



Summary

March 2025

Department of Employment and Economic Development Grants Management

Broadband grants largely met goals we reviewed, but a lack of clear goals for certain workforce programs made it difficult to determine whether those programs were successful. Additionally, DEED did not comply with some state grant oversight and reporting requirements.

Report Summary

Program Outcomes

Statutes require DEED to report on certain performance metrics for the workforce grants we reviewed and to analyze the impact of certain workforce programs. Statutes also direct DEED to award broadband grants to support the development of broadband infrastructure in areas currently lacking adequate broadband service.

- DEED reports performance metrics for its workforce programs. However, without performance goals, the metrics that state law requires DEED to report for its workforce programs are not useful for measuring program success. (p. 18)

Recommendation ► The Legislature should direct DEED to build on the required performance metrics to establish meaningful and measurable performance goals for the workforce grant programs we reviewed. (p. 18)

Recommendation ► DEED should use program data to establish measurable performance goals for these programs. (p. 18)

- DEED has not complied with the statutory requirement to analyze the impact of its workforce programs. (pp. 19-20)

Recommendation ► DEED should complete the workforce program net impact analysis report as required by law. (p. 20)

- All broadband grantees in our review built broadband infrastructure that met certain goals, such as state speed goals and number of locations outlined in the grant contracts. (pp. 26-27)

Background

DEED manages numerous grant programs focused on workforce and community development. In Fiscal Year 2024, DEED spent about \$354 million on state-funded grants. DEED's grantees include local units of government, nonprofit organizations, and private businesses.

Our evaluation focused on DEED's management of state-funded grants for (1) adult workforce programs and (2) broadband development. The workforce grants we reviewed fund a wide range of employment and training services for adults. DEED's broadband grants fund the expansion of broadband service in certain areas of the state.

In its management of state-funded grants, DEED must follow the Department of Administration's Office of Grants Management (OGM) policies and any applicable requirements in state law.

Grant Oversight

DEED is responsible for supporting its grantees and for ensuring that they provide grant services as intended. OGM policies require DEED to monitor the work of its grantees and to evaluate grantee performance.

- We surveyed grantees who received a recent adult workforce grant or broadband grant. Grantees that responded to our survey expressed favorable opinions about DEED’s support. (pp. 31-32)

For the grants we reviewed:

- DEED collected about one-half of grantee progress reports according to the schedule specified in its grant contracts. (pp. 33-34)
- DEED paid at least \$5 million to grantees with past-due progress reports, in violation of OGM policies. (pp. 34-35)
- DEED monitored most of its adult workforce grants in our review. (pp. 35-36)
- DEED did not monitor any of its broadband grants over \$250,000 within the first year of the grant, in violation of OGM policy. (pp. 36-37)
- DEED did not complete grant closeout evaluations for many of the grants in our review; those it did complete lacked required information. (pp. 37-38)
- DEED’s policies and procedures lack key details to support compliance with OGM requirements. (pp. 38-39)

Recommendation ► DEED should update its: (1) agencywide policies and procedures to incorporate each of OGM’s requirements, and (2) division-specific procedures to describe how program staff must oversee grants to ensure compliance with OGM requirements. (pp. 39-40)

Recommendation ► DEED should ensure its program staff comply with all OGM requirements. (p. 40)

Summary of Agency Response

In a letter dated March 17, 2025, DEED Commissioner Matt Varilek wrote that DEED “appreciated the recommendations included in this report for improving DEED’s grant oversight and program reporting requirements.” He stated that “DEED is committed to collaborating on statutory changes” to “include more specific and measurable performance goals for workforce grants.” Commissioner Varilek also noted that DEED agrees with OLA’s findings and recommendations related to DEED’s grants oversight. He said, however, that “DEED was confronted with unprecedented challenges in administering grant programs” during the COVID-19 pandemic, including “significant increases in work volume.” The commissioner said that, since the timeframe reflected in the report, DEED has increased staff to perform monitoring duties and implemented a process to withhold payments for grantees with past due progress reports. He indicated that DEED is currently reviewing and updating all grants policies to ensure compliance with legal requirements and best practices.