

# U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE EMPLOYMENT  
AND TRAINING ADMINISTRATION



## ADVISORY REPORT

### ETA'S MANAGEMENT OF WORKFORCE DEVELOPMENT GRANTS: KEY CONCERNS

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## INSPECTOR GENERAL'S REPORT

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As part of its efforts to provide employment assistance and job training, the Department of Labor's (DOL) Employment and Training Administration (ETA) administers grants to states, local governments, and other government and private entities to fund public employment and training programs, such as those to assist dislocated workers.

Over the past decade, the Office of Inspector General (OIG) has reported numerous issues with ETA's management of federal grant funds, identifying upwards of \$489 million in grant funds that were inefficiently used, which included funds that could have been put to better use and questioned costs.<sup>1</sup> The OIG is concerned about three areas in particular where our body of work has identified weaknesses: awarding grants, reviewing grantees' use of funds, and measuring grantee performance.

ETA has made progress in addressing our specific findings and recommendations; however, as it has received additional funding related to the COVID-19 pandemic and may receive other funding in the future, ETA needs to ensure these issues do not reoccur. Our June 2020 advisory report<sup>2</sup> noted areas

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<sup>1</sup> For this advisory report, we reviewed 17 reports, published from March 2011 through September 2021, which identified upwards of \$489 million in grant funds that were inefficiently used. See Exhibit for details.

<sup>2</sup> Advisory Report: CARES Act: Key Areas of Concern Regarding Implementation of Dislocated Worker Grant Provisions, OIG Report No. 19-20-005-03-391 (June 23, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-005-03-391.pdf>.

of concern that ETA should keep in mind when spending the additional \$345 million allocated under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through grants to assist dislocated workers adversely affected by the pandemic. These areas related to program eligibility, effectiveness, and compliance and monitoring. To assist ETA in its efforts to address weaknesses in its management of grant funds, this advisory report outlines our concerns in three other areas.

## RESULTS

We reviewed 17 reports published over the past 10 years, identifying numerous findings related to ETA's grants management (see Exhibit). In these reports, we found up to \$489 million in grant funds to develop the U.S. workforce were inefficiently used. While ETA has made improvements to address specific OIG findings and recommendations, our work over the years shows similar deficiencies continue to emerge and persist. This advisory report covers three key areas of concern meriting attention from ETA to ensure it: (1) awards grants only to applicants that meet the solicitation requirements, (2) reviews grantees for proper use of funds, and (3) measures grantee performance.

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### AWARDING GRANTS

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ETA must have sufficient controls to ensure grant applicants' proposals meet all solicitation requirements. In 2015 and 2019, the OIG identified concerns with ETA's grant award processes. We concluded ETA awarded millions of dollars to applicants where the proposals did not fully meet the solicitation's objectives.

For example, in 2015, we reported ETA did not thoroughly review all proposals for year-end grant awards to verify they met the solicitation requirements.<sup>3</sup> These requirements included providing workers with occupational training that would result in industry-recognized credentials to obtain good jobs and meeting certain cost expectations. We found ETA did not allow sufficient time to review grant applications and award only those that fully met the solicitation's objectives. While ETA subsequently issued guidance to modify grants so grantees could incorporate the revised scope of work into their grants and properly serve participants, it did not specify a timeline for those modifications. We concluded

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<sup>3</sup> ETA Needs to Improve Awarding of Year-end National Emergency Grants, OIG Report No. 02-15-205-03-390 (September 30, 2015), available at: <https://www.oig.dol.gov/public/reports/oa/2015/02-15-205-03-390.pdf>.

grantees might not have fully used \$55.9 million in grant funds to train and properly serve 13,762 participants.

In 2019, we reported similar problems where ETA awarded 42 grants to applicants proposing services that also did not meet solicitation objectives.<sup>4</sup> Specifically, ETA awarded \$183 million to deliver technical training to help participants get jobs in H-1B occupations<sup>5</sup> even though all the grantees detailed non-H-1B-related occupational training in their proposals. Further, our review of 400 participants revealed only 7 percent received H-1B related training and only 5 percent obtained and retained jobs in H-1B occupations. This occurred because ETA did not adequately define how to score applicant proposals for providing non-H-1B training. We determined ETA could have better used up to \$13 million in grant funds where the proposed training would not lead participants along a career pathway to H-1B jobs.

ETA has made progress in this key area of concern, such as providing decision-makers with specific guidance that connects an applicant's proposal information to the scoring criteria, and we closed the corresponding recommendations. However, continued attention is necessary as ETA needs sufficient controls in its grant award processes to ensure past issues will not reoccur.

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## **REVIEWING GRANTEES' USE OF FUNDS**

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ETA must have sufficient controls to ensure its grantees use grant funds as intended (i.e., in accordance with applicable requirements). For example, in both 2018 and 2021, the OIG found grant funds were misused by grantees or could have been put to better use. Weaknesses in ETA's review of grantees' spending allowed this to occur.

Specifically, in 2018, we reported a grantee had misused \$4.2 million in grant funds intended to provide job skills training to thousands of unemployed seniors who had little or no income so they could obtain unsubsidized employment.<sup>6</sup> The

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<sup>4</sup> ETA Had No Reasonable Assurance that \$183 Million in H-1B TST Grant Funds Helped Participants Get H-1B Jobs, OIG Report No. 06-19-001-03-391 (September 27, 2019), available at: <https://www.oig.dol.gov/public/reports/oa/2019/06-19-001-03-391.pdf>.

<sup>5</sup> High-skill occupations for which employers were using H-1B visas to hire foreign workers, in industries such as information technology, advanced manufacturing, and health care.

<sup>6</sup> Experience Works, Inc. Misused More than \$4 Million in SCSEP Grant Funds, OIG Report No. 26-18-002-03-360 (September 28, 2018), available at: <https://www.oig.dol.gov/public/reports/oa/2018/26-18-002-03-360.pdf>.

grantee misused these funds to cover unallowable expenses, such as unreasonable or unsupported travel expenses, compensation for members of its Board of Directors and executives, and severance payments. While ETA ultimately was able to identify some of these problems and bring them to our attention, we found gaps in ETA's oversight controls—including not regularly reviewing grant spending for proper use—impacted ETA's ability to identify them sooner. Issues relating to the grantee's leadership and poor fiscal management started in 2012 or possibly earlier, but ETA did not conduct a comprehensive review until 2015.

Further, in 2021, we reported \$2.5 million in disaster grant funds meant for hurricane cleanup remained unspent after two years.<sup>7</sup> In addition, we found grantees did not allocate funds to the local areas that were most in need to maximize disaster relief services, resulting in an incomplete recovery effort. These issues occurred because ETA provided minimal oversight and lacked the controls to ensure its grantees used funds efficiently and properly.

In 2021, we reported \$155 million in funds could have been put to better use if grantees created apprenticeships that started in H-1B occupations<sup>8</sup> or were on a career pathway that led to an H-1B occupation.<sup>9</sup> One of the goals of ETA's American Apprenticeship Initiative grant program was to reduce the United States' need for foreign workers under the H-1B visa program. However, we found 88.5 percent of the apprentices were working in non-H-1B occupations (e.g., housekeeping workers and tree trimmers). This happened because of insufficient guidance and oversight from ETA to ensure grantees were creating apprenticeships in H-1B occupations.

ETA has taken action to address most of our prior recommendations related to this second key area of concern. It is also in the process of improving its monitoring of grantees' funds by training its staff how to perform effective risk assessments and monitoring reviews. However, it is crucial ETA continue to strengthen its processes to review grantees' use of funds to ensure they use limited resources efficiently and as intended.

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<sup>7</sup> ETA Needs to Improve Its Disaster National Dislocated Worker Program, OIG Report No. 02-21-002-03-391 (January 29, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/02-21-002-03-391.pdf>.

<sup>8</sup> High-skill occupations for which employers were using H-1B visas to hire foreign workers, in industries such as information technology, advanced manufacturing, and health care

<sup>9</sup> ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, OIG Report No. 05-21-004-03-375 (September 30, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-004-03-375.pdf>.

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## **MEASURING GRANTEE PERFORMANCE**

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In addition to awarding grants appropriately and reviewing grantees' use of funds, ETA needs to ensure it properly measures how well its grantees perform, especially in relation to the specific program objectives. Our recent audit work from 2018 to 2020 found ETA could not determine if its programs were effective because it did not have clear performance goals, performance metrics, and/or the underlying data was inaccurate and incomplete.

In 2018, we reported ETA awarded 265 grants to community colleges and other institutions of higher education to build new education and training programs suitable for workers who had lost their jobs or were threatened with job loss because of foreign trade.<sup>10</sup> We found ETA lacked the necessary wage record data at the time these grants were operating to show if participants got jobs because of this training or if the jobs obtained met the grants' objectives. Moreover, we determined ETA could not collect performance data after the grants ended. As a result, we concluded ETA was unable to measure the long-term results of its investment.

In 2019, we reported ETA awarded 79 grants to deliver technical training to help participants get jobs in H-1B occupations. While ETA established performance metrics for these grants, the metrics were generic.<sup>11</sup> Specifically, grantees were required to report the number of participants trained and the number of participants who obtained and retained jobs rather than outcomes specific to H-1B related training and jobs. As a result, we concluded ETA could not determine how grantees were actually performing.

In 2020, we reported ETA awarded 64 grants intended to help previously incarcerated youth overcome employment barriers and prevent recidivism (re-incarceration due to a new offense).<sup>12</sup> We found ETA lacked outcome data at the time these grants were operating for nearly half of participants aged

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<sup>10</sup> Trade Adjustment Assistance Community College and Career Training Grants: ETA Spent \$1.5 Billion and Met Its Stated Capacity Development Goals, But Is Challenged to Determine if the Investment Improved Employment Outcomes, OIG Report No. 02-18-201-03-330 (July 26, 2018), available at: <https://www.oig.dol.gov/public/reports/oa/2018/02-18-201-03-330.pdf>.

<sup>11</sup> ETA Had No Reasonable Assurance that \$183 Million in H-1B TST Grant Funds Helped Participants Get H-1B Jobs, OIG Report No. 06-19-001-03-391 (September 27, 2019), available at: <https://www.oig.dol.gov/public/reports/oa/2019/06-19-001-03-391.pdf>.

<sup>12</sup> ETA Could Not Determine the Impact Its Face Forward Program Had on Participants Ages 17 and Under, OIG Report No. 02-20-001-03-390 (March 31, 2020), <https://www.oig.dol.gov/public/reports/oa/2020/02-20-001-03-390.pdf>.

17 and under—a group that constituted approximately two thirds of program enrollment—because it did not establish procedures to account for participants who exited the program. ETA also lacked complete data to determine if grantees achieved certain outcomes (e.g., preventing recidivism). As a result, ETA could not show if the grants improved education and employment outcomes for program participants.

Overall, we identified issues with ETA’s performance goals, performance metrics, and/or the underlying data in over half of the audit reports related to ETA workforce development grants we reviewed from this past decade, going back to 2011. ETA has made progress in this third key area of concern. That progress, which resulted in the closure of many of the corresponding recommendations, includes measuring the long-term results of one of its investments by conducting an evaluation study and accessing wage records on behalf of grant recipients that do not have direct access to state wage record data. However, the frequency and similarity of the issues we identified in our reports underscore the importance of ETA continuing to establish performance goals and metrics that accurately measure grantees’ performance using reliable and accurate data.

## CONCLUSION

This advisory report outlines three key areas of concern associated with ETA’s processes for awarding grants, reviewing grantees’ use of funds, and measuring grantee performance. Such weaknesses in its management of grants can and have resulted in the inefficient use of hundreds of millions of dollars of grant funds. While ETA has taken action to address many of the related findings and recommendations from our last decade of reports, it must also proactively monitor these three key areas and continue to assess for these weaknesses to ensure they do not reoccur. We therefore advise ETA to prioritize these areas and make any necessary adjustments to better utilize its resources and improve performance to ensure grant funds are used properly.



Carolyn R. Hantz  
Assistant Inspector General for Audit



**EXHIBIT: 17 DOL OIG REPORTS REVIEWED**

<b>No.</b>	<b>Title</b>	<b>Date Issued</b>	<b>Funds That Could Have Been Put to Better Use</b>	<b>Questioned Costs</b>
1	ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, OIG Report No. 05-21-004-03-375	9/30/2021	\$155,582,864	\$0
2	ETA Needs to Improve Its Disaster National Dislocated Worker Program, OIG Report No. 02-21-002-03-391	1/29/2021	\$2,500,000	\$1,988,627
3	ETA Could Not Demonstrate that Credentials Improved WIOA Participants' Employment Outcomes, OIG Report No. 03-20-002-03-391	9/30/2020	\$0	\$0
4	ETA Should Do More to Assist Vulnerable States Prepare for Disaster Unemployment Assistance Program Implementation, OIG Report No. 04-20-002-03-315	9/29/2020	\$0	\$5,564,769
5	ETA Could Not Determine the Impact Its Face Forward Program Had on Participants Ages 17 and Under, OIG Report No. 02-20-001-03-390	3/31/2020	\$0	\$0
6	ETA Had No Reasonable Assurance that \$183 Million in H-1B TST Grant Funds Helped Participants Get H-1B Jobs, OIG Report No. 06-19-001-03-391	9/27/2019	\$183,000,000	\$0
7	Experience Works, Inc. Misused More Than \$4 Million in SCSEP Grant Funds, OIG Report No. 26-18-002-03-360	9/28/2018	\$1,831,166	\$2,348,788
8	Trade Adjustment Assistance Community College and Career Training Grants: ETA Spent \$1.5 Billion and Met Its Stated Capacity Development Goals, But Is Challenged to Determine if the	7/26/2018	\$3,000,000	\$1,000,000

No.	Title	Date Issued	Funds That Could Have Been Put to Better Use	Questioned Costs
	Investment Improved Employment Outcomes, OIG Report No. 02-18-201-03-330			
9	DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program, OIG Report No. 04-18-002-03-001	3/30/2018	\$12,600,000	\$1,400,000
10	Program Specific Performance Measures are Needed to Better Evaluate the Effectiveness of the Reemployment Services and Eligibility Assessment Program, OIG Report No. 04-17-002-03-315	9/26/2017	\$0	\$0
11	Job Training Grants to Community Colleges: Despite Participant Follow-up Difficulties, Most Were Placed in Training-related Jobs, OIG Report No. 18-17-001-03-390	3/2/2017	\$0	\$0
12	ETA Needs to Improve Awarding of Year-End National Emergency Grants, OIG Report No. 02-15-205-03-390	9/30/2015	\$106,991,000	\$0
13	Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, But Could Improve Grant Modification and Eligibility Verification Processes, OIG Report No. 02-15-204-03-390	3/26/2015	\$7,811,286	\$3,234,897
14	Recovery Act: Outcomes from On-the-Job Training National Emergency Grants, OIG Report No. 18-14-001-03-390	3/25/2014	\$0	\$362,267
15	ETA Needs To Enhance Its Performance Evaluation Process for Discretionary Grantees At Closeout and Use Results for Future Grant Investments, OIG Report No. 02-13-201-03-390	12/20/2012	\$0	\$0

No.	Title	Date Issued	Funds That Could Have Been Put to Better Use	Questioned Costs
16	Recovery Act: Green Jobs Program Reports Limited Success in Meeting Employment and Retention Goals as of June 30, 2012, OIG Report No. 18-13-001-03-390	10/25/2012	\$0	\$0
17	Recovery Act: DOL Could Have Better Monitored the Use of Re-employment Services Funds to Adhere to Standards for Transparency and Accountability, OIG Report No. 18-11-005-03-315	3/31/2011	\$0	\$0
<b>Subtotals</b>			<b>\$473,316,316</b>	<b>\$15,899,348</b>
<b>Total</b>			<b>\$489,215,664</b>	

Source: DOL OIG reports

## **APPENDIX: ACKNOWLEDGMENTS**

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