

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT


U.S. Department of Labor

Employment and Training Administration  
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Washington, D.C. 20210



JUL 25 2018

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

FROM: ROSEMARY LAHASKY   
Deputy Assistant Secretary

SUBJECT: Response to Office of Inspector General (OIG) Draft Audit Report  
No. 02-18-201-03-330, *ETA Spent \$1.5 Billion and Met Its Stated  
Capacity Development Goals, but is Challenged to Determine if  
the Investment Improved Employment Outcomes*

Thank you for the opportunity to respond to the draft audit report related to the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program.

The Employment and Training Administration (ETA) appreciates the OIG's recognition that the TAACCCT program met its capacity development goals. From the start of the grant program, ETA stated that success would be evaluated on the basis of increased capacity and training expansion.

ETA also acknowledges that measuring employment outcomes has been challenging, particularly for community colleges. Since many grantees had little experience in tracking employment outcomes prior to receiving a TAACCCT grant, ETA provided considerable technical assistance to grantees, both with respect to establishing wage record data agreements with their state Unemployment Insurance agencies and also covering how to use alternatives to wage record data, if needed. Nevertheless, many grantees encountered significant challenges in tracking employment outcomes, and ETA believes that has resulted in underreporting.

In addition to the grantee performance data, the TAACCCT national evaluation for Round 4, overseen by the Department of Labor's (Department) Chief Evaluation Office (CEO) and carried out by an independent evaluator on contract to CEO, will analyze employment outcomes of TAACCCT Round 4 participants for at least 12 months post-enrollment. The agreements made with grantees as part of this study enable the Department to look at the participants' employment outcomes for up to 10 years post-enrollment. With current funding, the Department is reviewing employment outcomes for one year. The Department is considering studies of employment outcomes of TAACCCT Round 4 grantees for a longer period of time, should this align with Congressional and Departmental evaluation funding priorities.

Below are the OIG’s recommendations contained in the draft audit report, followed by ETA’s responses:

**Recommendation 1: Strengthen the grant management process by identifying factors and patterns that inhibit grantees from achieving performance goals, and where appropriate re-evaluate and update performance goals.**

**ETA Response:** ETA agrees with the recommendation to strengthen the grant management process by identifying factors and patterns that inhibit grantees from achieving performance goals. ETA currently assesses grantees’ progress against their targets throughout the period of performance, in order to provide technical assistance and compliance monitoring to assist grantees in meeting their grants’ goals and objectives by the end of the period of performance. As such, ETA issued Employment and Training Order (ETO) 1-17, on September 19, 2017, to strengthen protocols around this specific area, as well as other grant management process topics. Specifically, the *Period of Performance* section (pages 9 – 12) describes how Federal Project Officers (FPOs) should assist grantees in accomplishing the goals and objectives of their grants and ensure compliance with federal grant award requirements. The *Period of Performance* section of the ETO also discusses how ETA reviews progress towards goals as part of its quarterly performance reviews to identify and prioritize necessary technical assistance and uses corrective action plans when technical assistance alone is deemed to be insufficient to enable grantees to meet their goals and objectives. With respect to re-evaluating and updating performance goals, ETA does not generally approve reductions in target outcomes because applicants provide goals as part of the competitive grant selection process and awards are made based on the stated outcomes. When ETA receives requests to change performance goals, updates to sub-goals may be granted; however, the request is analyzed to ensure that it maintains the overall strength of the original grant proposal.

**Recommendation 2: Explore new methods, similar to the Department of Education that changed administrative regulations to allow for data collection for an extended period after the end of the project, for the sole purpose of collecting, analyzing, and reporting performance data.**

**ETA Response:** ETA agrees to explore new methods for data collection beyond the end of the grant period of performance. ETA agrees that the ability to track data for a longer period of time after participants complete training would improve our ability to understand whether grantees are fully successful in meeting their grant goals and objectives. As this report points out, many times low performance numbers may reflect a data collection or timing issue, as opposed to a program performance issue. For example, in this study the OIG notes that “there were a combined total of 50,226 students (or 14 percent of the total enrollment) who had not yet completed their programs of study when the grants ended.” Many of those who had not completed training at that time were still in the program; therefore, ETA would not expect them to be employed.

ETA will explore new methods to allow for an extended period of data collection; however, there are a number of difficult obstacles to overcome, such as: the policy issue of spending limited resources to measure outcomes for longer rather than serving additional people; the increased workload/administrative burden associated with FPOs having to manage even larger grant

portfolios resulting from longer periods of performance; and statutory provisions on the life of funds contained in most of ETA's appropriations that prohibit a grant from going more than four years while still allowing sufficient time for grant closeout before the funds expire.

The Department includes an evaluation component in many of its discretionary grants (including TAACCCT Round 4) for the purpose of collecting long-term outcome data to understand the extent to which programs meet their targets and, most importantly, to improve outcomes compared to those who did not receive program services (which performance data alone cannot answer)—thereby building evidence both about performance and program effectiveness.

**Recommendation 3: Assist grantees to address the barriers that hindered their efforts to access wage data.**

**ETA Response:** ETA agrees with the recommendation to assist grantees in addressing barriers with accessing wage data. In general, for all discretionary grants that fund training and for which ETA requires participant level data, including Social Security numbers, ETA utilizes a wage record interchange system to match Social Security numbers to administrative wage records, thus relieving grantees of the burden of accessing wage record data on their own. This system is currently in use and will be used going forward, as applicable. When states are the grant recipients, Social Security numbers are not required, because states can do their own wage record matching.

This wage record interchange system was not available to TAACCCT grantees because ETA did not require grantees to report participant data at the individual level with Social Security numbers, but rather in aggregate. A primary reason for this was that TAACCCT funds paid for capacity development and not training. However, for TAACCCT, the Round 4 national evaluation outcomes study will use administrative data through the National Directory of New Hires (NDNH) to obtain individual-level wage data on participants, which will also help inform several Round 4 third-party evaluators in their analyses of employment outcomes. This process does not place additional burden on grantees after their grants end. Permission to use the NDNH data is through a Memorandum of Understanding between the Department and the U.S. Department of Health and Human Services (HHS).

**Additional OIG Recommendation: We also recommend the Deputy Assistant Secretary for Employment and Training provide additional guidance to grantees on documentation needed to support procurements exceeding the simplified acquisition threshold and recover questioned costs of \$1 million associated with the marketing contract that did not provide benefit to TAACCCT.**

**ETA Response:** ETA agrees with the need to provide additional direction to grantees regarding procurements that exceed the simplified acquisition threshold. While the procurement requirements contained in the Code of Federal Regulations have been—and continue to be—incorporated into grantees' award documents, ETA plans on offering two sessions of Uniform Guidance training for grantees over the course of the next year that will reemphasize the documentation needed to support procurements exceeding the simplified acquisition threshold. Following the issuance of the OIG's final report, ETA respectfully requests the name and grant number for the grantee that the OIG has identified as having questioned costs of \$1 million

associated with the marketing contract that did not provide benefit to the TAACCCT program. Following the issuance of the OIG's final audit report, this recommendation will be forwarded to ETA's Audit Resolution Unit in the Office of Grants Management's Division of Policy Review and Resolution for action. An initial and final determination will be issued to the grantee in question according to the process outlined in the Department of Labor Manual Series (DLMS) 8 Chapter 500 to determine if there are disallowed costs subject to repayment and, if so, the amount.

ETA appreciates the opportunity to respond to your draft audit report and its recommendations. If you have questions, please contact Amanda Ahlstrand, Administrator, Office of Workforce Investment, at 202-693-3980.

Attachment – ETO 1-17