

U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE EMPLOYMENT AND TRAINING ADMINISTRATION



JOB CORPS NEEDS TO IMPROVE ENFORCEMENT AND OVERSIGHT OF STUDENT DISCIPLINARY POLICIES TO BETTER PROTECT STUDENTS AND STAFF AT CENTERS

Date Issued: February 27, 2015
Report Number: 26-15-001-03-370

**U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
Office of Audit**

BRIEFLY...

Highlights of Report Number: 26-15-001-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Office of Job Corps (Job Corps) serves approximately 60,000 students at 125 centers and 4 satellites nationwide each year. Despite OIG audits in 2009 and 2010 that reported the lax enforcement of Job Corps' disciplinary policies, this report highlights continuing deficiencies with center management's enforcement and Job Corps' oversight. As a result, centers kept potentially dangerous students in the program, exposing other students and staff to avoidable harm and preventing more committed at-risk youth from utilizing the training slots.

WHY OIG CONDUCTED THE AUDIT

From January 1, 2012, through December 31, 2013, the OIG received numerous complaints alleging serious student misconduct (e.g., assault, illegal drugs, and fighting) at 12 centers often went uninvestigated, disciplinary actions were not taken, and some centers were unsafe. To address these general allegations, we conducted a performance audit to answer the following question:

- Did Job Corps' center management take appropriate action to address alleged serious student misconduct at its centers?

READ THE FULL REPORT

To view the report, including the scope, methodologies, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2015/26-15-001-03-370.pdf>.

February 2015

JOB CORPS NEEDS TO IMPROVE ENFORCEMENT AND OVERSIGHT OF STUDENT DISCIPLINARY POLICIES TO BETTER PROTECT STUDENTS AND STAFF AT CENTERS

WHAT OIG FOUND

Center management did not consistently enforce Job Corps' disciplinary policies, and Job Corps did not provide adequate oversight to ensure center compliance. Our security log testing for 11 centers showed potential serious misconduct infractions were not reported to Job Corps or were incorrectly downgraded to lesser infractions. Moreover, when centers and satellites reported serious misconduct, totaling 35,021 incidents, records showed required investigations and Fact Finding Boards were not conducted or documented for 26 percent (8,928) or conducted within required timeframes for 15 percent (5,304).

These deficiencies occurred because center management wanted to provide students who committed serious misconduct with second opportunities; misunderstood Job Corps' policies and data entry requirements; and retained students who should have been discharged to avoid the adverse effect on their performance outcomes. Also, Job Corps' oversight practices were ineffective; classification of zero tolerance infractions excluded certain violent offenses; and liquidated damages provision for noncompliance was an ineffective deterrent.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training require Job Corps' centers and their respective operators to strengthen policies and procedures; clearly define all student misconduct infraction categories to ensure infractions and significant violent offenses are properly classified and addressed; require regular monitoring and prompt investigation of significant increases in reported serious student misconduct; eliminate the backlog of unaddressed infractions identified; develop and implement an effective deterrent; and determine and recover any related liquidated damages.

The Assistant Secretary agreed with our recommendations and stated ETA and Job Corps has taken steps to address the issues identified in the report and will implement corrective actions to address the recommendations.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



Inspector General's Report

February 27, 2015

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The Job Corps program (Job Corps) is the nation's largest education and vocational training program for at-risk youth and has an annual budget in excess of \$1.6 billion. Administered and managed by the Employment and Training Administration's (ETA) Office of Job Corps, Job Corps serves approximately 60,000 students at 125 centers and 4 satellites nationwide each year. Of these centers, 97 are privately operated and 28 are federally run by the U.S. Department of Agriculture (USDA). Students at most centers live on campus and depend on Job Corps to provide a safe residential and learning environment. Job Corps' research has shown students who feel safe and secure are more likely to stay in the program, achieve their educational goals (e.g., high school diploma, equivalency certificate), and learn the necessary career technical skills that will lead to meaningful employment.¹

From January 1, 2012, through December 31, 2013, the Office of Inspector General (OIG) received numerous complaints alleging serious student misconduct (e.g., assault, illegal drugs, fighting) at 12 centers often went uninvestigated, disciplinary actions were not taken, and some centers were unsafe.² To address these general allegations, we conducted a performance audit to answer the following question:

Did Job Corps' center management take appropriate action to address alleged serious student misconduct at its centers?

Our audit identified significant deficiencies with center management's enforcement of Job Corps' disciplinary policies and Job Corps' oversight, which resulted in centers keeping potentially dangerous students in the program. This exposed other students and staff to avoidable harm and prevented more committed at-risk youth from utilizing the training slots.

¹ Congressional Budget Justification, Employment and Training, Job Corps, Fiscal Year 2015.

² The 12 centers were Clearfield, Cleveland, Gadsden, Keystone, Kittrell, Lyndon B. Johnson (LBJ), Northlands, Oneonta, Ottumwa, Schenck, Treasure Lake, and Woodstock.

Job Corps used its national and individual-center websites to promote its commitment to student safety. This included posting Job Corps' zero tolerance policy against violence and drugs. The websites generally stated any students who break the zero tolerance policy will be dismissed from the program and denied re-entry. During calendar years (CYs) 2012 and 2013, all centers and satellites reported an aggregate of 35,021 serious misconduct incidents.³

Our audit generally covered CYs 2012 and 2013 to include the potential serious misconduct concerns cited in the complaints. We interviewed management and staff at ETA, Job Corps, and select centers and center operators; interviewed complainants (e.g., current and former center staff) and enrolled students; reviewed applicable regulations, requirements, policies, processes, and controls; assessed the reliability of all serious student misconduct infraction data reported in Job Corps' Center Information System (CIS) and determined the data was sufficiently reliable to accomplish our audit objective; reviewed all serious student misconduct infractions reported in CIS, security logs for 11 centers, student misconduct files, and other necessary records; and performed on-site audit work at the Northland, VT, Tulsa, OK, and Treasure Lake, OK, centers. Where appropriate, complaints were referred to the OIG's Office of Labor Racketeering and Fraud Investigations for potential criminal investigation.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Our audit objective, scope, methodology, and criteria are detailed in Appendix A.

RESULTS

Objective — Did Job Corps' center management take appropriate action to address alleged serious student misconduct at its centers?

Significant deficiencies with center management's enforcement of Job Corps' disciplinary policies and Job Corps' oversight resulted in centers keeping potentially dangerous students in the program.

Center management did not consistently enforce Job Corps' disciplinary policies and Job Corps did not provide adequate oversight to ensure center compliance. To address the risk of unreported misconduct, we reviewed daily safety and security issues entered in security logs by staff at 11 centers for entries with descriptions indicating potential serious student misconduct infractions. We found centers did not report 21 percent (58) of the 277 Level I zero tolerance and Level II infractions tested; and downgraded 15 percent (41) to lesser infractions. Moreover, when centers and satellites reported

³ For the purposes of this audit, we considered all incidents involving Level I zero tolerance and Level II infractions, as defined by Job Corps' Policy & Requirements Handbook (PRH), serious misconduct. See Appendix A for details.

serious misconduct totaling 35,021 incidents, the CIS records showed required investigations and Fact Findings Boards were not conducted or documented for 26 percent (8,928) or conducted within required timeframes for 15 percent (5,304).

Our results supported the general complaint allegations that centers did not consistently take appropriate disciplinary actions for serious student misconduct, including zero tolerance offenses. These deficiencies occurred because center management disregarded policy requirements to automatically discharge students who committed serious offenses and instead provided them with second chances, misunderstood Job Corps' disciplinary policies and CIS data entry requirements, or did not discharge students because of the adverse effects on reported performance outcomes. Job Corps also did not effectively use its primary monitoring tools, the CIS and on-site center assessments, to identify non-compliant centers and ensure its disciplinary policies were being enforced. Further, Job Corps' classification of Level I zero tolerance infractions was not consistent with its zero tolerance policy and excluded certain violent offenses (e.g., fighting, sexual harassment), which allowed potentially dangerous students to remain on centers. In addition, the liquidated damages (cost recovery) Job Corps assessed centers for retaining students who should have been discharged had little financial impact on contracted center operators and was an ineffective deterrent.

Despite audits in 2009 and 2010 that reported the lax enforcement of Job Corps' disciplinary policies, our current audit identified similar concerns. By retaining potentially dangerous students who should have been discharged, centers exposed other students and staff to avoidable, potential harm and occupied training slots that could have been used by more committed, at-risk youth. Additionally, negative media reports about alleged unsafe conditions could negatively affect community support, student enrollment (e.g., students leave or do not enroll due to safety concerns), and Job Corps' overall success.

Policy and Requirements for Identifying, Addressing, and Reporting Student Misconduct

In response to Congressional concerns about unsafe conditions at centers in 1995, Job Corps implemented a zero tolerance policy against violence and drugs in order to ensure a safe and drug free environment. Job Corps' PRH states students who violate the policy are automatically separated from the program and generally not allowed to re-enter.⁴

When behavioral incidents occur, centers are required to categorize misconduct into one of three infraction levels as defined below:

- **Level I zero tolerance infractions** include physical assault that causes bodily harm to students or staff, sexual assault, possession of a gun or illegal weapon, robbery and extortion, and illegal drug activity (e.g., possession, distribution, positive drug tests). The offenses in this category are considered zero tolerance infractions.

⁴ Job Corps' PRH, Chapter 5, Appendix 501, Section D4.

- **Level II infractions** include physical assault with intent to cause bodily harm to students or staff, threat of assault, sexual harassment, possession of an item that could be used as a weapon, fighting, theft or possession of stolen goods, bullying, loan sharking, gang activity, and a pattern of inappropriate behavior.
- **Level III infractions** include gambling, use of profanity or obscene language, ethnic agitation, refusal to follow instructions, violation of safety rules, cutting lines, being in unauthorized or off-limits areas, and violation of center standards of dress and appearance.

For Level I zero tolerance and Level II infractions, which involve the most serious offenses, Job Corps' PRH requires centers to:

- 1) Enter the incident and infraction in CIS.
- 2) Conduct investigations and provide Fact Finding Boards with written investigative reports of the incidents under consideration for Level I zero tolerance infractions within 3 training days and Level II infractions within 5 training days.⁵ Center investigations include: collecting physical evidence; interviewing involved parties and witnesses; and testing students suspected of using drugs or alcohol for actual use.
- 3) Conduct Fact Finding Boards to determine guilt or innocence and appropriate center actions for Level I zero tolerance infractions within 3 training days and Level II infractions within 5 training days. These actions include, but are not limited to, termination and reduced privileges. The boards are comprised of two staff members and one student.
- 4) Enter the corresponding sanctions in the CIS.

Students found guilty of Level I zero tolerance infractions are required to be automatically discharged from Job Corps. Students found guilty of Level II infractions maybe discharged; however, discharge recommendations by Fact Finding Boards require center director approval. Also, students who test positive for illegal drugs upon entry are not automatically separated and have the option to enroll in a substance abuse program. Centers are required to immediately separate those students who test positive a second time, which indicates illegal drugs were used while under center supervision.

Generally, center staff at access gates and individual buildings (e.g., dormitory, academic) record daily safety and security incidents, including serious misconduct, in security logs. While Job Corps did not specifically require the use of security logs, most operators had internal policies and procedures for maintaining logs and performing follow-up as needed. Moreover, *the Standards for Internal Control in Federal*

⁵ Generally, training days are Monday through Friday and do not include school breaks and vacations.

Government required management to clearly document all transactions and other significant events in a manner that allows the documentation to be readily available for examination.⁶ As such, center management had a responsibility to create and maintain the necessary records to show centers appropriately recognized and addressed serious misconduct. Centers were also required to maintain records for 3 years in accordance with Job Corps' PRH.⁷

Centers Did Not Consistently Take Appropriate Disciplinary Actions to Address Potential Serious Student Misconduct

We judgmentally selected 11 centers based on a risk assessment and reviewed their security logs for CYs 2012 and 2013.⁸ We selected 167 log entries with descriptions indicating serious student misconduct incidents for review and identified 277 students who committed potential Level I zero tolerance or Level II infractions. We determined whether the centers reported the potential infractions in the CIS and took appropriate disciplinary actions. We found centers did not report 21 percent (58) of the 277 Level I and II infractions tested; and downgraded 15 percent (41) to lesser infractions.

Ten of the 11 centers were unable to provide evidence to show required CIS reporting and disciplinary actions (i.e., investigations, Fact Finding Boards, and student sanctions) were taken for 58 infractions. For example:

- *Keystone Center, operated by the Management and Training Corporation (MTC)* – One log entry stated a group of unnamed students assaulted another student on center. Center records indicated the victim sustained injuries to his jaw and hand and resigned from Job Corps the following day. Despite Job Corps' requirements to record the incident in the CIS and conduct an investigation and Fact Finding Boards, there was no evidence to show the center took any required disciplinary actions against the students committing the assault. Center management told us it did not investigate the matter because the victim did not want to name the alleged assailants and resigned before making a statement. The center should have performed a thorough investigation to identify the assailants (e.g., interview potential witnesses), and conducted a Fact Finding Board as required. This did not happen, and the students who committed the assault were allowed to remain in the program, potentially endangering other students.
- *Tulsa Center, operated by ResCare* – One log entry stated a student was found with illegal drugs. There was no record of the incident in the CIS

⁶ United States Government Accountability Office (GAO), GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

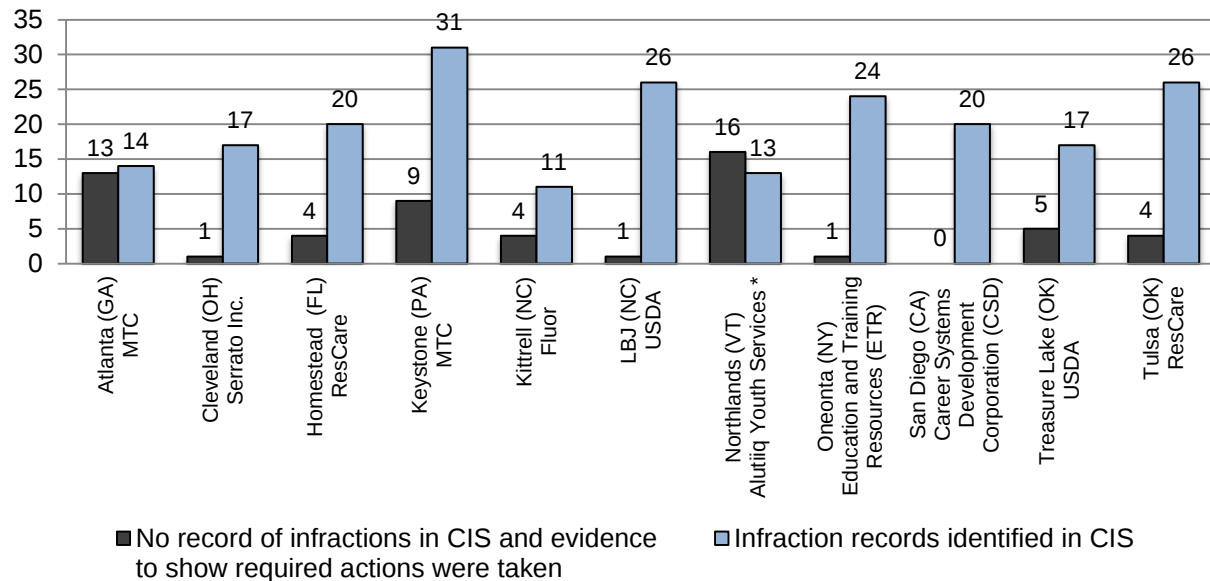
⁷ Job Corps' PRH Chapter 5.1, R5.

⁸ The risk assessment was based on review of hotline complaint allegations, volume and level of serious student misconduct infractions, known weaknesses (e.g., prior audit findings, media reports), and center capacity.

and the center could not show any of the required actions were taken. Center management told us no disciplinary actions were taken because they did not have any documentation to substantiate the incident. However, the center had no documentation because it did not conduct the required investigation including retaining the illegal drugs and testing the student for drug use. Had the center done so, it would have been able to enter the incident in CIS, convene a Fact Finding Board and make a determination as to whether a Level I zero tolerance policy violation had occurred. Instead, the center retained the student in Job Corps for 12 additional days before the student was discharged for a Level I assault where another student was injured.

The 58 exceptions by center and center operator are summarized in Figure 1.

Figure 1: 58 Potential Level I Zero Tolerance and Level II Infractions with No CIS Evidence to Show Required Actions Were Taken



* Alutiiq Youth Services, 1/1/12 to 11/30/13 and CHP International (CHP), 12/1/13 to 12/31/13
Source: OIG Analysis of Job Corps' data.

As noted in Figure 1, Northlands had the highest number of unreported infractions (16). This center was the subject of media reports (e.g., television, newspapers) in CY 2012 where students and staff claimed the center was unsafe because of unchecked violence and drug use.

We also found 10 of 11 centers incorrectly downgraded 41 potential Level I zero tolerance infractions (e.g., physical assault or illegal drugs) to lesser infraction levels. As a result, these centers did not take appropriate disciplinary actions and exposed other staff and students to avoidable harm by potentially dangerous students. For example:

- *Tulsa Center, operated by ResCare* – Center records described an incident where a student struck another student in the head with an object and caused bodily harm (the victim received five stitches). Even though Job Corps’ PRH and zero tolerance policy considered physical assault that causes bodily harm a Level I zero tolerance infraction, the offense was incorrectly downgraded to a Level II physical assault with intent to cause bodily harm infraction. While the Fact Finding Board correctly recommended discharging the student, the center director gave the student a second chance and overturned the decision. As a result, the student was retained 42 additional days before separating for a Level II alcohol possession infraction. Center management agreed the infraction should have been categorized as a Level I zero tolerance infraction and the student automatically discharged.
- *Kittrell Center, operated by Fluor* – Center records described an incident where one student instigated a physical altercation with another student. The altercation, which involved punching and kicking, resulted in the victim sustaining bodily harm and being sent to the hospital for treatment. Even though Job Corps’ PRH and zero tolerance policy considered a physical assault that causes bodily harm a Level I zero tolerance infraction, center management posited the incident did not meet the definition of a Level I infraction or violate Job Corps’ zero tolerance policy because it was a mutual, barehanded physical fight and did not involve an armed attack. We disagree, as Job Corps’ zero tolerance policy did not provide exclusions for “mutual, bare-handed, physical fighting” or “unarmed attack.” As such, the instigator, if not both students, should have been automatically discharged from the program for physical assault that causes bodily harm, a Level I zero tolerance infraction. Instead, the center gave both students a second chance by incorrectly downgrading the charges to Level II fighting infractions and retained them more than 60 additional days before they completed their training and graduated from the program. The center placed other students and staff at risk by allowing violent students to remain in the program.
- *Keystone Center, operated by MTC* – Center records stated a student was found in possession of illegal drugs on center property. Instead of charging the student with a Level I zero tolerance drug possession infraction in accordance with Job Corps’ PRH and zero tolerance policy, the center gave the student a second chance and the charge was downgraded to a Level III infraction. The center retained the student an additional 74 days before discharging him for a Level I zero tolerance physical assault infraction where another student was harmed. Center management agreed the infraction should have been categorized as a Level I zero tolerance infraction and the student automatically discharged.

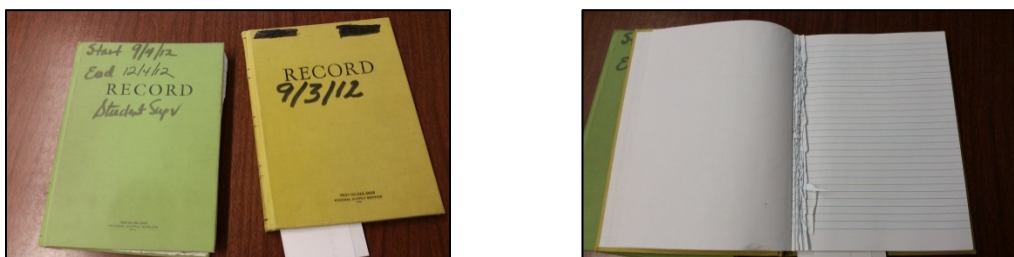
The 41 exceptions by center and center operator are summarized in Exhibit 2.

Based on the serious misconduct recorded in the security logs, we identified 51 students who should have been automatically discharged, but were retained a total of 2,610 additional days, or an average of about 2 months per student. By improperly prolonging their enrollment, some of these students committed further behavioral incidents including physical assaults (e.g., see the Tulsa and Keystone Centers examples described above). As a result, these centers endangered other students and staff and prevented more committed at-risk youth from utilizing these slots. In addition, these centers inflated their performance results by ignoring these incidents, which impacted funding. We calculated the potential financial impact in Exhibit 3. The centers' lack of reporting, disciplinary action, and timely terminations are significant concerns and support the general hotline complaint allegations that serious student misconduct, including zero tolerance infractions, often went uninvestigated and disciplinary action was not taken.

In addition, our ability to test all security logs maintained by the 11 centers for CYs 2012 and 2013 was limited because 4 centers (Cleveland, Northlands, Treasure Lake, and LBJ) were missing entries for periods ranging from approximately 6 to 12 months. According to center management, some of the logs were shredded by prior center operators or could not be located. The LBJ Center found and provided its 12 months of missing logs on September 17, 2014, after we completed our fieldwork. As a result, these logs were excluded from our review.

While on-site at the Treasure Lake Center, we found two log books (in filing cabinets), that center management said they could not locate. Pages were torn from one of the logs (see Figure 2 below).

Figure 2: Treasure Lake Center's Missing Security Log Books Found On-site



Source: Images taken by OIG.

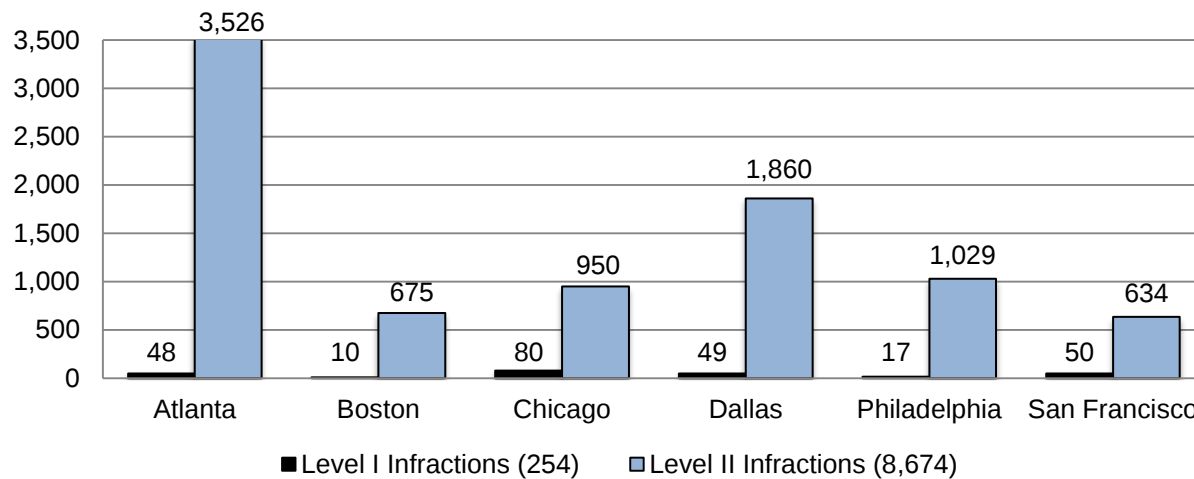
Center management's failure to retain or provide access to center security logs decreased the effectiveness of this oversight tool and increased the risk that significant misconduct may have occurred and not been detected or corrected. The safety and security concerns documented in the logs were significant events and all the requested logs should have been properly maintained and available for review in accordance with GAO's *Standards for Internal Control in the Federal Government* and Job Corps' PRH record retention requirements.

CIS Records Showed Required Investigations and Fact Finding Boards Were Not Consistently Conducted or Completed Within Specified Timeframes

We selected all 35,021 serious misconduct incidents reported in CIS during CYs 2012 and 2013. Since students can incur multiple infractions for a single incident, we reviewed the highest level infractions associated with these incidents – 8,985 Level I zero tolerance and 26,036 Level II infractions – to determine whether they were addressed in accordance with Job Corps' disciplinary policies.⁹ The CIS records showed 26 percent (8,928) of the 35,021 required investigations and Fact Finding Boards were either not conducted or not documented; and when they were conducted, 15 percent (5,304) were not done within required timeframes.

Centers in all six Job Corps' regions did not consistently comply with Job Corps' requirements to conduct and record the results of student misconduct investigations and Fact Finding Boards in the CIS. Job Corps was not aware of these deficiencies. As such, it was apparent Job Corps did not use its CIS effectively to ensure centers enforced Job Corps' disciplinary policies. Figure 3 shows the number of Level I zero tolerance and Level II infractions with insufficient evidence that required investigations and Fact Finding Boards were conducted.

Figure 3: CIS Data Showed Required Investigations and Fact Finding Boards Were Either Not Conducted or Documented for 8,928 Level I Zero Tolerance and Level II Misconduct Infractions (By Job Corps Region)



Source: OIG Analysis of Job Corps' data.

⁹ Of the 8,985 Level I infractions identified, 4,233 (47.1 percent) were for use of drugs as evidenced by a second positive drug test.

We confirmed that required investigations and Fact Finding Boards were not conducted and determined the reasons for two of the three centers we visited as follows:¹⁰

- *Treasure Lake Center, operated by USDA* – For CYs 2012 and 2013, Treasure Lake’s CIS records showed 41 percent (141) of the 348 reported Level I zero tolerance and Level II infractions did not have investigations and Fact Finding Boards. We requested documentation supporting the disciplinary actions taken for 18 students with infractions reported in the CIS. We found the center did not conduct investigations and Fact Finding Boards for 9 students. Treasure Lake Center’s acting center director (since April 2014) agreed and told us disciplinary actions were not always taken for Level I zero tolerance and Level II infractions under the former center director because he was concerned about the negative impact that terminating students would have on reported performance, such as enrollment. Moreover, center staff told us the center became unsafe because students knew there would be no repercussions for bad behavior. One residential advisor said she would not leave her dormitory during her night shift because she feared what might happen if she went outside. Center management told us it implemented a number of changes in CY 2014, which included replacing the former center director and emphasizing center safety.

According to Job Corps, the Treasure Lake Center is slated for closure. The final date is still being negotiated between DOL and USDA, but Job Corps is targeting to have all students off of the center before the end of CY 2015.

- *Tulsa Center, operated by ResCare* – For CYs 2012 and 2013, the Tulsa Center’s CIS records showed 99 percent (420) of the 425 reported Level I zero tolerance and Level II infractions did not have investigations and Fact Finding Boards. We interviewed center staff responsible for recording the required investigation and Fact Finding Board information in the CIS and found that some information had not been entered due to inadequate guidance and training. However, we also found the center did not conduct many of the required investigations and Fact Finding Boards. We requested documentation supporting the disciplinary actions taken for 24 students with infractions reported in the CIS and found the center did not conduct investigations and Fact Finding Boards for 7 students. Center management agreed and told us they incorrectly believed investigations and Fact Finding Boards were not required for all Level II infractions. We also found 4 instances where the center director overturned Fact Finding Board recommendations to terminate students who committed Level II infractions. The center director told us she sometimes gathered additional

¹⁰ We conducted on-site work at three centers – Treasure Lake, Tulsa, and Northlands. Current management for the Northland Center told us they were unable to produce student files for some infractions we reviewed because they were destroyed by the center’s prior operator.

evidence and performed her own investigations, but was not required to, and thus did not document her reasons for overturning Fact Finding Board determinations.

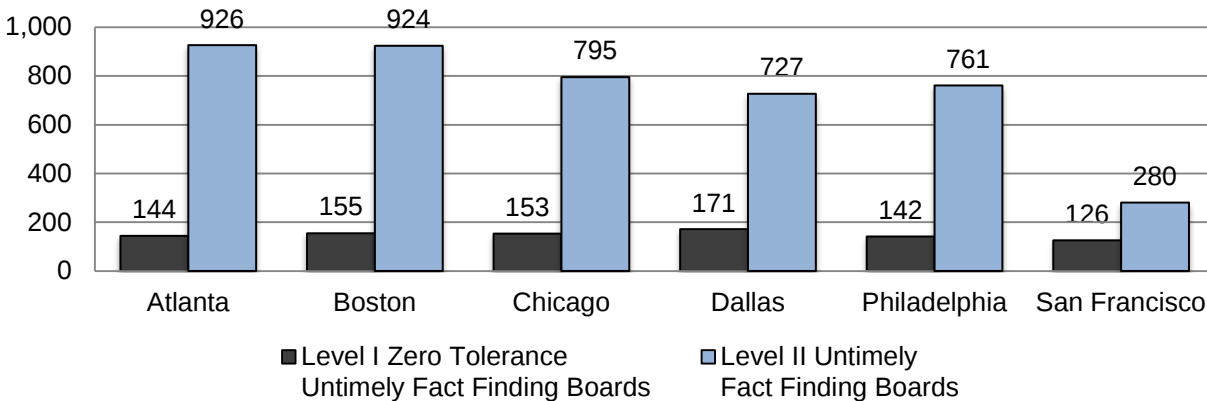
Job Corps agreed the CIS records did not support that all required investigations and Fact Finding Boards had been conducted as required. In response to our audit, Job Corps provided training to center staff responsible for entering incidents in the CIS, as well as those responsible for investigations and entering dispositions.

The lack of evidence in the CIS to support 26 percent of required investigations and Fact Finding Boards were conducted is significant. For each of the 8,928 incidents where there was insufficient evidence that appropriate action was taken, a student prone to violence or illegal drug use may have been allowed to remain on center, placing other students and staff at risk.

In addition, when disciplinary actions were recorded in the CIS, the records showed that investigations and Fact Findings Boards were not consistently conducted within specified timeframes. Centers are required to conduct prompt investigations and Fact Finding Boards to ensure student misconduct is addressed promptly and potentially dangerous students are terminated from the program at the earliest opportunity. Prompt investigations and Fact Finding Boards also ensure centers do not improperly retain students to improve reported performance. Job Corps' policy requires centers to send students home immediately after incidents occur if they are deemed dangerous to other students or staff.

Our review of the CIS records showed centers did not meet required timeframes for 15 percent (5,304) of the 35,021 Level I zero tolerance and Level II infractions reported during CYs 2012 and 2013. As noted, Job Corps' PRH required centers to conduct Fact Finding Boards within 3 training days of Level I zero tolerance and within 5 training days of Level II infractions. We determined the number of days exceeding these timeframes ranged from 1 day to 320 days, and averaged about 7 days. Figure 4 (on the next page) shows the number of exceptions by Job Corps region.

Figure 4: Investigations and Fact Finding Boards for 5,304 Level I Zero Tolerance and Level II Misconduct Infractions Were Not Timely (By Job Corps Region)



Source: OIG Analysis of Job Corps' data.

Job Corps agreed with our conclusion that the CIS records could not be used effectively to support that Fact Finding Boards were conducted within the required timeframes. They specifically agreed that the Fact Finding Board detail (i.e., behavior and disposition dates) for the 5,304 infractions we identified showed the Fact Finding Boards were not held within the required timeframes. Job Corps also expressed interest in learning the amount of time centers took to actually conduct Fact Finding Boards so it could better determine the amount of time needed to hold the Fact Finding Boards.

During our review of the CIS data, we identified 126 students who should have been discharged for disciplinary reasons, but were retained an additional 9 days on average. Prolonging their termination may have unnecessarily endangered students and staff and inflated the centers' performance results.

Hotline Complaint Allegations Were Supported

As described above, our results supported the general complaint allegations that centers did not consistently take appropriate disciplinary actions to address serious misconduct, including zero tolerance offenses. Consequently, these continued weaknesses hindered Job Corps' ability to better protect students and staff at centers who depended on Job Corps to provide a safe and secure environment.

Deficiencies Occurred Because Enforcement and Oversight Were Inadequate

These deficiencies occurred because center management's enforcement of Job Corps' student disciplinary policies and Job Corps' oversight of compliance was inadequate. Specifically, we found center management:

- *Provided students who committed serious misconduct with second chances.* Job Corps' zero tolerance policy for automatically discharging

students is strict and does not provide second chances or amnesty for students found guilty of committing serious offenses. However, Job Corps' management told us and our work found (see results for the Tulsa, Kittrell, and Keystone Centers described above) centers provided students with more opportunities to learn from their mistakes. Job Corps also told us it is in the process of ensuring its zero tolerance policy is fully and consistently implemented at all centers.

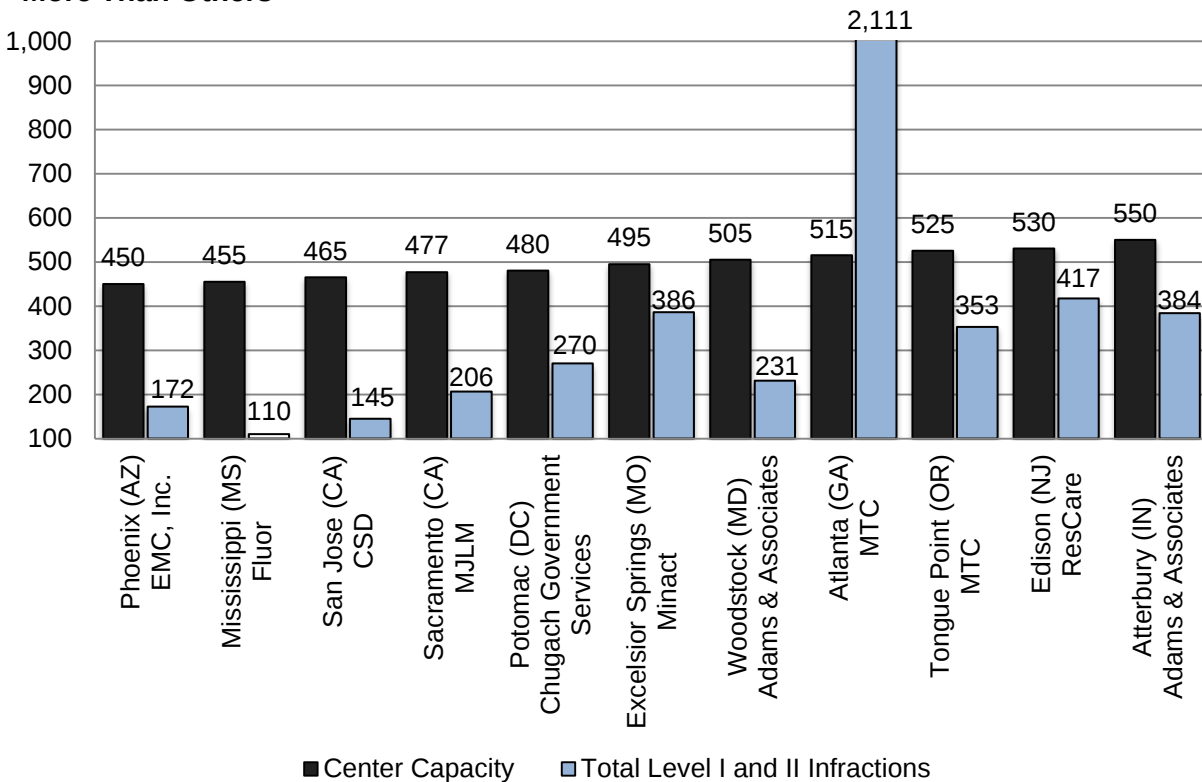
- *Misunderstood Job Corps' disciplinary policies and CIS data entry requirements.* Management for the Tulsa and Blackwell (WI) Centers, operated by USDA, told us they did not perform Fact Finding Boards for all Level II infractions because they incorrectly believed that Fact Finding Boards were not always required. In other instances, centers did not consistently enter or update misconduct information in CIS. For example, even though the CIS user manual explained how this information should be entered, Atlanta Center management told us staff entered Fact Finding Board details in the "Disposition Comment" fields, rather than the "Action" fields. As a result, even when the center held Fact Finding Boards as required, the "Action" fields showed none had been performed. These actions had to be manually extracted, analyzed, and aggregated from the "Disposition Comment" fields. According to center management, these procedures have since been changed and the information is now being entered correctly in CIS. Job Corps regional staff acknowledged there was some confusion about how this information should be entered.
- *Retained students who should have been discharged because of the negative impact on reported performance.* Job Corps' center performance management system ranks all centers based on reported performance indicators, such as technical training and high school diploma completion rates and job placements. Terminating students for any reason, including disciplinary action, can impact a center's reported performance in these areas and its rankings relative to other centers. More than 75 percent of Job Corps centers are operated by private contractors who are generally awarded a 2-year contract. If the centers meet or exceed their performance goals, the rewards include contract modifications to continue operating the center for as many as three option years, and incentive fees. Additionally, past performance is a major factor in the award of future center operation contracts. Given the high stakes involved, even center management for a federally operated center, Treasure Lake, did not consistently take disciplinary actions to terminate students for Level I zero tolerance and Level II infractions because it was concerned about the negative impact on reported performance.

Job Corps oversight of centers' compliance with these policies was also inadequate. Specifically, we found:

- *Oversight lacked the necessary depth and regularity to detect and correct centers' noncompliance with student disciplinary policies.* Job Corps primarily relied on on-site center assessments, which occur once every two years, and reviews of various internal reports to monitor and enforce centers' compliance with Job Corps' requirements for handling student misconduct. Job Corps told us it reviewed an array of reports (e.g., Significant Incident Trend, Student Satisfaction Surveys) for incidents, zero tolerance separations, and student feedback and routinely contacted centers as warranted. However, we found the reports used for this analysis did not contain sufficient information to assess centers' efforts to reduce and address serious misconduct. Job Corps could have better used its CIS, which captures a wide range of misconduct activity, to identify patterns of unusual activity or deviations from expected activity to target potential problem areas.

For example, a simple comparative analysis of all mid-size centers with capacities ranging from 450-550 students found 1 of 11 centers – Atlanta – reported an unusually high number of infractions compared to the other centers (see Figure 5 below).

Figure 5: Review of Misconduct Infractions for Mid-size Centers (450-550 Students) Found the Atlanta Center Reported Almost 3 Times More Than Others



Source: OIG analysis of Job Corps' data.

This analysis could have triggered a targeted review of the Atlanta Center's activities to determine why its reported student misconduct infractions were so far above the norm and what corrective actions might be needed. Our review of the center's CIS records showed 81 percent (1,729) of the 2,111 required investigations and Fact Finding Boards were either not conducted or not documented. As noted earlier, Atlanta Center management told us this occurred because they misunderstood Job Corps' disciplinary policies and CIS data entry requirements. See Exhibit 1 for a list of all centers and the number of Level I and II infractions recorded in CIS.

Job Corps' on-site center assessments were also not used effectively to identify non-compliant centers and enforce its disciplinary policies. Job Corps considered these biennial center assessments to be a comprehensive review of center operations. The review team is typically on-site for a week and evaluates all programmatic elements, including: program outcomes, compliance with Job Corps' PRH requirements, and data integrity. While Job Corps stated its regional staff reviewed student files during on-site center assessments and monitoring visits and addressed any student misconduct concerns raised during these reviews, Job Corps noted that many, if not most of the findings were administrative in nature and did not necessarily reflect the center's lack of integrity.

Despite the weaknesses the OIG identified in the past, the assessments generally did not include mandatory reviews of centers' serious misconduct activity or compliance with Job Corps' student disciplinary policies. We reviewed all of the assessment reports Job Corps provided for our 2-year scope. We found Job Corps performed detailed reviews of centers' supporting documentation (i.e., investigative reports, student files, Fact Finding Board determinations) and CIS misconduct data for only 16 of its 125 center and 4 satellite locations. As a result, these assessments did not provide Job Corps' management with adequate feedback that could have been used to make improvements related to student misconduct and center safety conditions.

- *Job Corps' classification of Level I zero tolerance infractions excluded certain violent offenses and was not consistent with its zero tolerance policy.* We found certain forms of violence – threat of assault with intent to intimidate or coerce; physical assault with intent to cause bodily harm; sexual harassment; and fighting – were excluded from Job Corps' Level I zero tolerance infraction category. As a result, Job Corps did not require centers to automatically separate students found guilty of committing these serious offenses.

Classifying these acts of violence as less serious, non-zero tolerance offenses undermined Job Corps' zero tolerance policy against violence

and its efforts to keep centers safe and secure. Some centers even considered physical assault with bodily harm a non-zero tolerance offense if both students participated in a physical altercation, regardless of whether students suffered injuries. For example, at the Keystone Center, the center's records described an incident where a student grabbed another student by the hair and kicked the victim in the neck. The center charged the student with a Level II fighting infraction, a non-zero tolerance offense, and retained the student. Sixty days later, the same student physically assaulted someone else and was then separated for a Level I zero tolerance infraction. In another example, two students at the Tulsa Center were involved in a physical altercation. Center records indicated both students punched each other several times in the face and the body. Both students were charged with Level II fighting infractions, retained, and discharged 77 and 99 days later for disciplinary reasons.

- *Liquidated damages for noncompliance were an ineffective deterrent.* We also found the amount of liquidated damages (cost recovery) Job Corps assessed for retaining students who should have been discharged was an ineffective deterrent compared to the financial upside for noncompliance. While Job Corps assessed liquidated damages for artificially extending student enrollment, the amount was very low. Based on our estimates for CYs 2012-2013, the average liquidated damages for each exception we identified was \$16.14 per day compared to the total cost per day of \$107.59. See Exhibit 3 for the calculation of average liquidated damages and total cost per day. Based on our testing, 47 centers retained an aggregate of 177 students, who should have been discharged for serious misconduct offenses, an average of 21 additional days. Given the number of exceptions identified in this and prior OIG reports, the \$16.14 per day penalty appeared to have little effect on centers. Moreover, by retaining students who should have been discharged, Job Corps may have excluded more committed students from admission to the program.

Systemic Weaknesses Impacted Safety at All 125 Centers

We completed seven audits in CYs 2009 and 2010 that, in part, determined specific center operators and their respective centers did not consistently enforce Job Corps' disciplinary policy to address student misconduct.¹¹ The work we conducted for this audit showed Job Corps has not taken effective corrective actions to ensure centers comply with Job Corps' policies regarding student misconduct. Job Corps' oversight did not ensure enforcement of its disciplinary policies, and centers kept potentially dangerous students in the program, exposing other students and staff to avoidable harm and taking the place of more committed students. Moreover, we determined the

¹¹ DOL OIG reports: 26-09-001-01-370 (March 2009), 26-09-003-01-370 (September 2009), 26-10-001-01-370 (November 2009), 26-10-003-01-370 (March 2010), 26-10-002-01-370 (March 2010), 26-10-004-01-370 (August 2010), and 26-10-007-01-370 (September 2010).

weaknesses noted in this report were systemic and impacted the safety of students and staff at all 125 center and 4 satellites.

Media reports about alleged and actual unsafe center conditions could erode support for the program, particularly in the communities where centers are located. Concerns about student safety could also negatively impact enrollment (i.e., students leave or do not enroll due to safety concerns), and Job Corps' overall success. For example, an online search using the phrase "Job Corps fights" resulted in almost 30 consecutive hits of video clips showing students fighting at centers, as well as television news stories about unchecked violence at the North Texas Center.

Furthermore, retaining students who should have been separated for disciplinary reasons had a financial impact on taxpayers. During the course of our audit work, we identified students that were not terminated or were not terminated within required timeframes and estimated the funds that would have been put to better use on more committed students. Using the average estimated student costs per day for CYs 2012-2013, we found that 47 centers retained 177 students for 3,706 additional days, costing taxpayers an estimated \$398,729 ($\$107.59 \times 3,706$ days) in funds that could have been put to better use housing and educating other at-risk youth who were more committed to be in the program. We also estimated that Job Corps needs to assess and collect from center operators liquidated damages totaling \$48,404. See Exhibit 3 for details.

Corrective Actions Taken by Job Corps During the Audit

At the end of our audit fieldwork, ETA stated Job Corps had recently placed a significant programmatic focus on student misconduct issues and described a number of actions that were planned or had been taken to address these issues. Below are some of the actions ETA described:

- On August 13, 2014, Job Corps' Acting Administrator issued a memorandum directing Job Corps' regional staff to take immediate action to ensure all centers consistently enforce the zero tolerance policy. In response to the memorandum, ETA stated Job Corps' regional office staff reviewed data and files for indications of potential safety and/or security problems (e.g., total terminations, zero tolerance terminations, significant incident report data, Student Satisfaction survey results, average attendance, regional office center assessments, complaints, and other information) to identify centers with potential zero tolerance policy enforcement issues. According to ETA, site visits were conducted for the centers identified. As a result of one site visit, Job Corps did not renew the operator's contract for the North Texas Center for failure to properly administer the Zero Tolerance policy, among other factors.
- On September 26, 2014, the Assistant Secretary for Employment and Training also issued a memorandum directing Job Corps regional office

staff to begin conducting unannounced monitoring visits with a focus on high-risk or low-performing centers, among other monitoring activities.

Additionally, on September 26, 2014, the Assistant Secretary for Employment and Training issued a memorandum to all Job Corps center operators, outreach and admissions providers, and career transition service providers reinforcing the responsibility of contractors to report significant incidents and adhere to Job Corps' behavioral management policies, including zero tolerance. The memorandum stated centers should take immediate steps to ensure students and parents are aware of the resources available to report safety concerns. This should include holding a student assembly to reorient students with the procedures for reporting violations and prominently posting Job Corps National Contact Center phone number (1-800-733-JOBS) on center grounds.

- Job Corps developed an internal risk management process that considers numerous risk factors such as significant increases in serious student misconduct to help monitoring staff identify centers with a higher level of programmatic risk, including factors such as performance, safety, student misconduct, and facility condition, to appropriately target additional resources and staff time to monitor centers identified as higher-risk.
- Job Corps has requested additional research and information from subject-matter experts in the area of student misconduct, center safety, and behavior management systems and stated it will use the information and recommendations to revise areas of its PRH pertaining to personal safety and quality control on centers.

Conclusion

We identified significant deficiencies with center management's enforcement of Job Corps' disciplinary policies to address serious student misconduct and Job Corps' oversight and policy requirements. Our security log testing for 11 centers showed potential serious misconduct infractions were not reported to Job Corps (through the CIS) and potential Level I zero tolerance infractions were incorrectly downgraded to lesser infractions. As a result, the centers did not take appropriate disciplinary action. Moreover, for all 125 center and 4 satellites, when serious student misconduct was reported in the CIS, the CIS records showed that centers did not conduct or document required investigations and Fact Finding Boards. The CIS records also showed the investigations and Fact Finding Boards were not conducted within required timeframes. By retaining potentially dangerous students who should have been discharged, centers exposed other students and staff to avoidable harm and occupied slots that could have been used by more committed at-risk youth. Additionally, negative media reports about alleged unsafe conditions could negatively affect community support, student enrollment (e.g., students leave or do not enroll due to safety concerns), and Job Corps' overall success.

These deficiencies occurred because center management wanted to provide students who committed serious misconduct with second opportunities; misunderstood Job Corps' disciplinary policies and CIS data entry requirements; and retained students who should have been discharged to avoid the adverse effect on their reported performance outcomes. Job Corps also did not use its primary monitoring tools, the CIS and on-site center assessments, effectively to identify noncompliant centers and ensure its disciplinary policies were being enforced. Furthermore, Job Corps' classification of zero tolerance infractions excluded certain violent offenses and was not consistent with its actual zero tolerance policy; and the liquidated damages (cost recovery) provision for noncompliance in center operator contracts was an ineffective deterrent compared to the financial upside for inflating student enrollment. Job Corps needs to improve its oversight to ensure centers take appropriate action for serious student misconduct.

RECOMMENDATIONS

We recommend the Assistant Secretary for Employment and Training:

- 1) Require Job Corps' centers and their respective operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies.
- 2) Clearly define all student misconduct infraction categories to ensure the infractions are properly classified, zero tolerance infractions include all significant violent offences, and all infractions are appropriately addressed. This includes providing specific definitions and/or examples for serious infractions such as physical assault with bodily harm, fighting, physical assault with intent to harm, threat of assault with intent to intimidate or coerce, and sexual harassment.
- 3) Require regular monitoring and prompt investigation of significant increases in reported serious student misconduct.
- 4) Eliminate the backlog of unaddressed Level I zero tolerance and Level II infractions identified by this audit.
- 5) Develop and implement an effective deterrent, such as financial penalty, to better enforce centers compliance with Job Corps' student disciplinary requirements.
- 6) Determine and work with their respective contracting personnel to recover liquidated damages for prolonging disciplinary separations and overstating on-board strength.

ETA'S RESPONSE

The Assistant Secretary for Employment and Training agreed with our recommendations. In addition to the corrective actions previously described, the Assistant Secretary stated ETA and Job Corps will implement a number of actions to address our recommendations, including the establishment of a new centralized division in Job Corps' national office to review the results of all risk management data, regional office center assessments, and Job Corps' response to safety and security deficiencies at individual centers. ETA's response to our draft report is included in its entirety in Appendix C.

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



Elliot P. Lewis
Assistant Inspector General
for Audit

Exhibits

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Exhibit 1**Summary of All Serious Student Misconduct Infractions Reported in Job Corps' Center Information System**

The table below summarizes the serious misconduct infractions reported in Job Corps' CIS from January 1, 2012, through December 31, 2013, along with each center's total capacity.

				Serious Student Misconduct Infractions		
Center		Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
1.	Atterbury	Adams and Associates	550	384	145	239
2.	Exeter	Adams and Associates	200	89	26	63
3.	Gadsden	Adams and Associates	286	234	79	155
4.	Glenmont	Adams and Associates	340	365	128	237
5.	Grafton	Adams and Associates	300	278	83	195
6.	IndyPence *	Adams and Associates	100	57	22	35
7.	Joliet	Adams and Associates	280	191	61	130
8.	Little Rock	Adams and Associates	200	256	80	176
9.	Red Rock	Adams and Associates	318	341	100	241
10.	Shriver	Adams and Associates	300	146	44	102
11.	Treasure Island	Adams and Associates	600	157	72	85
12.	Woodland	Adams and Associates	300	216	68	148
13.	Woodstock	Adams and Associates	505	231	138	93
14.	Bamberg	Alutiiq Youth Services	220	294	21	273
15.	Detroit	Alutiiq Youth Services	340	193	118	75
16.	Flint Genesee	Alutiiq Youth Services	250	249	140	109
17.	Westover	Alutiiq Youth Services	555	353	176	177

			Serious Student Misconduct Infractions			
Center		Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
18.	Northlands	Alutiiq Youth Services (1/1/12 to 11/30/13) CHP (12/1/13 to 12/31/13)	280	254	93	161
19.	Talking Leaves	Cherokee Nation	250	109	19	90
20.	Alaska	Chugach Government Services	250	128	26	102
21.	Jacksonville	Chugach Government Services	350	257	76	181
22.	PIVOT *	Chugach Government Services	60	21	2	19
23.	Potomac	Chugach Government Services	480	270	105	165
24.	Springdale	Chugach Government Services	155	51	25	26
25.	North Texas	Career Opportunities Inc.	650	577	188	389
26.	Roswell	Career Opportunities Inc.	225	134	64	70
27.	Cassadaga	CSD	270	322	94	228
28.	Laredo	CSD	250	48	15	33
29.	Loring	CSD	380	364	173	191
30.	New Haven	CSD	200	147	14	133
31.	Ottumwa	CSD	300	97	28	69
32.	Penobscot	CSD	346	316	62	254
33.	Pittsburgh	CSD	850	365	146	219
34.	San Diego	CSD	635	115	103	12
35.	San Jose	CSD	465	145	80	65
36.	Kicking Horse	Confederated Salish and Kootenai Tribes	224	24	6	18

			Serious Student Misconduct Infractions			
Center		Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
37.	Carville	Dynamic Educational Systems, Inc. (DESI)	200	256	27	229
38.	Montgomery	DESI	322	285	61	224
39.	Phoenix	Education Management Corporation	450	172	72	100
40.	Hartford	ETR	210	207	26	181
41.	Iroquios	ETR	255	164	52	112
42.	Oneonta	ETR	370	514	124	390
43.	Turner	ETR	930	1259	238	1021
44.	Albuquerque	Fluor	415	197	69	128
45.	Gainesville	Fluor	350	491	127	364
46.	Kittrell	Fluor	350	213	27	186
47.	Mississippi	Fluor	455	110	33	77
48.	Carl Perkins	Horizons Youth Services	280	177	28	149
49.	Charleston	Horizons Youth Services	400	287	80	207
50.	Muhlenberg	Horizons Youth Services	404	458	79	379
51.	BL Hooks	MINACT	312	192	41	151
52.	Excelsior Springs	MINACT	495	386	92	294
53.	Finch Henry	MINACT	300	248	43	205
54.	Gerald Ford	MINACT	270	242	75	167
55.	Gulfport	MINACT	172	93	30	63
56.	Hubert Humphrey	MINACT	620	76	26	50
57.	Milwaukee	MINACT	300	195	49	146
58.	Quentin Burdick	MINACT	250	208	90	118
59.	Shreveport	MINACT	350	386	201	185
60.	St. Louis	MINACT	604	641	77	564
61.	Sacramento	McConnell Jones Lanier & Murphy LLP	477	206	74	132
62.	Atlanta	MTC	515	2111	122	1989
63.	Brunswick	MTC	400	449	171	278

				Serious Student Misconduct Infractions		
Center		Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
64.	Cascades	MTC	327	233	44	189
65.	Cincinnati	MTC	225	107	44	63
66.	Clearfield	MTC	1120	883	204	679
67.	Dayton	MTC	300	327	125	202
68.	Denison	MTC	300	141	24	117
69.	Earle C. Clements	MTC	1300	1521	298	1223
70.	Flint Hills	MTC	360	314	120	194
71.	Gary	MTC	1660	1173	340	833
72.	Hawaii	MTC	200	97	19	78
73.	Inland Empire	MTC	340	151	88	63
74.	Keystone	MTC	600	606	180	426
75.	Maui *	MTC	122	79	15	64
76.	Paul Simon	MTC	354	195	92	103
77.	Philadelphia	MTC	355	100	0	100
78.	Sierra Nevada	MTC	570	443	99	344
79.	Tongue Point	MTC	525	353	93	260
80.	Wilmington	MTC	150	97	34	63
81.	Delaware Valley	MTC (1/1/12 to 7/31/12) Adams and Associates (8/1/12 to 12/31/13)	396	537	136	401
82.	Long Beach	Odle Management Group	300	191	64	127
83.	New Orleans	Odle Management Group	225	171	17	154
84.	Whitney Young	Odle Management Group	400	180	112	68
85.	Arecibo	ResCare	200	62	15	47
86.	Barranquitas	ResCare	260	233	19	214
87.	Blue Ridge	ResCare	210	34	14	20
88.	Brooklyn *	ResCare	210	61	1	60
89.	Edison	ResCare	530	417	150	267
90.	Fred Acosta	ResCare	300	83	56	27
91.	Guthrie	ResCare	650	427	147	280
92.	Homestead	ResCare	240	67	30	37

				Serious Student Misconduct Infractions		
Center		Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
93.	Miami	ResCare	300	112	14	98
94.	Old Dominion	ResCare	350	372	82	290
95.	Pinellas County	ResCare	225	256	28	228
96.	Ramey	ResCare	335	60	31	29
97.	South Bronx	ResCare	275	44	10	34
98.	Tulsa	ResCare	300	425	0	425
99.	Cleveland	Serrato Inc.	440	430	165	265
100.	David Carrasco	Texas Educational Foundation Inc.	415	124	25	99
101.	Anaconda	USDA	236	217	35	182
102.	Angell	USDA	216	157	43	114
103.	Blackwell	USDA	205	259	50	209
104.	Boxelder	USDA	208	215	26	189
105.	Cass	USDA	224	204	54	150
106.	Centennial	USDA	300	168	40	128
107.	Collbran	USDA	200	16	15	1
108.	Columbia Basin	USDA	290	169	28	141
109.	Curlew	USDA	198	134	31	103
110.	Flatwoods	USDA	224	67	39	28
111.	Fort Simcoe	USDA	224	137	51	86
112.	Frenchburg	USDA	168	232	38	194
113.	Golconda	USDA	230	445	46	399
114.	Great Onyx	USDA	214	190	44	146
115.	Harpers Ferry	USDA	290	81	40	41
116.	Jacobs Creek	USDA	224	221	31	190
117.	Lyndon B. Johnson	USDA	205	217	31	186
118.	Mingo	USDA	224	207	56	151
119.	Oconaluftee	USDA	162	330	24	306
120.	Ouachita	USDA	224	159	31	128
121.	Pine Knot	USDA	224	397	31	366
122.	Pine Ridge	USDA	224	170	20	150
123.	Schenck	USDA	224	368	45	323
124.	Timber Lake	USDA	234	179	26	153
125.	Treasure Lake	USDA	180	348	81	267
126.	Weber Basin	USDA	224	50	10	40
127.	Wolf Creek	USDA	231	71	29	42

			Serious Student Misconduct Infractions		
Center	Center Operator	Center Capacity	Total	Level I Zero Tolerance	Level II
128. Trapper Creek	USDA	224	113	18	95
129. Los Angeles	Young Women's Christian Association	735	393	83	310
Totals		45,055	35,021	8,985	26,036

* IndyPendance (6) is a satellite of Atterbury; PIVOT (22) is a satellite of Springdale; Maui (75) is a satellite of the Hawaii center; Brooklyn (88) is a satellite of South Bronx.
Source: OIG analysis of Job Corps' CIS student misconduct data and regional office center assessments for the period 1/1/2012 – 12/31/2013.

Exhibit 2**Potential Level I Zero Tolerance Offenses Incorrectly Downgraded to Lesser Infractions**

Offense should have been classified as:	Level I Zero Tolerance Infractions									
	Physical Assault that Causes Bodily Harm			Illegal Drug Activity						
Offense was incorrectly downgraded to:	Level II			Level II				Level III		Totals
Center (Operator)	Assault with Intent to Cause Harm	Fighting	Threat of Assault	Use or Possession of Alcohol	Inhalation of a Volatile Substance	Pattern of Inappropriate Behavior	Threat of Assault	Being in an Off Limits Area	Other Minor Incidents	
1. Atlanta (MTC)	0	1	1	0	0	0	0	0	0	2
2. Cleveland (Serrato Inc.)	1	1	0	0	0	0	0	0	0	2
3. Homestead (ResCare)	0	2	0	0	0	0	0	0	0	2
4. Keystone (MTC)	0	2	1	0	0	0	1	0	2	6
5. Kittrell (Fluor)	0	2	0	0	0	0	0	0	0	2
6. LBJ (USDA)	3	3	0	0	1	0	0	0	0	7
7. Northlands (Alutiiq and CHP)	2	2	0	1	0	1	0	2	0	8
8. Oneonta (ETR)	0	0	0	0	0	0	0	0	0	0
9. San Diego (CSD)	1	0	0	0	0	0	0	0	0	1
10. Treasure Lake (USDA)	0	5	0	0	0	0	0	0	0	5
11. Tulsa (ResCare)	2	4	0	0	0	0	0	0	0	6
Totals:	9	22	2	1	1	1	1	2	2	41

Source: OIG analysis of center security logs and corresponding records (e.g. student files, FFB determinations).

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Exhibit 3**Calculation of Liquidated Damages and Funds Put to Better Use**

To promote program integrity and ensure students receive the services paid for with public funds, DOL shall assess liquidated damages from contractor's base/incentive fees for instances of misreporting for artificially extending enrollment based on the following schedule:

- Budgeted Student Year Cost (SYC) per day = (approved center operations budget that is in place for the contract year in which the misreporting occurs) / (duration of contract year in days) / (contracted student slots for the contract year).
- Estimated liquidated damages per day = 15 percent x budgeted SYC per day
- Estimated liquidated damages = Estimated liquidated damages per day x number of misreported days

Using data from Job Corps' Fiscal Year 2015 Congressional Budget Justification, we calculated the budgeted SYCs per day for 2012 and 2013, averaged the two amounts, and arrived at average budgeted SYC per day of \$107.59 for both years. See Table 1 below for details.

Table 1: Average Budgeted SYC and Liquidated Damages Per Day for Artificially Extending Enrollment

	A	B	C	D
	Operations Budget	Budgeted Student Slots	SYC (A/B)	SYC per Day (C/365 days)
2012	\$1,569,078,000	45,165	\$34,741.02	\$95.18
2013	\$1,578,681,000	36,046	\$43,796.29	\$119.99
E Total				\$215.17
F Average budgeted SYC per day (CY 2012 - 2013)				\$107.59 (E/2)
Average Estimated liquidated damages per day (CY 2012 – 2013)				\$16.14 (15% x F)

Source: OIG Analysis of Job Corps' data.

Liquidated Damages

Based on our audit work, we found 47 centers retained 177 students who should have been discharged for disciplinary reasons for 3,706 additional days. Eight of the 47 centers (Cass, Columbia Basin, Frenchburg, LBJ, Pine Knott, Timberlake, Treasure Lake, and Wolf Creek) were federally operated by the USDA and were not assessed liquidated damages. As a result, we excluded 707 days from the calculation that were

attributed to these eight centers and used 2,999 (3,706 - 707) days to estimate liquidated damages. Using Job Corps' formula, we estimated liquidated damages that need to be assessed and collected as follows:

$$\$16.14 \text{ (average estimated liquidated damages per day)} \times 2,999 \text{ days} = \$48,403.86$$

See Table 2 below for details.

Funds Put to Better Use

We believe the public funds spent retaining these 177 students for 3,706 additional days could have been put to better use housing and educating other at-risk youth who were more committed to be in the program. Using the average budgeted SYC per day, we estimated the cost to taxpayers as follows:

$$\$107.59 \times 3,706 \text{ days} = \$398,728.54$$

See Table 2 below for details.

Table 2: Calculation of Estimated Liquidated Damages and Funds Put to Better Use Based on Exceptions for Retaining Students Who Should Have Been Discharged

	Per Security Log testing		Per CIS testing		Calculations		
	A		B		C		
Center	No. Students Retained	No. of Additional Days Retained	No. Students Retained	No. of Additional Days Retained	Total Days Retained	Liquidated Damages	Funds Put to Better Use
					(A + B)	(C x \$16.14)	(C x \$107.59)
1. Albuquerque	0	0	1	3	3	\$48.42	\$322.77
2. Atlanta	3	247	0	0	247	\$3,986.58	\$26,574.73
3. Atterbury	0	0	5	46	46	\$742.44	\$4,949.14
4. Carville	0	0	1	2	2	\$32.28	\$215.18
5. Cass*	0	0	1	3	3	\$0.00	\$322.77
6. Charleston	0	0	2	5	5	\$80.70	\$537.95
7. Cincinnati	0	0	5	18	18	\$290.52	\$1,936.62
8. Cleveland	3	7	2	33	40	\$645.60	\$4,303.60
9. Columbia Basin*	0	0	3	13	13	\$0.00	\$1,398.67

Table 2: Calculation of Estimated Liquidated Damages and Funds Put to Better Use Based on Exceptions for Retaining Students Who Should Have Been Discharged

	Per Security Log testing		Per CIS testing		Calculations		
	A		B		C		
Center	No. Students Retained	No. of Additional Days Retained	No. Students Retained	No. of Additional Days Retained	Total Days Retained	Liquidated Damages	Funds Put to Better Use
					(A + B)	(C x \$16.14)	(C x \$107.59)
10. Dayton	0	0	1	29	29	\$468.06	\$3,120.11
11. Denison	0	0	1	56	56	\$903.84	\$6,025.04
12. Earle C Clements	0	0	3	9	9	\$145.26	\$968.31
13. Edison	0	0	3	157	157	\$2,533.98	\$16,891.63
14. Flint Genesee	0	0	21	93	93	\$1,501.02	\$10,005.87
15. Frenchburg*	0	0	1	48	48	\$0.00	\$5,164.32
16. Gainesville	0	0	3	10	10	\$161.40	\$1,075.90
17. Glenmont	0	0	5	14	14	\$225.96	\$1,506.26
18. Grafton	0	0	9	25	25	\$403.50	\$2,689.75
19. Guthrie	0	0	13	118	118	\$1,904.52	\$12,695.62
20. Homestead	1	44	1	2	46	\$742.44	\$4,949.14
21. IndyPence	0	0	1	2	2	\$32.28	\$215.18
22. Jacksonville	0	0	2	9	9	\$145.26	\$968.31
23. Keystone	8	372	1	5	377	\$6,084.78	\$40,561.43
24. Kicking Horse	0	0	1	2	2	\$32.28	\$215.18
25. Kittrell	3	158	0	0	158	\$2,550.12	\$16,999.22
26. Loring	0	0	1	3	3	\$48.42	\$322.77
27. LBJ*	6	80	0	0	80	\$0.00	\$8,607.20
28. Muhlenberg	0	0	6	19	19	\$306.66	\$2,044.21
29. North Texas	0	0	1	63	63	\$1,016.82	\$6,778.17
30. Northlands	8	289	5	20	309	\$4,987.26	\$33,245.31
31. Oneonta	3	7	0	0	7	\$112.98	\$753.13
32. Phoenix	0	0	2	6	6	\$96.84	\$645.54
33. Pine Knot*	0	0	1	6	6	\$0.00	\$645.54
34. Pittsburgh	0	0	1	78	78	\$1,258.92	\$8,392.02

Table 2: Calculation of Estimated Liquidated Damages and Funds Put to Better Use Based on Exceptions for Retaining Students Who Should Have Been Discharged

	Per Security Log testing		Per CIS testing		Calculations		
	A		B		C		
Center	No. Students Retained	No. of Additional Days Retained	No. Students Retained	No. of Additional Days Retained	Total Days Retained	Liquidated Damages	Funds Put to Better Use
					(A + B)	(C x \$16.14)	(C x \$107.59)
35. Quentin Burdick	0	0	1	2	2	\$32.28	\$215.18
36. San Diego	1	1	0	0	1	\$16.14	\$107.59
37. Shreveport	0	0	1	3	3	\$48.42	\$322.77
38. Sierra Nevada	0	0	2	6	6	\$96.84	\$645.54
39. South Bronx	0	0	1	2	2	\$32.28	\$215.18
40. Timber Lake*	0	0	1	3	3	\$0.00	\$322.77
41. Treasure Island	0	0	2	6	6	\$96.84	\$645.54
42. Treasure Lake*	6	548	0	0	548	\$0.00	\$58,959.32
43. Tulsa	9	857	0	0	857	\$13,831.98	\$92,204.63
44. Westover	0	0	1	2	2	\$32.28	\$215.18
45. Whitney Young	0	0	1	121	121	\$1,952.94	\$13,018.39
46. Wolf Creek*	0	0	2	6	6	\$0.00	\$645.54
47. Woodland	0	0	11	48	48	\$774.72	\$5,164.32
Totals:	51	2,610	126	1,096	3,706	\$48,403.86**	\$398,728.54

* These eight centers (Cass, Columbia Basin, Frenchburg, LBJ, Pine Knott, Timberlake, Treasure Lake, and Wolf Creek) were federally operated.

** The eight federally operated centers were excluded from the calculation of estimated liquidated damages.

Source: OIG analysis of Job Corps' data.

Appendices

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Appendix A

Objectives, Scope, Methodology, and Criteria

Objective

We conducted a performance audit to answer the following question:

Did Job Corps' center management take appropriate action to address alleged serious student misconduct at its centers?

Scope

This report reflects the audit work conducted at Job Corps' national and regional offices in San Francisco, CA, and three Job Corps centers: Northlands, Tulsa, and Treasure Lake. Our work covered the time period January 1, 2012, to December 31, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objective.

Methodology

To accomplish our audit objective, we interviewed management and staff at Job Corps' national and regional offices; reviewed applicable laws, regulations, and policies; analyzed applicable Job Corps' and center processes and procedures; and identified and followed-up on significant gaps and deficiencies. We reviewed center security logs, student disciplinary files and conducted site visits in order to inspect physical controls. We considered the internal control elements of control environment, control activities, information and communication, and monitoring during our planning and substantive audit phases and evaluated relevant controls.

Data Reliability, Test Population, and CIS Analysis

For the purposes of this audit, we considered all incidents involving Level I zero tolerance and Level II infractions serious misconduct. To assess the reliability and completeness of Job Corps' computer-processed CIS data, we obtained guidance related to the entry and processing of student misconduct data by Job Corps' national, regional, and data center staff; requested a complete data set of all significant incidents and misconduct infractions, Fact Finding Board data, and disciplinary actions for CY 2012 - 2013; compared our calculated center totals to various CIS generated summary reports (e.g., incident trend reports), reviewed detailed records for potential data entry errors such as incomplete entries, and combined multiple infractions incurred for the same incidents. Under Job Corps' disciplinary policies, students can incur multiple

infractions for a single incident. For example: a student who gets into a physical fight in an unauthorized area and is in possession of illegal drugs could be cited for three infractions: 1) Level I zero tolerance infraction for possession of illegal drugs, 2) Level II infraction for fighting, and 3) Level III infraction for being in an unauthorized area. To ensure our test population contained only unique serious misconduct incidents, we only counted the highest level infraction (i.e., Level I zero tolerance infraction for possession of illegal drugs) per student, incident, and date; instead of counting the student two times (since we only reviewed serious misconduct infractions). In total, Job Corps reported 567,883 total misconduct infractions in CIS, which included 44,017 serious misconduct infractions (i.e., Level I zero tolerance and Level II), for our 2-year period. After removing incomplete entries and identifying the highest level of serious misconduct infraction per student, incident, and date, we identified 35,021 unique serious misconduct incidents and related infractions reported by 125 centers and 4 satellites to test and determined the data was sufficiently reliable and complete to accomplish our audit objective.

In addition, we reviewed the 35,021 reported Level I zero tolerance and II incidents to determine whether sufficient evidence was maintained in the CIS to show required investigations and Fact Finding Boards were conducted timely and appropriate disciplinary actions were taken. Our analysis included a review of the actions taken and respective dates for each of the 35,021 Level I zero tolerance and II incidents reported in CIS.

We also reviewed the 35,021 Level I zero tolerance and Level II incidents to determine the volume reported by each of the 125 centers and 4 satellites. We included this information in our risk assessment performed to identify centers for detailed testing (see Physical Records Analysis and Review below).

Physical Records Analysis and Review

We judgmentally (i.e., non-statistically) selected 11 centers for detailed testing based on a risk assessment that considered a number of variables, including center size, number of Level I zero tolerance and Level II incidents, student satisfaction survey scores, hotline complaint allegations, and OIG and Job Corps management concerns. We reviewed each centers' security logs for completeness; scanned the logs for key words and phrases describing serious misconduct offenses (e.g., assault, fighting, drugs, and weapons), injuries caused by other students and incidents involving law enforcement; and judgmentally selected 167 incidents to test for unreported and unaddressed potential serious misconduct. These incidents involved 277 students. We requested and reviewed all records provided for each incident (e.g., behavior records, investigative notes, FFB determinations, CIS entries) to determine whether the incidents were properly categorized by level and type (e.g. Level I zero tolerance physical assault that causes injury, Level II physical assault with intent to injure, and Level II fighting); Fact Finding Boards were held as required; and students were separated timely, when appropriate. The results of our testing cannot be projected to the intended population.

We also reviewed related standard operating procedures and health and safety committee meeting minutes for each of these centers.

On-site Work at Centers

We selected 3 centers to conduct on-site work, including staff and student interviews, a review of campus safety procedures, and detailed observation of data entry and work flow related to student misconduct investigation. We selected these centers based on a risk assessment that considered a number of variables, including center size on board strength, number of Level I zero tolerance and Level II incidents, survey scores, hotline complaints allegations, possible data entry errors or limitations, and OIG and Job Corps management concerns. For each center, we interviewed center management, staff responsible for security, CIS data entry, incident investigation, and Fact Finding Board student representatives. We toured center facilities for any obvious physical conditions that may impact the centers' ability to monitor misconduct (e.g., security cameras, lighting, unmonitored areas). We obtained detailed accounts of the procedures used at each center to investigate student misconduct, conduct Fact Finding Boards, separate students, and overturn Fact Finding Board determinations in accordance with Job Corps' PRH requirements.

Criteria

We used the following criteria to perform this audit:

- GAO Government Auditing Standards
- GAO Standards for Internal Control
- Code of Federal Regulations
- Job Corps' PRH
- Job Corps' CIS User Manual
- Job Corps' Program Assessment Guide

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Appendix B**Acronyms and Abbreviations**

CSD	Career Systems Development Corporation
CHP	CHP International, Inc.
CIS	Center Information System
CY	Calendar Year
DESI	Dynamic Educational Systems, Inc.
ETR	Education and Training Resources
ETA	Employment and Training Administration
GAO	United States Government Accountability Office
Job Corps	Office of Job Corps
LBJ	Lyndon B. Johnson Job Corps Center
MTC	Management and Training Corporation
OIG	Office of Inspector General
PRH	Policy and Requirements Handbook
SYC	Student Year Cost
USDA	U.S. Department of Agriculture

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Appendix C

ETA Response to Draft Report

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



FEB 20 2015

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

FROM: PORTIA WU *PW*
Assistant Secretary for Employment and Training

SUBJECT: Job Corps Needs to Improve Enforcement and Oversight of
Student Disciplinary Policies to Better Protect Student and Staff at
Centers Draft Report No. 26-15-001-03-370

Thank you for the opportunity to review the report on enforcement and oversight of student disciplinary policies and to provide a response to its recommendations. The safety and security of Job Corps' students and employees is one of the Employment and Training Administration's (ETA) top priorities. ETA is committed to serving young people who are overcoming tremendous challenges in their home communities and providing them with education, job training and other opportunities to succeed in the workforce and in life.

ETA and Job Corps are deeply concerned about the well-being of students and the impact any misconduct has on them and their families. As the Office of Inspector General (OIG) acknowledged, ETA independently recognized the need to strengthen safety and discipline at Job Corps centers system-wide and has taken action to improve safety and security at all of our Job Corps Centers. These actions, which are described more fully in response to the OIG's specific recommendations, include directives from the Assistant Secretary of Employment and Training to Job Corps regions instructing them on how to deal with safety issues at centers; a directive to contractors reminding them of their contractual obligations to protect students; a broad national review of Job Corps' oversight and accountability systems; center risk assessments to identify those centers with indications of safety and/or security concerns; development of an internal risk management process; development of a Center Safety Guide for regional staff when conducting visits to assess a center's safety; comprehensive safety monitoring training for all Contracting Officer's Representatives (CORs); strengthening data validation and data integrity reviews; informing the U.S. Department of Agriculture (USDA) of student misconduct issues at their centers; and a memorandum from the National Director to the contractor community reminding operators and staff of the consequences of falsifying records.

ETA appreciates the feedback provided in the OIG's audit. We agree with the OIG's recommendations and take seriously our responsibility to quickly and effectively implement actions to address them. Our detailed responses to your recommendations are as follows:

Recommendation 1: Require Job Corps centers and their respective operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies.

ETA agrees that Job Corps centers must ensure that serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies. Job Corps has already placed an increased programmatic focus on student misconduct issues, and has taken a number of actions that strengthen identification of centers where the reporting, investigation, and resolution of student misconduct may be a concern. ETA has also provided guidance to Job Corps federal staff and operators that clearly communicates that ETA expects Job Corps' Zero Tolerance policy to be enforced fairly and consistently in order to ensure student and staff safety and security at all times. ETA has identified procedures and tools that improve Job Corps' ability to provide oversight of student misconduct issues and take timely action to address issues when they occur.

As indicated above, on September 26, 2014, I issued a memorandum to all Job Corps center operators, outreach and admissions providers, and career transition service providers. This memorandum reinforced the responsibility of contractors to report significant incidents and maintain an environment where all students have the chance to learn and succeed, and reiterated the penalties for violation of these contractual requirements. At the same time, I issued a memorandum to all Job Corps regional office staff that underscored the importance of ongoing work in Job Corps to improve student safety, and informed Regional Directors and managers of a broader effort to improve accountability and outcomes in the program. The memorandum also instructed the regional office staff to immediately take several specific actions related to student safety, including conducting unannounced monitoring visits to centers with a focus on high-risk or low-performing centers.

ETA is also in the process of establishing a new centralized division in the Job Corps National Office to coordinate center oversight directly with the regional offices, strengthen quality assurance, and improve communication and coordination across the system. The division will be responsible for reviewing the results of all risk management data, Regional Office Center Assessments (ROCAs), Job Corps' response to safety and security deficiencies at individual centers, and other monitoring data and will work directly with the regions to address identified program deficiencies. In addition, this division will develop a standard operating procedure to ensure incoming issues, complaints and allegations are referred to the appropriate unit and

sufficiently addressed. The Fiscal Year 2016 President's Budget includes an increase of \$3.5 million in Job Corps Administration funds specifically to provide staff for this division.

Recommendation 2: Clearly define all student misconduct infraction categories to ensure the infractions are properly classified, zero tolerance infractions include all significant violent offenses, and all infractions are appropriately addressed. This includes providing specific definitions and/or examples for serious infractions such as physical assault with bodily harm, fighting, physical assault with intent to harm, threat of assault with intent to intimidate or coerce, and sexual harassment.

ETA concurs that Job Corps' disciplinary infraction levels must be updated and clarified, and ETA is presently updating its policies. The revisions will provide clarity and make it easier for students, operators and staff performing monitoring and oversight to distinguish among infractions and identify the appropriate sanction.

The program's primary guidance related to oversight of student misconduct is contained in the Policy and Requirements Handbook (PRH), which Job Corps is in the process of modernizing. As part of this process, Job Corps is reviewing all of its operational policies and procedures, many of which impact personal safety and quality control on centers. Job Corps will prioritize conducting a complete review of infraction levels and corresponding sanctions. Student misconduct infractions will be clearly defined and the administrative actions that follow serious infractions will be sufficiently detailed to eliminate confusion. Various terms used to classify misconduct infractions are also defined within the Significant Incident Reporting System Incident Coding Definitions, and corresponding changes will be made to this system as well. This effort is targeted for completion in September 2015.

Recommendation 3: Require regular monitoring and prompt investigation of significant increases in reported serious student misconduct.

ETA agrees that we must require regular monitoring and prompt investigation of significant increases in reported serious student misconduct. Recognizing the need to strengthen the performance and accountability of the Job Corps program and particularly to ensure serious student misconduct is promptly reported, investigated, and resolved, in late 2014 ETA convened a team of senior federal staff and experts to conduct a broad national review of the Job Corps' oversight and accountability systems. The effort was led by an ETA Deputy Assistant Secretary, along with a team of senior managers and consultants familiar with the ETA programs. To assess regional office and National Office quality assurance operations, the team reviewed National Office policies and procedures and had intensive discussions with more than 80 of the 124 Job Corps staff at both the regional and national levels, visited every regional office, and toured a Job

Corps center in each region. The team met with center management, staff and students to discuss program quality, student safety, and general center operations.

The goal of the national review was two-fold: 1) to ensure that Job Corps center operators, both contract and USDA, are operating effective and efficient Job Corps centers on behalf of the government; and 2) to assess the extent to which Job Corps' oversight and monitoring of operators results in contract compliance, high performance, strong student outcomes, and safe and secure Job Corps centers. As a result, ETA is implementing systemic process improvements in a number of areas to greatly strengthen oversight and accountability and ensure serious student misconduct is promptly reported, investigated, and resolved.

Based on communication with the OIG and OJC's own internal quality assurance review, Job Corps developed an internal risk management process that identifies key indicators and is designed to predict the emergence of student misconduct and safety issues at Job Corps centers. The process considers numerous risk factors, including significant increases in reported serious student misconduct, and identifies leading indicators of potential security and safety issues at a center. This process will help Job Corps' monitoring staff identify specific centers that are not providing a safe environment for students and focus resources on those centers, before more serious concerns surface on safety, outcomes and academic metrics.

Job Corps is also intensifying monitoring by its Regional Office staff, developing corrective action plans for individual centers as needed, and following up more aggressively in monitoring student misconduct issues. Job Corps is conducting comprehensive safety monitoring training for all CORs. The first phase began in December 2014, with webinars for staff on the topic of risk management. Job Corps is also strengthening data validation and data integrity reviews to monitor the integrity of safety and security data.

On August 13, 2014, the Job Corps then-Acting National Director issued a memorandum instructing Job Corps regions to conduct immediate reviews of applicable data to identify centers that may have problems in applying the Zero Tolerance policy. In response to the memorandum, Job Corps regions conducted data and file reviews of indicator data (total terminations, Zero Tolerance terminations, Serious Incident Report data, Student Satisfaction survey results, average On-Board Strength, ROCAs, complaints, and other information) in order to perform a center risk assessment. The risk assessments identified centers that have indications of potential safety and/or security problems. Job Corps regions immediately began conducting monitoring visits for these centers following the procedures outlined in a newly developed Center Safety Site Visit Guide.

The Center Safety Guide will be used by regional staff conducting center behavior management systems and safety site visits. The highly-detailed protocol includes an extensive evaluation of

center safety. It includes pre-visit interviews; pre-visit data reviews; on-site interviews; on-site data review; on-site observations; and on-site focus groups with students and staff.

Further, the National Director is taking a more active management role by increasing oversight of regional travel plans to ensure adequate center monitoring is taking place. The National Director has recently directed all regional offices to conduct unannounced monitoring visits, in part to assess how centers are handling student misconduct issues. ETA is also revising and standardizing the monitoring process; a team of Job Corps Regional Directors and National Office managers has been tasked to develop clearer standards for conducting ROCAs. A ROCA is the cornerstone of the monitoring and quality control system. It is a comprehensive on-site evaluation of center compliance with Job Corps operations requirements that covers all aspects of center operations and usually takes a week to conduct. Establishing clear and precise guidelines for how ROCAs will be conducted and how corrective actions will be implemented when problems are identified will facilitate more effective monitoring and timely improvements when necessary.

Recommendation 4: Eliminate the backlog of unaddressed Level I zero tolerance and Level II infractions identified by this audit.

ETA concurs that any backlog of unaddressed Level I Zero Tolerance infractions and Level II infractions must be eliminated. We have discussed this recommendation with OIG staff and understand that its purpose is to ensure that current students and staff are not at risk because required disciplinary actions for students who remain in the program were not performed. ETA will follow up to determine if there are current students that have records of Level I and II infractions entered in the Center Information System that have not yet been resolved and will require these infractions to be addressed promptly.

Since the OIG review was conducted, Job Corps has taken some steps to ensure that these infractions have been properly addressed. In the August 13, 2014 memorandum to the regions, the then-Acting National Director instructed regional staff to conduct immediate reviews of applicable data to identify centers with potential Zero Tolerance policy enforcement issues. Site visits were conducted for the centers identified, at which time emphasis was placed on resolving those unaddressed infractions. As the result of a site visit, failure to properly administer the Zero Tolerance policy was among the factors cited for not renewing the operator's contract at the North Texas Job Corps Center.

Recommendation 5: Develop and implement an effective deterrent, such as financial penalty, to better enforce centers compliance with Job Corps' student disciplinary requirements.

ETA agrees that an effective deterrent is needed for centers that fail to enforce Job Corps' student disciplinary requirements and will aggressively implement liquidated damages when appropriate. However, Job Corps has additional – and potentially more effective – deterrents at its disposal which it intends to use to enforce compliance with student disciplinary requirements. Every center operation contract requires that the contractor comply with the PRH, and failure to do so will trigger prompt corrective action.

As a result of its recent quality assurance review, ETA plans to implement a strategy of progressively escalating corrective actions, tied to the operator's contract performance. The progressive approach requires ETA to keep track of a contractor's effectiveness in remedying performance and promptly escalate to stronger tools of enforcement when the contractor is failing to remedy performance in the timeframe provided. Progressive tools of enforcement include, in increasing levels of severity, a letter of concern or a letter of deficiency, a cure notice, a show cause notice, and eventually, if the contractor fails to correct the problem, a choice by Job Corps to terminate or not renew the operator's contract.

This approach will address emerging performance deficiencies, including centers' failure to comply with student disciplinary requirements, before they escalate to a more serious level. Under this regime, contract operators must promptly address student disciplinary concerns and provide immediate corrective action, or they will risk escalated contract actions such as contract termination.

Recommendation 6: Determine and work with their respective contracting personnel to recover liquidated damages for prolonging disciplinary separations and overstating on-board strength.

Job Corps will not tolerate fraudulent reporting and will use the full extent of contractual and other remedies, including criminal referrals, when operators fail to comply with program requirements pertaining to student safety and security. On January 8, 2015, the National Director issued a memorandum to the Job Corps contractor community reminding operators and staff of the consequences of falsifying record, including security records and overstating on-board strength.

The Contracting Officers will work with the program office CORs to determine whether liquidated damages can be assessed according to the terms of the contract. Each contract must be considered individually based on its specific terms. All appropriate and allowable liquidated damages will be assessed and recovered.

Thank you again for the opportunity to review this report and provide a response to its recommendations. ETA takes seriously its responsibility to quickly and effectively implement

actions to address them. We look forward to working with the OIG to implement these additional actions for continued improvement and oversight of Job Corps' student disciplinary policies.

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Appendix D

Acknowledgements

Key contributors to this report were Ray Armada (Audit Director), Jon K. Ling (Audit Manager), Steven Grubb and Catherine Christian (Team Leads), Angela Stewart, and Arijit Bandyopadhyay.

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