The Consolidated Appropriations Act, 2022 appropriated $137.6 million to the Department of Labor (DOL) for 173 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements include that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how DOL intends to identify the provisions, distribute the funds made available through these provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit https://www.gao.gov/tracking-funds.

**What are the intended uses of these funds?**

The $137.6 million may be used for projects related to the employment and training needs of dislocated workers, other adults, or youth. For example, funds are intended for projects in industries including elder care, green energy, hospitality, software development, and trucking. In addition, these funds support career development and job pathways for individuals, including those with autism, young people, and formerly incarcerated adults.

**Department of Labor: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions**

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<td>Employment and Training Administration</td>
<td>Employment and Training Administration</td>
<td>173</td>
<td>3.5%</td>
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Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement, and information provided by the Department of Labor. | GAO-22-105901

*Based on total amount appropriated for this budget account for fiscal year 2022.

**Who are the designated recipients?**

Over 80 percent of the 173 designated recipients for the funds are higher education organizations and other nonprofit organizations. The remaining recipients are tribal, state, or local governments.

**Key Observations**

- Designated recipients are to receive funds specified for their organizations, in amounts ranging from $20,000 to about $6.3 million. About 70 percent of recipients are designated to receive less than $1 million. For example, one higher education organization in Connecticut is designated to receive $25,000 to provide vocational and educational programming for veterans.

- Fourteen recipients are designated to receive funds of $2 million or more. Half of these recipients are located in three states—Rhode Island, Washington, and...
West Virginia. A nonprofit organization in West Virginia is designated to receive the largest amount ($6.3 million) for workforce development and apprenticeship activities.

- New York and California have the greatest number of designated recipients (18 and 17, respectively).

**Department of Labor: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions**

DOL officials said multiple offices within the agency would be responsible for identifying and monitoring the funds. Specifically, the following have been involved in identifying designated recipients:

- Grant officers from the Office of Grants Management
- Attorneys from the Office of the Solicitor
- Staff from the Office of Congressional and Intergovernmental Affairs

According to DOL officials, staff from the Employment and Training Administration will monitor the funds. Specifically, the regional offices will monitor each recipient’s use of the funds, with support from the Office of Grants Management.

**Who within the agency will be responsible for identifying and monitoring these funds?**

DOL officials said they would determine whether designated recipients are ready to receive the funds by using existing processes for awarding Workforce Innovation and Opportunity Act grants. In July 2022, DOL officials said they would soon provide guidance to designated recipients for submitting applications for funds. The applications will include standard grant application components such as basic information about a designated recipient, a budget narrative, and materials to explain the project’s activities, goals, and projected outcomes. The applications will also provide information on whether designated recipients will make subawards to other organizations to help complete their projects. DOL officials said they would use the standard process for reviewing Workforce Innovation and Opportunity Act grants to confirm that application packages are correctly completed. Agency officials also said they would provide technical assistance to designated recipients to address any issues identified with the application package.

In addition, the officials told us that staff from the Office of Grants Management would check whether designated recipients are in the System for Award Management—through which entities must register in order to receive federal funds. Through the System for Award Management, the staff will also check the Federal Awardee Performance and Integrity Information System—a government-wide database that
contains information used to support award decisions—for information about designated recipients. Further, DOL officials said they would conduct risk review checks in accordance with the Office of Management and Budget’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. They also plan to use the tax identification numbers in designated recipients’ applications to identify previous receipt of federal funds. If designated recipients are found to be unable to manage the funds, DOL will review such instances on a case-by-case basis to determine how to proceed.

**How does the agency intend to ensure these funds are spent properly?**

DOL plans to take actions to ensure funds are spent properly and to prevent fraud, waste, and abuse. For example, DOL officials said the Employment and Training Administration regional offices conduct risk-based management activities, including initial risk assessments and regular reviews focused on performance and compliance. In addition, DOL officials said the regional offices would use existing internal controls processes to evaluate whether these funds would be included in an annual monitoring review. To do so, DOL officials would assess the recipient’s performance and risk of noncompliance with the terms of the agreement made with the recipient.

DOL officials also said they would ensure a designated recipient is not in the Department of Treasury’s Do Not Pay working system. In addition, each designated recipient will be assigned a federal project officer who will provide technical assistance, as needed, to help ensure successful program implementation.

DOL officials said they would ask recipients to complete a financial risk assessment in which recipients attest to the quality of their overall financial systems. Agency officials said they were determining what additional information they would require from recipients to monitor whether funds are being spent as intended.

**When does the agency expect recipients will have access to these funds, and when might funds be spent?**

According to agency officials, DOL plans to obligate funds to designated recipients as it receives application packages. It could begin obligating funds as early as August 2022, and must obligate all funds by June 30, 2023. Agency officials said designated recipients would have access to funds once DOL has (1) verified the quality and completeness of information the designated recipients provided in their applications and (2) approved the funding. DOL officials stated that, in general, and depending on the complexity of the project, recipients will have one to three years to spend funds as specified in their award documents for the funds.

DOL has until September 30, 2028, to fully disburse the funds appropriated in the Consolidated Appropriations Act, 2022 to the designated recipients. For more information on the time availability of these funds, see GAO-22-105467.
DOL officials told us that, at this time, they expect to have the capacity and capability to distribute and monitor the funds and do not anticipate facing any risks or challenges in doing so. However, in March 2022, the DOL Office of Inspector General issued a report on the Employment and Training Administration’s grant management that highlighted gaps in its oversight that led to grantee misuses of funds, among other concerns. See Department of Labor, Office of Inspector General—Office of Audit, ETA’s Management of Workforce Development Grants: Key Concerns, 09-22-001-03-001 (Washington, D.C.: March 2022). The report acknowledged steps the Employment and Training Administration had taken to address these gaps and noted that it needed to continue to strengthen its oversight processes.

To address oversight concerns, DOL officials said they would work with designated recipients to ensure their application packages meet Congress’ intent for the specific funding provisions. In addition, the officials said they would conduct risk reviews and monitor recipients’ use of funds as they do for their other discretionary grants. According to an official from DOL’s Office of Inspector General, the office does not plan to conduct specific oversight activities related to these funds. However, the Office of Inspector General is in the process of determining the scope of work it will conduct for fiscal year 2023.

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies’ implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies’ efforts to distribute, monitor, and audit these funds by sampling agencies and recipients and examining whether funds were spent as intended.