted OWS to follow a formula for reimbursing ITA money to LDOL. When discussing the formula with LDOL, it became apparent that it would be too cumbersome to use. As a result, was waiting for instruction from the LDOL about what they wanted us to do.

IG's Report states (page 6):

"Ms. Montgomery said the agency did not receive any technical support and she did not know when or how to account for the funds. Sujuane Boutte assistant secretary of Labor said Labor did not feel it had to hold their hand."

OWS Response:

We didn't need our hand held, we just needed direction. When we received no direction from Ms. Boutte or her staff on how to reimburse Labor with the ITA money after a decision was made not to use the formula I spoke with Dawn Watson, assistant secretary of Labor, who told me to have my fiscal officer phone "Cy" to get instructions on how to reimburse the ITA money. We did that, and the money was reimbursed.

IG's Report states (page 7):

"... Women's Services already rented space, and therefore should have known what its rent costs would be over the 12-month period. For rent, the budget listed \$155,596 which is \$12,950 a month. The actual rent paid was \$246,414, which is \$16,427 a month for the entire 15 months."

OWS Response:

The \$155,596 figure in the budget for rent is based on actual rent costs the previous year. During this contract year (FY 2000-01), two programs had rent increases due to moving the programs to new locations. We could not anticipate what those rent increases would be when we prepared the budget. Shreveport Computer Clerical moved and the rent increase was \$2,000. New Orleans Non Traditional moved and the rent increase was \$528.03. This accounted for the increased rent amount.

IG's Report states (page 7):

"Salaries and benefits were budgeted at \$885,733 for the 12-month contract period and actual expenditures were \$876,763 for the 15-month period. During the 12 month period, only \$692,449 was spent on salaries and benefits."

OWS Response:

As stated before the Joint Legislative Committee on the Budget, the OWS did not fill most positions when staff left until the program had participants. **It was the responsible thing to do.** Why hire staff when there were no participants? For example, although budgeted for, the instructor position in Alexandria was never filled, because the One Stop in Alexandria never sent participants to the program. That's why we expended only \$692,449 during the 12 month period, and were able to stay within the 12 month budgeted amount for salaries over a 15 month period.

IG's Report states (page 7):

"The budget called for \$40,000 to be spent on equipment, but nothing was spent."

OWS Response:

Nothing was spent in this line item because LDOL had to approve all equipment expenditures. Page 14 of the contract indicates, "Purchase of equipment requires written approval from the recipient." Although we made a request LDOL to purchase equipment, it was denied.

IG's Report states (page 7):

"Automobile maintenance was budgeted at \$20,000 but only \$300 was spent."

OWS Response:

Included in this line item were salary funds for 2 van drivers, as these would be contracted, part time positions. In addition, at the time the budgets were created, the vans were to be sent to Lake Charles and New Orleans in order to transport participants from outlying One Stops. They were not transported to those locations, because there were no participants in our programs during the first six months, and no need for the vans to be there. The OWS then asked for permission from LDOL to expend the funds for one of the vans by moving it to New Orleans. LDOL did not respond to the request for 3 months. By that time, it was too late, and the potential participants at outlying One Stops moved on.

IG's Report states (page 7):

"As a consequence of the dismal participation, a \$158,883 line item to provide support services for trainees had only \$13,470 spent, leaving \$145,413.

OWS Response:

The OWS depended on the One Stops for recruiting, assessing and sending participants to OWS programs. The One Stops were not operational until 6 months after July 1, 2000. As a result, we had no program participants, and did not expend money in the Support Services (stipend) line item. When the budget was created, no one knew that the One Stops weren't going to be operational and we weren't going to get participants.

IG's Report states (page 8):

"Women's Services failed to separately account for costs of the displaced homemakers and ITA programs..."

OWS Response:

That was not OWS's charge. Please see pages 6 and 7 of the contract. It states, "The number of students at each site receiving services through eligible training accounts (ITAs) must be tracked separately." That was OWS's only charge, to track the number of ITA participants at each site receiving services which we did.

IG's Report states (page 8):

“Women’s Services developed performance goals in November, 1999, showing it expected to enroll 472 participants in the training program and placed 377 of those in jobs during the one-year period beginning July 1, 2000. However, these performance goals were based on a prior contract for services under the Job Training Partnership Act and not WIA. Because of the significant differences in organization and services between the Job Training Partnership Act and WIA, and the reduced population of eligible participants, under the Labor contract, Women’s Services had no reasonable expectation of meeting its performance goals.

OWS Response:

The Operational Plan that gives the performance indicators mentioned above was created in November, 1999, as part of the FY 2000-01 budget. The interim regulations from the US Dept. of Labor (USDOL) for the Workforce Investment Act were issued in April, 1999, 7 months prior to creation of the OWS budget.

The LDOL is responsible for interpreting USDOL rules and regulations, and had 7 months to do so before OWS prepared the budget which included the OWS Training & Employment program performance indicators. *OWS received no instruction on WIA regulations until after OWS presented a proposal to LDOL on WIA in May of 2000, a full 13 months after the interim WIA regulations were issued to LDOL.* Had LDOL instructed OWS on the WIA interim regulations when they were received at LDOL in April, 1999, OWS could have created another program design, more in line with WIA.

IG's Report states (page 9):

“Ms. Clay stated she was unaware that she could amend the performance goals at the Budget Office without losing any of the funding for the program, which she did not want to lose.”

OWS Response:

That is not accurate. I stated that I was only aware of what was on the Budget Office’s web site with regard to how to change performance indicators. The OWS sent to the IG’s office in December, 2001 – 2 months ago – a copy of the information on changing performance indicators from the Budget Office’s web site. Nowhere in the information is there any indication that performance indicators could change after Aug. 15, unless there was a change in funding and a BA7 was done. We had no change in funding. Even if OWS did know that performance indicators could change during the budget process (in late winter or early spring), OWS had received no interpretation from LDOL on WIA interim regulations issued 9 months before. When we could have changed the performance indicators (had we known) OWS didn’t know enough about LDOL’s interpretation of WIA to make any changes.

IG's Report states (page 9):

"...the contract could have been modified to allow Women's Services to train Incumbent Workers who were also displaced homemakers..."

OWS Response:

Actually, the *contract did not have to be modified for OWS to recruit and train Incumbent Workers*. That was covered in the state plan. If the IG's office had phoned the National Governor's Association, it would have known that. What OWS needed was direction from LDOL that OWS was allowed to do that. That direction from LDOL never came.

IG's Report states (page 12):

"...the United States Department of Labor issued a publication...highlighted major features of the new legislation (WIA). It was intended to give state and local elected officials, program designers and operators, and the public quick information about the structure, funding, and target population groups to be served..."

"The information on changes to the program was available since September, 1998, which was 22 months before the effective date of the act in July 2000 and 14 months before Women's Services performance goals were developed."

OWS Resonse:

LDOL is responsible for interpretation of WIA. No matter what we were able to find on the internet with regard to WIA, we had to have LDOL's interpretation. For example, if core services are provided through the One Stop delivery system, why did LDOL include Core and Intensive Services to the OWS contract for FY 2001-02? We requested in our May, 2000 proposal to do core and intensive services. The IG's office was given a copy of the proposal. LDOL denied that request. But, in FY 2001-02, LDOL put that in the OWS contract. How can they do that if only the One Stops are suppose to do core services, as stated above? It was only possible because LDOL changed its interpretation of WIA.

IG's Report states (page 12):

"It was not until December 6, 1999, that a consultant was hired to evaluate the effect of WIA on Women's Services programs..."

OWS Response:

Had we been given instruction by LDOL when the interim regulations for WIA came out in April 1999, we would have known what to do and not needed a consultant.

IG's Report states (page 13):

"Women's Services failed to recognize that training only displaced homemakers would limit the number of eligible participants under the Labor contract."

OWS Response:

We realized that our numbers would be limited. We did not realize how limited as a result of the One Stops that were not operational. If you look at the report issued by the Workforce Commission handed out at the December, 2001 meeting in Shreveport, Louisiana, One Stops also did not send very many participants to training. On the following is a part of that report:

Name	LWIA	FY'00- '01 Application	Total # Served	Trained, Adult, Dislocated Workers
4 th Planning District Consortium	40	A- \$ 2,697,091	632	649
		D- 2,103,278	119	
		Y- 2,814,407	757	
Calcasieu Parish Consortium	51	A- \$ 780,550	120	215
		D- 669,974	113	
		Y- 769,094	109	
Quachita Parish Consortium	81	A- \$ 573,767	169	0
		D- 294,648	67	
		Y- 600,363	8	
Terrebone Parish Consortium	31	A- \$ 668,360	123	54
		D- 684,820	13	
		Y- 826,880	97	
		F- 36,296		
		10%- 90,664		
Orleans Parish Consortium	12	A- \$ 2,138,917	283	39
		D- 2,163,344	289	
		Y- 2,450,196	217	
Rapides Parish Consortium	61	A- \$ 486,072	119	150
		D- 324,373	45	
		Y- 489,255	49	
		10%- 379,569		
Lafayette Parish	41	A- \$ 486,072	508	150
		D- 546,386	176	
		Y- 507,213	173	
Franklin Parish Consortium	83	A- \$ 719,748	108	67
		D- 534,561	9	
		Y- 751,050	328	
		YOI- \$ 5 million		
St. Charles Parish Consortium	14	A- \$ 551,890	49	3
		D- 573,126	47	
		Y- 575,898	82	
		10%- 27,199		
Jefferson Parish	11	A- \$ 938,631	74	125
		D- 926,910	51	
		Y- 982,221	396	
		O- 181,329		
7 th Planning District Consortium	70	A- \$ 1,373,910	1172	135
		D- 1,138,417	145	
		Y- 1,437,593	94	
City of Shreveport	71	A- \$ 205,396	118	200
		D- 183,842	106	
		Y- 857,969	86	
1 st Planning District	10	A- \$ 159,076	1662	38
		D- 168,098	1004	
		Y- 658,240	425	
		RR- 72,531		
East Baton Rouge Parish	21	A- \$ 1,163,491	149	58
		D- 1,249,584	75	
		Y- 1,217,422	241	
Union Parish Consortium	82	A- \$ 551,357	87	110
		D- 341,222	60	
		Y- 575,340	70	

6 th Planning District Consortium	60	A- \$	756,918	92	91
		D-	589,016	92	
		Y-	791,551	151	
2 nd Planning District Consortium	20	A- \$	1,715,270	167	209
		D-	1,282,475	42	
		Y-	1,796,602	89	
5 th Planning District Consortium	50	A- \$	480,407	107	26
		D-	385,061	27	
		Y-	501,408	27	

Key: A=Title I Adult Prg.; D=Title I Dislocated Worker prg.; Y=Title I Youth prg.; 10%=funding allocated from Governor's Discretionary funds; I=Incentive funding; RR=Rapid Response funding; YO=Youth Opportunities Grant; O=Other

IG's Report states (page 13):

"However, Women's Services is not meeting the requirements of the contract (for FY 2001-02)."

OWS Response:

The following is a chart that indicates where we are as of March 1, 2002:

Type of Service	Services Provided As of March 1, 2002	Additional Needed by June 30, 2002
Life Skills Workshop Participants	413	336
Computer Module Training Enrollments	42	158
Non-Traditional Training Enrollments	27	33
One-Stop Staff Training Sessions	22	0

At this point, it appears that it is a little too early to tell if any of the contract performance indicators will be met. As stated in the FY 2001-02 contract, LDOL was to have had a meeting with all One Stop providers in September, 2001, to explain the OWS services under the contract. That meeting didn't occur until December, 2001, three months later. It is now March, 2002, only two and a half months after the meeting. The IG's report may be correct in assuming that OWS will not meet it's performance standards under the contract. A few more months will tell the story.

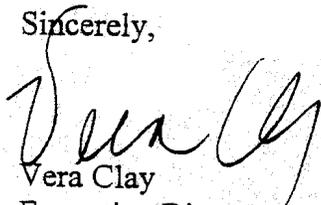
OWS CONCLUSIONS:

- The LDOL/OWS contract for FY 2000-01 included two categories of participants, displaced homemakers and ITAs. The total number of displaced homemakers and ITAs receiving training services is 82. The total amount of expenditures under the contract was \$1,111,767. The cost per participant for training is calculated by dividing the total number of participants into the total amount of expenditures. **\$13,558.13 is the cost per participant associated with training.**
- The total number of displaced homemaker and ITA participants placed in jobs under the contract was 73. The cost per participant for training is calculated by dividing the total number of placements into the total amount of expenditures. **\$15,229.68 is the cost per participant associated with job placement.**

- The United States General Accounting Office (GAO) Report to Congressional Requesters October 2001 – WORKFORCE INVESTMENT ACT Better Guidance Needed to Address Concerns Over New Requirements states the following conclusions:
 - *Unless concerns are addressed in some fashion, there is a risk that the flexibility provided to states...under WIA instead of fostering innovation, will continue to lead to confusion, unnecessary burden and resistance to change.*
 - *Although states and localities will continue to participate as required by WIA, the vision for One-Stops – full integration – may not be achieved.*
 - *The opportunity for the federal government to foster fundamental change in the workforce development system of the future could be lost.*
 - *...dropping training providers from consideration or having them withdraw their services when the initial eligibility period ends would be at odds with WIA's goal of providing job seekers with better training options.*
- The Louisiana One Stops had implementation problems as did One Stops all across the country. In addition, Louisiana One Stops were not operational for the first six months of FY 2000-01.
- Slow start up of the One Stop system in addition to the cumbersome process at the One Stops (in Louisiana as well as other states) caused many potential training participants to drop out. As a result, there were less training participants across the board, not just at the OWS. (Please see chart of participants trained at One Stops.)

Mr. Lynch, I again thank you for allowing the OWS to respond to the draft of your report.

Sincerely,



Vera Clay
Executive Director
Governor's Office of Women's Services

lynch.ltr