U.S. Department of Labor
Office of Inspector General—Office of Audit

REPORT TO THE
EMPLOYMENT AND TRAINING
ADMINISTRATION

THE EMPLOYMENT AND TRAINING ADMINISTRATION NEEDS TO IMPROVE OVERSIGHT OF ITS SCALING APPRENTICESHIP GRANTS

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BRIEFLY…

The Employment and Training Administration Needs to Improve Oversight of Its Scaling Apprenticeship Grants

Why We Did the Audit

In July 2019, as part of DOL's overall apprenticeship effort to support workers in preparing for good-paying jobs, the Employment and Training Administration (ETA) awarded over $183 million through Scaling Apprenticeship grants to 23 recipients, largely community colleges. To expand apprenticeships nationwide, the grant program's goals included new industry sectors reliant on H-1B visas. Financed by an employer fee, it was overseen by ETA's Office of Workforce Investment.

Previous audit work found insufficient planning, execution, and reporting of similar grants, giving rise to concerns about ETA's minimal oversight. Given our previous findings and overall concerns regarding systemic weaknesses in ETA's grant oversight, we conducted an audit to answer the following question:

> Did ETA effectively administer the Scaling Apprenticeship through the Sector Based Strategies (Scaling Apprenticeship) grant program to ensure grant recipients achieved program goals?

Read the Full Report

For more information, go to: https://www.oig.dol.gov/public/reports/oa/2026/02-26-001-03-375.pdf.

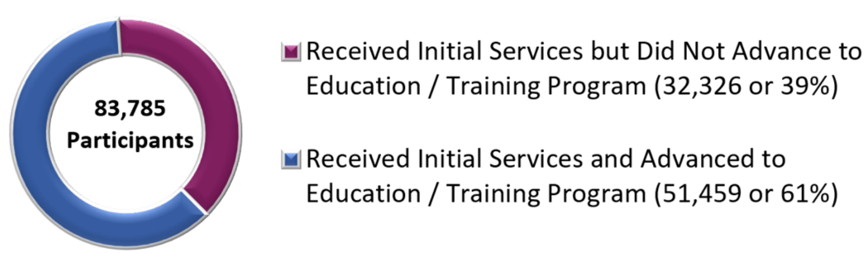
What We Found

We found ETA did not effectively administer the Scaling Apprenticeship grant program to ensure grant recipients achieved program goals. Specifically, ETA did not ensure grant recipients: (1) collected and maintained required documents to support participant eligibility and performance outcomes or (2) met established Scaling Apprenticeship grant program outcomes.

ETA's grant program administration did not align with federal internal control standards nor with federal recordkeeping requirements. Of 195 case files we tested, 130 lacked eligibility documentation, resulting in more than $255,000 in estimated questioned costs and over $64 million in funds for better use. Many participant files also lacked support for performance outcomes. Of seven program outcomes, grant recipients reported achieving the goal in one outcome (106 percent of total apprentices served). However, eligibility documentation issues bring that reported accomplishment into question. Also, ETA did not require grant recipients to track one outcome, and recipients did not meet the target for the remaining five outcomes.

These issues occurred because ETA administered the grant program without: (1) ensuring grant recipients had written procedures on maintaining documentation to support eligibility and outcomes, (2) requiring validated data, or (3) tracking findings through its monitoring system. Also, ETA could have better utilized risk assessments and data analytics to help identify risks to program outcomes and determine why recipients fell short of goals. For example, 39 percent of participants received initial services but did not advance to an education / training program. ETA did not track, nor require recipients to track, reasons for attrition and, therefore, had no data on the high attrition rate (see Figure).

Figure: Outcome, Education / Training Program



Source: OIG data visualization of information from ETA and DOL

As a result, the grant program may have served ineligible participants and reported inaccurate program outcomes and did not meet established outcomes. ETA, therefore, cannot provide reasonable assurance that the more than $164 million in grant funds expended were used for intended purposes.

What We Recommended

We made six recommendations to ETA to better administer grant programs, especially via data analytics. ETA generally agreed with the recommendations.

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INSPECTOR GENERAL'S REPORT

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This report presents the results of the U.S. Department of Labor (Department or DOL) Office of Inspector General's (OIG) audit of the Employment and Training Administration's (ETA) Scaling Apprenticeship through Sector-Based Strategies (Scaling Apprenticeship) grant program.

In July 2019, as part of DOL's overall apprenticeship effort to support workers in preparing for good-paying jobs and highly skilled careers, ETA awarded more than $183 million through Scaling Apprenticeship grants to 23 grant recipients, largely community colleges.[1] The grant program was established to support sector-based approaches to expanding apprenticeships nationwide through three overarching goals: (1) accelerating the expansion of apprenticeships to new industry sectors reliant on H-1B visas, (2) promoting the large-scale expansion of apprenticeships across the Nation, and (3) increasing apprenticeship opportunities for all Americans. Financed by an employer-paid user fee to bring foreign workers into the United States under the H-1B nonimmigrant visa program, the grant program was overseen by ETA's Office of Workforce Investment.[2]

Previous audit work found ETA had not sufficiently planned or executed similar grants—noting issues with planning goals, metrics, and reporting—giving rise to concerns about ETA's minimal oversight.[3] Given our previous findings and concerns, we conducted an audit to answer the following question:

[1] Authorized by the American Competitiveness and Workforce Improvement Act of 1988 § 414(c), the program was announced via Funding Opportunity Announcement FOA-ETA-18-08.
[2] While the Office of Workforce Investment managed the Scaling Apprenticeship grant, other grants related to Registered Apprenticeship programs are administered by the Office of Apprenticeship, which focuses exclusively on Registered Apprenticeship.
[3] ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, Report No. 05-21-004-03-375 (September 30, 2021), https://www.oig.dol.gov/public/reports/oa/2021/05-21-004-03-375.pdf

> Did ETA effectively administer the Scaling Apprenticeship through Sector Based Strategies grant program to ensure grant recipients achieved program goals?

To answer this question, we obtained grant recipients' reported performance outcome data and validated it against ETA's Workforce Integrated Performance System. In addition, we reviewed ETA's monitoring reports for grant recipients and examined 195 case files to assess whether grant recipients maintained adequate documentation to support eligibility and reported performance outcomes. Our scope covered all 23 grant recipients and reported results for the period of performance: July 15, 2019, to July 14, 2024. See Appendix A for more details on scope and methodology.

RESULTS

We found ETA did not effectively administer the Scaling Apprenticeship grant program to ensure grant recipients achieved program goals. Specifically, ETA did not ensure grant recipients: (1) collected and maintained required documents to support participant eligibility and performance outcomes or (2) met established Scaling Apprenticeship grant program outcomes.

ETA's grant program administration did not align with federal internal control standards for using quality data to evaluate performance nor with federal recordkeeping requirements. Of 195 case files we tested, 130 lacked eligibility documentation, resulting in more than $255,000 in estimated questioned costs and over $64 million in funds for better use (see Exhibit 1). Many participant files also lacked support for performance outcomes. Of seven program outcomes, grant recipients reported achieving the goal in one outcome—106 percent of the targeted goal for apprentices served. However, eligibility documentation issues bring that reported accomplishment into question. Also, ETA did not require grant recipients to track one outcome, and recipients did not meet the target for the remaining five outcomes.

These issues occurred because ETA administered the grant program without: (1) ensuring grant recipients had written procedures on maintaining documentation to support eligibility and performance outcomes, (2) requiring validated data, or (3) tracking findings through its monitoring system. In addition, ETA could have better utilized risk assessments (such as a program-specific risk assessment) and data analytics to identify risks to achieving program outcomes and to determine why recipients fell short of goals.

As a result, the grant program may have served ineligible participants and reported inaccurate program outcomes and did not meet established outcomes. ETA, therefore, cannot provide reasonable assurance that the more than $164 million expended[4] in Scaling Apprenticeship grant funds were used for intended purposes, namely, to help more Americans gain employment through apprenticeships.

ETA Did Not Ensure Grant Recipients Collected and Maintained Required Documentation of Participant Eligibility and Performance Outcomes

ETA's guidance listed specific documentation that the 23 grant recipients needed to collect and maintain to support participant eligibility and performance outcomes. However, the agency did not ensure grant recipients collected and maintained this documentation. Of 195 Scaling Apprenticeship case files we tested, 130 lacked required documentation for eligibility, resulting in more than $255,000 in estimated questioned costs. Also, many case files lacked required documentation to support reported performance outcomes.

These issues occurred because ETA did not: (1) ensure recipients developed and implemented written procedures for maintaining documentation supporting participant eligibility and outcomes, (2) require recipients to validate submitted data, or (3) effectively use its monitoring system. For example, ETA did not generate reports to monitor review findings and determine whether grant recipients had implemented corrective actions, how long issues had been open, whether such issues had reoccurred, whether different recipients had similar issues, or if systemic weaknesses existed in the program. As a result, the program may have served ineligible participants and reported inaccurate performance outcomes. These weaknesses also contributed to the overall lack of reasonable assurance that total program expenditures of more than $164 million were used for their intended purpose (see Exhibit 2 for a list).

Lack of Support for Participant Eligibility

The Scaling Apprenticeship grant required grant recipients to serve only participants who met specific eligibility criteria outlined in the Notice of Availability

[4] Grant recipients spent more than $164 million of the more than $183 million awarded. ETA de-obligated the unexpended funds as part of the grant closeout process.

of Funds and Funding Opportunity Announcement for Scaling Apprenticeship Through Sector-Based Strategies. Specifically, participants had to:

1. be older than 16 years of age;
2. not be currently enrolled in school within a local educational agency; and
3. be unemployed, underemployed, or an incumbent worker.

The 195 participant case files we tested included a statistical sample of 165 participants who enrolled in an apprenticeship education / training program and a judgmental sample of 30 participants who received initial services but never enrolled in a program. Participant eligibility questions were raised on more than half of each case file category tested, as follows:

- 106 (64 percent) of 165 cases in the statistical sample and 24 of 30 (80 percent) cases in the judgmental sample did not contain the required documentation to support participant eligibility (via age, school enrollment, and / or employment status) at program entry and

- 130 (67 percent) of the total 195 case files tested lacked eligibility documentation.

More than Half of Scaling Apprenticeship Grant Program Participants May Have Been Ineligible

Via age, school, and work requirements, about 33,000 of 51,459 (~64%) participants may have been ineligible; however, without ETA ensuring grant recipients maintained required eligibility documentation in case files, we cannot be certain.

Based on the statistical sample, we project that, of 51,459 participants who enrolled in an apprenticeship education / training program, 33,072 of those participants (64 percent) may have been ineligible for the grant program.[5]

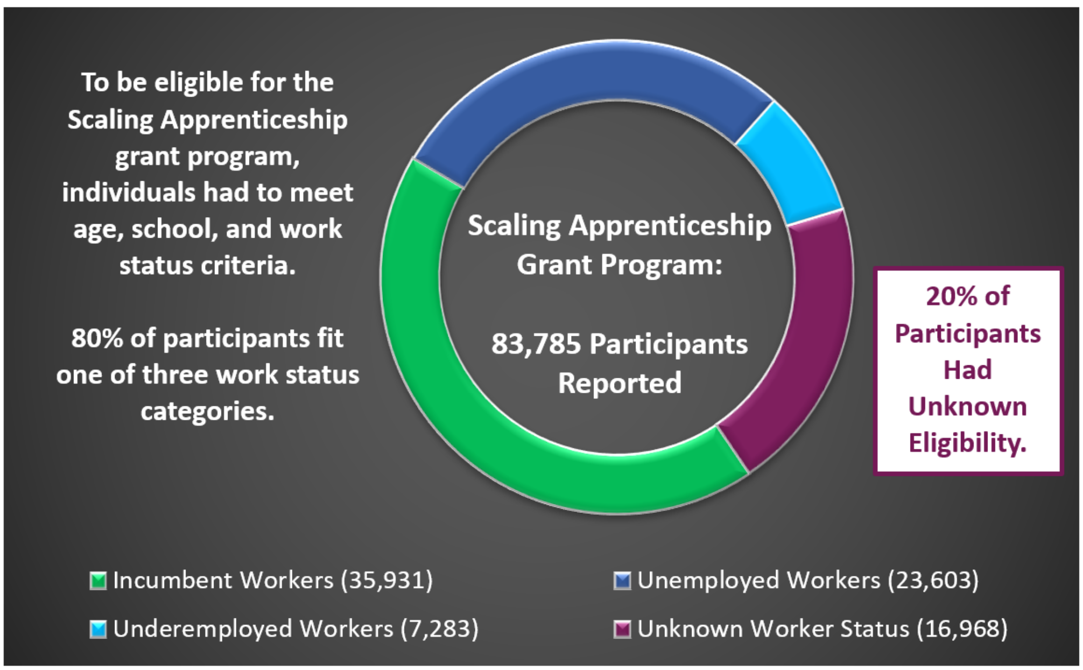
The Scaling Apprenticeship grant program expended more than $164 million over the 5-year period of performance. On average, the cost per participant served was $1,967. Based on that average, for the 165 participants in the sample, we estimated the total spending to be $324,555, of which $208,502 was spent on individuals for whom eligibility was not supported. In addition, for the 30-participant judgmental sample, we estimated total spending to be $59,010, of which $47,208 was spent on individuals for whom eligibility was not supported.

[5] With 95 percent confidence, we project the number of ineligible participants is 33,072; with a 7 percent precision rate (+/- 2,315) we estimate that the true value of ineligible participants falls between 30,757 and 35,387.

As a result, we calculated $255,710 as estimated questioned costs.[6] In addition, by multiplying the projected number of ineligible participants (33,072) by the average cost per participant ($1,967), the straight-line estimate[7] of funds we identified for better use in future Scaling Apprenticeship grants was over $64 million (see Exhibit 1).

To be eligible for the Scaling Apprenticeship grant program, a participant had to be either unemployed, underemployed, or an incumbent worker. However, of the 83,785 participants[8] reported as served, ETA confirmed 16,968 were employed but could not determine their eligible worker status (such as underemployed or incumbent) at enrollment due to missing system logic[9] (see Figure 1). Federal internal control standards require agencies to use quality data to evaluate grant recipients' performances.

Figure 1: Worker Status for Program Eligibility



Source: OIG data visualization of ETA-provided information

[6] We calculated the average cost per participant served—$1,967—by dividing the total reported expenditures—$164,837,655—by the total number of participants served—83,785. We then multiplied the total number of ineligible participants—130—by $1,967, amounting to $255,710.
[7] A straight-line estimation is not a rigorous statistical calculation. It is a cost per participant that assumes that the average cost remains constant regardless of services received.
[8] On February 25, 2025, ETA provided the OIG with the number of participants served.
[9] Per ETA, grant recipients were provided with guidance for the types of employment status; at the time, DOL's Workforce Integrated Performance System, used for web-based reporting for all ETA grant programs, did not have a logic rule in place that forced grant recipients to select worker status at entrance.

Lack of Support for Performance Outcomes

ETA also did not ensure grant recipients maintained sufficient documentation to support reported performance outcomes. For the 165 sampled participants who enrolled in an apprenticeship education / training program, grant recipients did not maintain documentation to support reported performance outcomes for five measures (see Table 1).

Table 1: Documentation Issues on 5 Reported Measures, 165 Case Files[10]

Measure Number	Performance Outcome Measure	Number Reported as Having Achieved Outcome	Number that Lacked Support in File	Percentage of Participant Files that Lacked Support
2	Total apprentices hired by an employer and enrolled in an apprenticeship education / training program	165	18	11%
3	Total apprentices who complete an apprenticeship education / training program	86	18	21%
4	Total apprentices who complete an apprenticeship education / training program and receive a degree or other credential	82	30	37%
5	Total unemployed and underemployed apprentices prior to enrollment who complete an apprenticeship education / training program and maintain employment status with current or new employer[11]	10	4	40%
6	Total incumbent worker apprentices who complete an apprenticeship education / training program and advance into a new position	29	27	93%

Source: Grant data provided by ETA; sample data and results from OIG testing

[10] Participants may have documentation issues in more than one performance outcome measure.
[11] The performance outcome measure did not stipulate whether employment was related to training. However, to align with ETA Performance Report for H-1B and its guidance we tested if employment was related to training.

For example, 30 of 82 tested case files had no evidence of a credential for apprentices who were reported as having completed an apprenticeship education / training program and received a degree or other credential.[12] As another example, 27 of 29 files for incumbent workers reported to have completed an apprenticeship education / training program and advanced into a new position did not contain documentation of the advancement.

Missing Written Procedures, Lack of Data Validation, and Ineffective Use of Monitoring System Contributed to Unsupported Eligibility and Outcomes

The lack of documentation to support participant eligibility and outcomes contrasts with ETA's grant guidance and federal regulations for grant recipients. During the grant period, ETA issued Training and Employment Guidance Letter (TEGL) No. 23-19 and subsequent changes to instruct grant recipients on validating required performance data.[13] The guidance required recipients to collect and maintain documentation supporting eligibility and performance outcomes for the Scaling Apprenticeship grant program. For example, TEGL No. 23-19 required specific source documents to verify a participant's date of birth and did not permit self-attestation. Guidance revisions issued under TEGL Nos. 23-19, Changes 1 and 2, allowed self-attestation as acceptable documentation.[14]

Grant recipients were also required to follow federal regulations outlined in the Funding Opportunity Announcement, including record retention and internal controls over federal awards.[15] For the Scaling Apprenticeship grant program, that would include documentation to support participant eligibility and program outcomes. However, ETA did not: (1) ensure grant recipients documented their procedures for maintaining information to support eligibility and performance outcomes, (2) require grant recipients to perform data validation, or (3) effectively use its monitoring system to track the status of monitoring review findings.

[12] According to grant requirements, the program had to provide or arrange for high-quality classroom or related instruction leading to an industry-recognized, nationally portable credential and may also be designed to ensure apprentices receive college credit for instruction.
[13] TEGL No. 23-19, dated June 18, 2020; TEGL No. 23-19, Change 1, dated October 25, 2022; and TEGL No. 23-19, Change 2, dated May 12, 2023
[14] Subsequent to our audit fieldwork, on December 1, 2025, ETA issued TEGL No. 23-19, Change 3, which limits the use of self-attestation.
[15] 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including Part 200.303, Internal Controls, and Part 200.333–337, Record Retention and Access

Missing Written Procedures

ETA did not ensure or provide us with evidence that grant recipients developed, implemented, and documented written procedures for maintaining records pertaining to the federal award that met federal grant award requirements. ETA stated missing documentation may have resulted from grant recipients' misunderstanding of recordkeeping requirements, particularly regarding age and incumbent worker status verified by the employers. ETA explained its guidance[16] allows certain categories, such as age and incumbent worker status for H-1B grants, to rely on employer-maintained documentation or self-attestation. For example, according to ETA, for some incumbent worker participants, employers may have retained proof of date of birth while grant recipients only verified eligibility. In these cases, ETA stated independent documentation would not have been provided because the employer kept the supporting records. However, per federal regulation and ETA's guidance,[17] grant recipients are responsible for maintaining all supporting documentation.

Our testing also identified inconsistent documentation practices among grant recipients. For example, one recipient stated proof of a participant's date of birth may have been shown to intake staff and entered in the system but not retained in the file. Another recipient provided an Excel spreadsheet that included data, rather than providing the actual supporting documentation. Other recipients created documentation during our audit instead of maintaining it during the grant period. These practices suggested the grant recipients did not consistently follow federal recordkeeping requirements. The lack of written procedures among grant recipients likely contributed to inconsistent and incomplete recordkeeping.

Lack of Data Validation

ETA did not require Scaling Apprenticeship grant recipients to validate submitted performance data. According to ETA officials, non-core programs such as H-1B were not required to follow the same data validation framework as Workforce Innovation and Opportunity Act core programs. As such, ETA did not require documentation supporting: (1) the correction of missing or erroneous data identified during the monitoring review process or (2) processes for maintaining records per the federal records retention policy. Instead, non-core programs are encouraged—but not required—to implement data validation procedures. While ETA stated grant recipients were not required to follow data validation requirements, the agency is not consistent in this oversight approach. For example, one of ETA's monitoring reports has a finding where the grant recipient needed to validate and ensure the accuracy of the reported subrecipient

[16] TEGL No. 23-19, Change 2, Attachment II-Source Documentation
[17] 2 C.F.R Part 200.334; TEGL No. 23-19; TEGL No. 23-19, Change 1; and TEGL No. 23-19, Change 2

performance data. ETA acknowledged H-1B grants need a standard data validation framework and stated it plans to develop one that can be used for non-state[18] grant recipients.

Ineffective Use of Monitoring System

ETA has a system in place to track the results of monitoring reviews and post-monitoring activities; however, ETA did not effectively use its tracking system's reporting capabilities to monitor findings across its grant recipients. ETA's Core Monitoring Guide, updated February 2025, required grant management staff to maintain all monitoring events—such as pre-monitoring reviews, monitoring reviews, and post-monitoring reviews, including associated findings and resolution of corrective actions—in the Grants Risk Monitoring Module.

However, based on our review of ETA's tracking spreadsheet of findings and corrective action plans, we could not determine which findings were resolved or closed. In addition, we could not determine through this spreadsheet whether grant recipients had implemented corrective actions for monitoring review findings, how long such issues had been open, whether such issues had reoccurred, whether different recipients had similar issues, or if systemic weaknesses existed in the program.

Grant Recipients May Have Served Ineligible Participants and Reported Inaccurate Program Outcomes

As a result of these issues, grant recipients may have served ineligible participants and reported inaccurate program outcomes. In addition, without reports showing the status of all findings, including the length of time issues remained unresolved and recurring issues across recipients of the Scaling Apprenticeship grant program, ETA cannot ensure corrective actions to the findings were implemented and systemic issues were addressed. These weaknesses limited ETA's ability to ensure grant recipients maintained the necessary documentation in support of overall grant program goals to increase apprenticeship nationwide. Without mitigating risks or determining why grant recipients fell short in meeting their performance outcomes, ETA was limited in its ability to ensure the program achieved its apprenticeship goals.

[18] The scaling grants were awarded to community colleges and universities.

In total, we identified more than $255,000 in estimated questioned costs related to missing eligibility documentation, contributing to the overall lack of reasonable assurance for total program expenditures of more than $164 million.

ETA Did Not Ensure Grant Recipients Met Targeted Program Outcomes

ETA did not provide effective oversight of grant recipients to ensure they met targeted program outcomes. Based on our review of grant recipients' reported results for the seven required performance measures, recipients achieved the target in one outcome—106 percent of total apprentices were reported as served. However, the reported success in that outcome is questionable due to previously described documentation issues. Also, ETA did not require recipients to track performance in one other outcome, and the rationale for including this measure as a goal is unclear. Finally, recipients did not meet the remaining five outcomes.

The federal requirement for agencies to use quality data to evaluate performance, and to perform risk assessments to respond to risks related to program objectives, also applies here. However, ETA did not use a program-specific risk assessment or data analytics to identify risks in achieving program outcomes and to determine why recipients fell short of goals.

As a result, many workers did not achieve the intended goal of the apprenticeship program: to maintain or advance in jobs. For example, ETA did not track 53 percent of the incumbent workers to determine if they completed an apprenticeship education / training program and advanced into a new position. Also, of the unemployed and underemployed worker apprentices served, 93 percent did not meet the goal to complete an apprenticeship education / training program and maintain employment with a current or new employer.

Of Seven ETA Scaling Apprenticeship Performance Outcome Measures: Recipients Reportedly Achieved the Target in One, ETA Did Not Require Tracking of Another, and Recipients Did Not Meet the Target in the Other Five Outcomes

ETA established seven performance outcomes for the Scaling Apprenticeship grant program. Grant recipients provided performance targets in their applications and were responsible for meeting those targets during the grant period. While the program exceeded its target for total apprentices served by

6 percent (83,785 for the target of 79,380), the remaining six performance outcomes either underperformed or were not tracked, and, therefore, the program's overall performance is unknown (see Table 2).

Table 2: Target and Actual Performance Outcome Measures

Measure Number	Performance Outcome Measure	Target	Actual[19]	Percentage of Target
1	Total apprentices served	79,380	83,785	106%
2	Total apprentices hired by an employer and enrolled in an apprenticeship education / training program	55,131	51,459	93%
3	Total apprentices who complete an apprenticeship education / training program	51,153	27,351	54%
4	Total apprentices who complete an apprenticeship education / training program and receive a degree or other credential	48,411	25,000	52%
5	Total number of unemployed and underemployed apprentices prior to enrollment who complete an apprenticeship education / training program and maintain their employment status with a current or new employer	21,673	2,275[20]	11%
6	Total number of incumbent worker apprentices who complete an apprenticeship education / training program and advance into a new position	13,400	8,806	66%
7	Average hourly wage of apprentices at completion of apprenticeship education / training program*	N/A	N/A	N/A

*Through the Scaling Apprenticeship Performance Reporting Handbook (October 2021), ETA communicated to grant recipients that recipients were not required to track the average hourly wage of participants.

Source: Performance data provided by ETA on ETA-9173 Performance Reports for H-1B

[19] On February 20, 2025, ETA provided us with the actual totals for each of the performance measures. We verified these amounts by working with ETA staff and comparing them to reported amounts on Performance Report for H-1B (ETA-9173-H1B) for each of the 23 grant recipients. See Footnote 20 for Performance Measure 5 details.

[20] This includes unemployed and underemployed participants who obtained training-related employment (2,091) and non-training-related employment (184).

Measures 3 through 6 fell short of targets by the largest margin, with performance ranging from 11 (Measure 5) to 66 percent (Measure 6) of target levels. Also, ETA did not require grant recipients to track Measure 7, the average hourly wage of apprentices at completion of the apprenticeship education / training program. Instead, DOL tracked the median quarterly earnings of participants in unsubsidized employment during the second quarter after exit using wage data. It is unclear why ETA required Measure 7 in planned performance measures.

More Than Half of Program Participants Experienced Questionable Program Results

Among 50,851 of 83,785 participants (61%), we found:

- No record of training or core services for 4,766 participants;
- No known program outcome for 18,955 incumbent worker participants; and
- No program completion for 27,130 underemployed / unemployed participants.

Additionally, in examining Workforce Integrated Performance System data on these participants, we found 4,766 of the 83,785 participants served did not receive training or any of the 5 identified Scaling Apprenticeship grant services.[21] As such, we could not determine how these 4,766 participants benefited from the grant program. In addition, 27,130 of the underemployed / unemployed participants did not complete the program.

ETA Could Have Enhanced Program Outcomes through Use of a Program-Specific Risk Assessment or Data Analytics

ETA did not conduct a program-specific risk assessment that could have identified potential barriers to achieving performance outcomes. ETA stated it used a risk management module and regional Federal Project Officers conducted risk assessments; however, it was unclear how the module applied to the Scaling Apprenticeship grant program. In addition, ETA could have better tracked and assessed grant recipients' performances to identify challenges and ensure grant recipients met their goals. This limited ETA's ability to identify and address potential barriers, which could have helped more participants successfully advance through training and better meet program outcomes.

[21] The five services are: case management, assessment, supportive, specialized participant, and paid work experience or internship.

Risk Assessment

The absence of a program-specific risk assessment prevented ETA from identifying potential barriers to achieving performance outcomes. ETA stated it used a formal, program-specific risk assessment described in Employment and Training Order 01-24, Grants Management Policies and Responsibilities. However, it was unclear how this risk assessment applied to the outcomes of the Scaling Apprenticeship grant program as this Order primarily addressed pre-award, initial onboarding, and other risk assessment processes for award recipients rather than a program-specific risk assessment focused on improving outcomes. As a result, this risk assessment did not satisfy the need to assess risk throughout the life cycle of the grant program.

ETA also stated regional Federal Project Officers conducted risk assessments to determine whether an individual grant recipient required technical assistance and provided evidence to support these regional assessments. However, ETA officials stated the agency had not performed a risk assessment specific to the Scaling Apprenticeship grant program, and ETA provided no evidence demonstrating such an assessment was conducted for the program.

Without a program-specific risk assessment, ETA may not have been able to identify systemic challenges, analyze trends across grant recipients, and respond to risks to ensure recipients could meet performance outcomes. In addition, ETA stated that, in October 2019, the Department initiated two studies: an impact evaluation study and an implementation evaluation study.[22] ETA stated these studies should provide context for the performance outcomes and challenges faced by the grant recipients. Although the studies were published[23] after our fieldwork was completed, the studies reported that:

1. the findings were descriptive and should not be interpreted as evidence that grant-funded activities or services caused participant outcomes;

2. the impact evaluation noted that the sample of apprentices used in the analysis may not have been representative of the apprentices served by the grant program; and

3. the implementation and impact studies did not separate results between the Scaling Apprenticeship and Closing the Skills Gap grant programs.

[22] The Chief Evaluation Office works with DOL agencies on research of various labor topic areas.
[23] The Implementation of Registered and Unregistered Apprenticeship: Evidence from the Scaling Apprenticeship and Closing the Skills Gap Grants (September 2025); and The Impact of Registered and Unregistered Apprenticeship: Evidence from the Scaling Apprenticeship and Closing the Skills Gap Grants (September 2025)

Given these observations, we note the evaluations neither definitively determined the overall effectiveness of the Scaling Apprenticeship grant program nor evidenced ETA's oversight of the grant program. However, results showed that apprenticeship grant recipients successfully increased access to training and employment opportunities.

Data Analytics

ETA provided some evidence of the use of data analytics to track and assess grant recipients' performances. Specifically, ETA provided support for its use of a dashboard—an interactive tool designed to display recipients' performances, both individually and in the aggregate, across the period of performance. However, ETA could have better tracked and assessed grant recipients' performances to identify challenges and trends and ensure grant recipients met their goals.

For example, the Scaling Apprenticeship grants were awarded 9 months prior to the COVID-19 pandemic, many to community colleges. ETA stated recipients had to pivot to virtual training and many stopped grant program enrollments during at least the pandemic's first year, which significantly affected participant outcomes. While 10 of 22 grant monitoring reports[24] discussed the impact of COVID-19 as a possible factor affecting participant performance, ETA did not conduct data analysis to assess the pandemic's impact. According to ETA officials, no additional analysis or assessment was performed on how COVID-19 affected grant recipients' ability to meet performance outcomes.

ETA officials further stated the two previously mentioned studies are likely to yield additional analysis and assessment of the pandemic's impact on the grant program, but their findings were only available after the grant period had ended and ETA could no longer use them to provide support or technical assistance to the Scaling Apprenticeship grant recipients. Our review of both studies showed recipients described pandemic-related disruption to grant activities. The impact study further revealed grant recipients reported having to adjust their activities in response to the pandemic and noted the pandemic exacerbated challenges to recruiting enough employers to ensure adequate apprenticeship opportunities for all interested participants.

Another example of how available data analytics could aid oversight is in tracking participants' progression through the program. Of the 83,785 total apprentices served, 39 percent (32,326) received initial services but did not advance to an apprenticeship education / training program. Although ETA stated grant recipients were not required to track the reasons participants did not begin

[24] Of the 23 grant recipients selected for sampling, ETA monitored 22 of them.

training, ETA could have used this information to assess whether the high attrition rate was due to the pandemic or other factors such as participant suitability.

ETA also stated there is no requirement for grant recipients to document reasons a participant chose not to continue training such as lack of interest or suitability. This lack of data and opportunity for analysis limited ETA's ability to identify trends and address potential barriers that could have helped more participants successfully advance through training and better meet program outcomes.

ETA officials informed us that regional Federal Project Officers took several proactive steps to support grant recipients during the pandemic. Some of the steps included requiring implementation plans with spending projections, conducting ongoing monitoring and monthly strategy meetings, providing targeted technical assistance via video conferences and phone calls, and processing amendments to expand program flexibility and better align training with employer needs. In addition, regional officials stated ETA's national office provided technical assistance through coaching and webinars hosted by the Scaling Apprenticeship Program Office. They also stated ETA had posted pandemic-related information on its website.

ETA Did Not Ensure Participants Advanced into New Position or Maintained Employment Status with Current or New Employer

ETA could have done more to ensure incumbent participants advanced into new positions at program completion and underemployed and unemployed workers maintained their employment status with a current or new employer. For example, 53 percent of the incumbent workers had unknown program outcomes. Also, 93 percent of underemployed and unemployed workers did not meet the goal to complete an apprenticeship education / training program and maintain employment with a current or new employer.

Apprenticeships combine paid on-the-job training with classroom instruction to prepare workers for highly skilled careers, and apprenticeship programs help employers recruit, build, and retain a highly skilled workforce. Workers benefit from apprenticeships by receiving a skills-based education that prepares them for good-paying jobs. Given the issues described, ETA cannot provide reasonable assurance on the total program expenditures of more than $164 million.

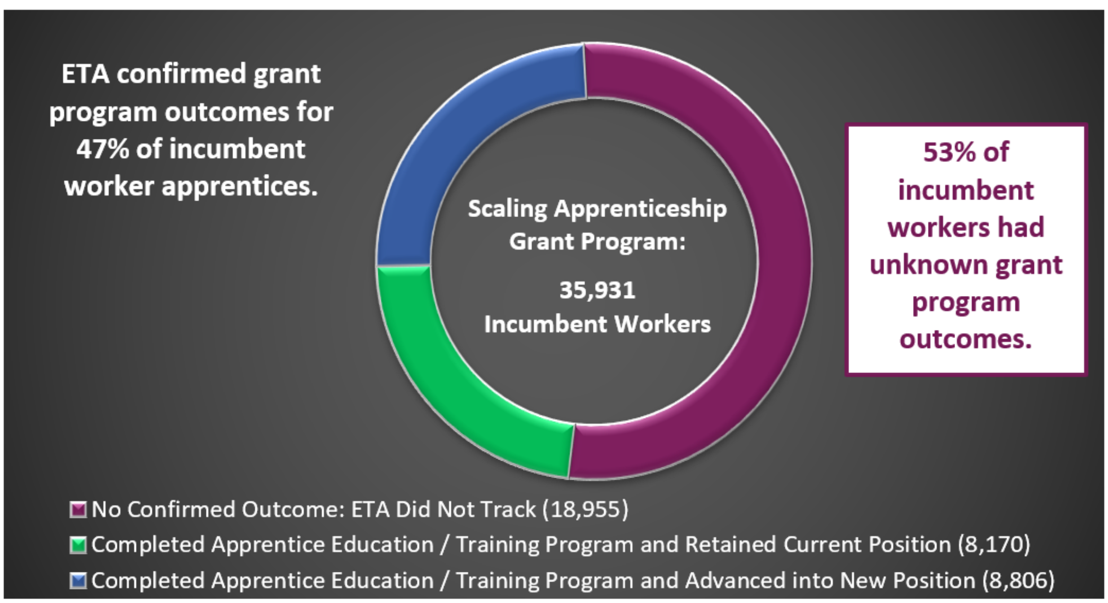
53 Percent of Incumbent Workers Had Unknown Program Outcomes

The Scaling Apprenticeship grant program supported the expansion of apprenticeships to industries that had not typically used this model to recruit new apprentices into the workforce and to upskill those already employed in the industry to bolster the sector's competitiveness. ETA could have done more to ensure incumbent participants advanced into new positions (Performance Measure 6).

The Scaling Apprenticeship grant program served 83,785 participants,[25] of which 35,931 (43 percent) were enrolled as incumbent workers. Of these incumbent workers, ETA reported:

- 8,806 (24 percent) advanced into new positions after completing an apprenticeship education or training program,
- 8,170 (23 percent) retained their current positions after completing an apprenticeship education or training program, and
- 18,955 (53 percent) were not tracked by ETA (see Figure 2).

Figure 2: Program Outcomes for Incumbent Workers



Source: OIG data visualization of information from ETA and Workforce Integrated Performance System

[25] 83,785 participants consisted of: 35,931 incumbent workers; 30,886 unemployed / underemployed individuals (23,603 unemployed and 7,283 underemployed); and 16,968 employed workers (ETA was not clear whether these were incumbent or underemployed).

According to ETA, it did not track 18,955 participants because the Department does not track program continuation or participant outcomes after the grant's end. ETA stated it did not have any information as to whether these participants continued being served by the program in which they had enrolled or whether they were referred to or enrolled in other programs.

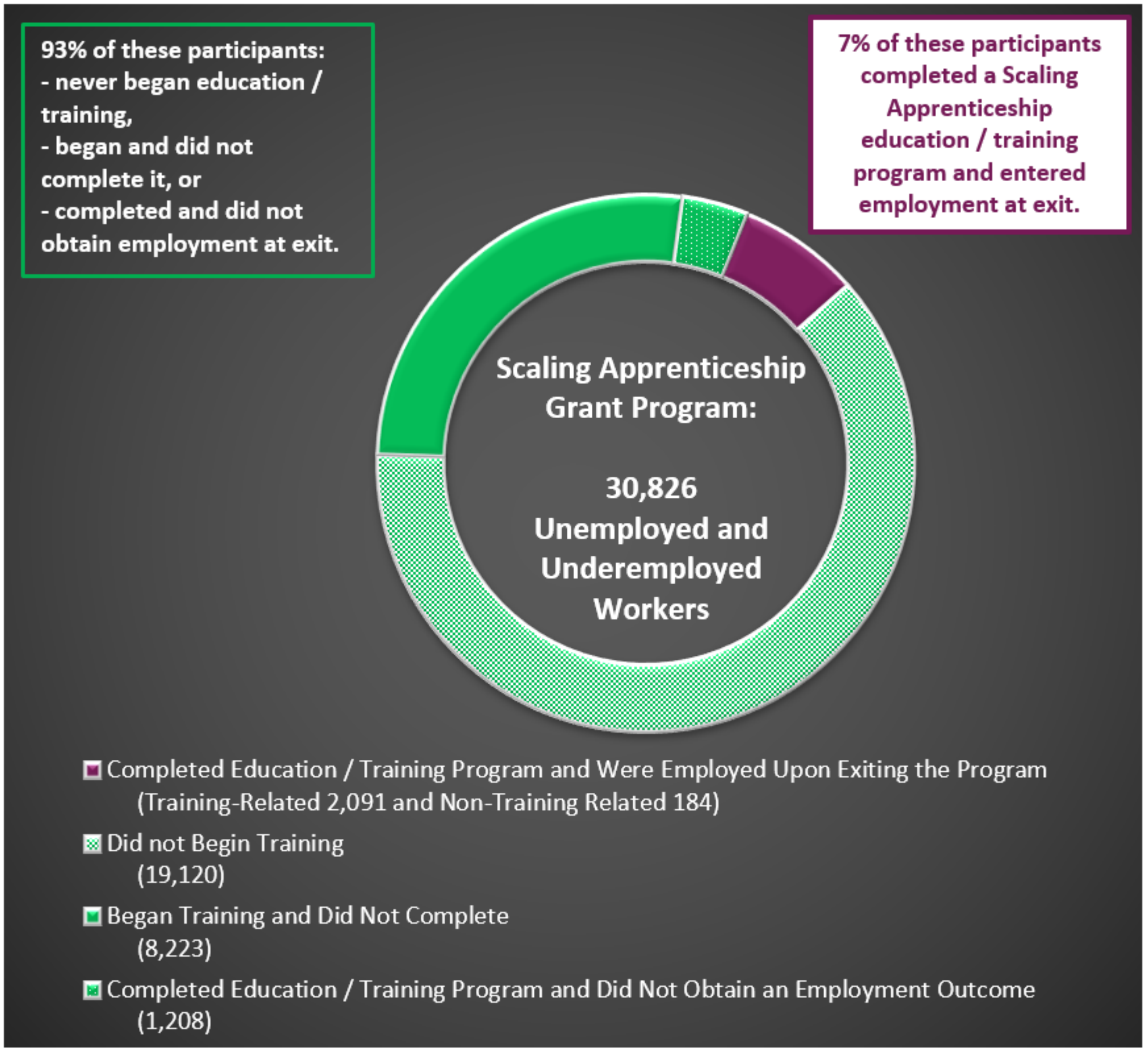
Grant recipients were encouraged to continue supporting participants as feasible and to provide information and referrals to other programs that would allow them to continue the training past the grant period, if necessary. Without a post-program tracking mechanism, ETA cannot fully assess the effectiveness of the grants or demonstrate the impact the program provided.

93 Percent of Unemployed and Underemployed Workers Did Not Meet the Goal to Complete an Apprenticeship Education / Training Program and Maintain Employment with a Current or New Employer

ETA recognized a need for unemployed and underemployed workers to maintain employment with a current or new employer (Performance Measure 5). However, for this population of participants served—amounting to 37 percent of total participants reported as served (30,826 of 83,785)—ETA reported:

- 2,275 (7 percent) completed an apprenticeship education / training program and, at exit, entered training-related or non-training related employment with a current or new employer;
- 19,120 (62 percent) did not begin training;
- 8,223 (27 percent) began but did not complete training, and
- 1,208 (4 percent) completed an apprenticeship education / training program but upon exiting the program, did not obtain an employment outcome (see Figure 3).

Figure 3: Program Outcomes for Unemployed and Underemployed Workers



Source: OIG data visualization of information from ETA and Workforce Integrated Performance System

With 93 percent of unemployed and underemployed workers who did not meet the goal to complete an apprenticeship education / training program and maintain employment with a current or new employer, the Scaling Apprenticeship grant program could have been more effective in serving this population of participants. As a result, ETA cannot provide reasonable assurance that the more than $164 million in Scaling Apprenticeship grant funds expended were used for the intended purpose of achieving ETA's goals for the program—helping more Americans gain employment through apprenticeships.

CONCLUSION

Given our previous findings and overall concerns regarding systemic weaknesses in ETA's grant oversight from our previous audit reports, we conducted this audit to determine whether ETA effectively administered the Scaling Apprenticeship grant program. We found ETA did not effectively administer this grant program. Specifically, ETA did not ensure grant recipients: (1) collected and maintained required documents to support participant eligibility and performance outcomes or (2) met its targeted program outcomes.

ETA could have enhanced its oversight to afford better program outcomes for participants. This includes identifying underperformance and trends and providing increased support to ensure more participants succeeded and recipients remained on track with targeted program goals. Of the seven program outcomes, grant recipients:

1. reported achieving the goal in one performance measure outcome (total participants served), although eligibility documentation issues may impact the accuracy of that reporting;

2. were not required to track one outcome; and

3. did not meet the remaining five outcomes.

According to DOL, apprenticeships can provide workers with skills-based education that prepares them for good-paying jobs. The Scaling Apprenticeship grant program was intended to support DOL's overall effort to expand apprenticeships, including increasing opportunities for workers—who were over 16 years of age; not in school; and underemployed, unemployed, or incumbent—to prepare for good-paying jobs and highly skilled careers. However, ETA did not perform a program-specific risk assessment, trend analysis, or data analysis to evaluate the potential impact of COVID-19 or other factors in the resulting high attrition rate. The agency also did not require post-program tracking.

Ultimately, ETA is unable to determine why grant recipients fell short of their targeted performance outcome goals, cannot provide evidence of eligibility for many participants, may have funded ineligible participants or reported inaccurately, and cannot fully determine whether the Scaling Apprenticeship grant program was effective. As a result, many participating workers did not achieve the intended outcomes of the grant program, and ETA cannot provide reasonable assurance that the more than $164 million expended was used for the intended purpose, namely, to expand American employment through apprenticeships.

OIG'S RECOMMENDATIONS

We recommend the Assistant Secretary for Employment and Training:

1. Establish and implement policies and procedures requiring future H-1B Scaling Apprenticeship grant recipients to develop, implement, and document written procedures for collecting and maintaining support in participant files for: (1) program eligibility to promote more efficient use of grant funds, and (2) performance outcomes.

2. Remedy the $255,710 in estimated questioned costs associated with the 130 potentially ineligible participants by performing case file reviews and recovering funds expended on participants determined to be ineligible.

3. Establish and implement policies requiring grant recipients of non-core programs to implement data validation procedures in line with Workforce Innovation and Opportunity Act documentation requirements.

4. Improve the use of ETA's tracking system to monitor findings, resolutions, and closures for better oversight of grant recipients.

5. Establish and implement policies and procedures to perform a program-specific risk assessment to help identify potential barriers to achieving program goals.

6. Improve the use of data analytics, during the grant period, to identify program challenges and trends.

Analysis of Agency's Comments

In response to a draft of this report, ETA generally agreed with our conclusions and our six recommendations to better administer grant programs, particularly through the enhanced use of data analytics. Specifically, the agency agreed with five of our six recommendations and with the intent of the remaining recommendation. ETA also provided additional comments for consideration.

We carefully reviewed the agency's response in full. While our conclusions and recommendations remain, we made applicable clarifying edits to the report. Synopses of ETA's responses to our recommendations and draft report, as well as our corresponding responses where needed, follows:

- For Recommendation 1, ETA concurred. The agency stated it will ensure any future H-1B Scaling Funding Opportunity Announcements include guidance specific to the requirements for collecting and maintaining documentation of eligibility and performance outcomes in participant files. ETA also noted a relationship between these corrective actions and data validation framework requirements related to Recommendation 3.

- For Recommendation 2, ETA concurred. It requested the OIG provide specific information related to the $255,710 in questioned costs and stated it would provide the OIG with a copy of the final determination.

- For Recommendation 3, ETA concurred with the recommendation for H-1B Skills Training Grants and stated it would consider the recommendation for other non-core programs. ETA further stated that, as a result of the OIG's initial findings and recommendations, it had already begun addressing data validation concerns, including those related to its most recent H-1B grants.

- For Recommendation 4, ETA concurred and stated regional staff would continue current reviews to improve ETA's administration and oversight of grants.

- For Recommendation 5, ETA stated it concurred with the spirit of the recommendation and uses a risk assessment tool that complies with the requirements of the Office of Management and Budget's Circular A-123. ETA did not specifically address its intent to develop policies and procedures for a program-specific risk assessment to help identify potential barriers to program goals; however, the agency did mention that, if Scaling Apprenticeship grants were offered in the future, it would develop a risk assessment tool for the program.

    - We acknowledge the Scaling Apprenticeship grant program has ended and will work with ETA through the resolution process to ensure the intent of the recommendation is met.

- For Recommendation 6, ETA concurred. It stated it had already documented extensive use of data analysis and noted improvements since the Scaling Apprenticeship grant program began.

In its response, ETA also provided additional information describing its concern with draft report data related to Performance Outcome Measure 5 (Measure 5). The draft report showed Measure 5 data in Table 2, which listed 3,756 as the actual total of unemployed and underemployed apprentices (of the 21,673 target) who completed an apprenticeship training / education program and maintained employment status with a current or new employer.

ETA asserted it was concerned Measure 5 data was incomplete, only including a subset of employment outcomes. As a result of revisiting this analysis, the original amount of 3,756 was revised to 2,275, which specifically captures unemployed and underemployed apprentices who obtained training and non-training related employment. A summary of ETA's concerns and our reasoning in response follows.

ETA's response states that all apprentices were already employed in the field for which they were being trained and, therefore, all employment was related to training. While this may be true for incumbent workers, it is not accurate for all participants. ETA-provided information showed that 23,603 out of 83,785 (28 percent) apprentices served were unemployed, meaning they were not already employed. Therefore, the statement that all employment was training-related was not supported by the participant data.

ETA's reported number of unemployed and underemployed apprentices who completed training and maintained employment was inconsistent with the program's participant data, which showed only 11,706 unemployed and underemployed participants began training under the Scaling Apprenticeship grant program. Because the program had ended by the time of the audit, no additional unemployed or underemployed participants could have entered training. Therefore, ETA's reported outcome of 18,643 exceeded the total number of unemployed and underemployed participants who began training and could not represent that population alone. A more likely explanation is that ETA's wage record-matched count included all participants who completed training, including incumbent workers and participants who were employed at program entry. ETA's number did not correspond to Measure 5, which is limited to participants who were unemployed or underemployed prior to enrollment.

Furthermore, ETA provided only aggregate totals for each performance measure without supporting documentation to identify the individual participants. The absence of participant-level documentation prevented us from independently verifying the reported outcomes or determining whether the numbers were calculated in accordance with the performance measure definitions.

The agency's response to the draft report is included in its entirety in Appendix B. We appreciate the cooperation and courtesies ETA extended to us during this audit. We look forward to working with ETA personnel to ensure the intent of the recommendations is addressed.

Laura B. Nicolosi
Assistant Inspector General for Audit

EXHIBIT 1: FUNDS FOR BETTER USE AND QUESTIONED COSTS

Table 3: Funds for Better Use[26]

Description	Amount
Scaling Apprenticeship through the Sector Based Strategies grant program	$64,796,914[27]
Total Funds for Better Use	**$64,796,914**

Source: OIG analysis based on information obtained during the audit

Table 4: Estimated Questioned Costs[28]

Description	Amount
Ineligible Participants	$255,710
Total Estimated Questioned Costs	**$255,710**[29]

Source: OIG analysis based on information obtained during the audit

[26] In alignment with the Inspector General Act of 1978, as amended, funds for better use means funds that could be used more efficiently if management took certain actions. This includes costs not incurred by implementing recommended improvements related to the operations of a grant recipient.
[27] Calculated by multiplying the projected 33,072 ineligible participants by the average cost per participant of $1,967 less the amount of questioned costs of $255,710.
[28] As defined by the Inspector General Act of 1978, as amended, "questioned costs" include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable.
[29] Data related to dollars spent for each participant was not collected by ETA and, therefore, could not be obtained by the OIG. Questioned costs for this audit were estimated based on an average using the total dollars spent on participants over the grant period and the total number of participants served.

EXHIBIT 2: GRANT RECIPIENT DETAILS, AMOUNTS, AND PARTICIPANT NUMBERS

Table 5: Awarded and Expended Amounts for the 23 Grant Recipients

Grant Number	Awarded Amount	Expended Amount	Amount Not Spent
HG-33026-19-60-A-34	$12,000,000	$9,993,699	$2,006,301
HG-33046-19-60-A-6*	$12,000,000	$12,000,000	$0
HG-33027-19-60-A-8*	$12,000,000	$11,786,865	$213,135
HG-33034-19-60-A-39*	$12,000,000	$11,831,637	$168,363
HG-33165-19-60-A-1	$12,000,000	$10,297,915	$1,702,085
HG-33032-19-60-A-48	$12,000,000	$10,971,764	$1,028,236
HG-33039-19-60-A-48***	$12,000,000	$9,225,730	$2,774,270
HG-33038-19-60-A-18*	$11,999,996	$9,342,679	$2,657,317
HG-33043-19-60-A-25	$11,999,771	$11,921,749	$78,022
HG-33040-19-60-A-29*	$11,990,952	$11,849,563	$141,389
HG-33044-19-60-A-39	$11,893,184	$11,302,338	$590,846
HG-33030-19-60-A-9	$8,000,000	$6,613,061	$1,386,939
HG-33042-19-60-A-36	$7,999,226	$6,138,654	$1,860,572
HG-33036-19-60-A-42	$7,996,530	$7,996,530	$0
HG-33037-19-60-A-4***	$4,233,317	$2,171,608	$2,061,709
HG-33031-19-60-A-34*	$3,999,823	$3,858,073	$141,750
HG-33161-19-60-A-54	$3,999,571	$3,713,248	$286,323
HG-33033-19-60-A-17**	$3,999,400	$3,483,160	$516,240
HG-33028-19-60-A-39*	$3,788,691	$3,060,120	$728,571
HG-33045-19-60-A-49	$2,000,000	$1,971,379	$28,621
HG-33041-19-60-A-12	$1,999,961	$1,534,807	$465,154
HG-33029-19-60-A-24	$1,995,645	$1,794,402	$201,243
HG-33035-19-60-A-12*	$1,987,204	$1,978,675	$8,529
Totals	**$183,883,271**	**$164,837,656**	**$19,045,615**

Note: All grants' periods of performance started July 15, 2019; most ended July 14, 2024, with asterisks indicating a different ending date as follows: *ended June 30, 2024; **ended December 31, 2023; and ***ended July 14, 2023.

Source: OIG-generated based on information obtained from ETA

Table 6: Number of Participants Served for the 23 Grant Recipients

Grant Number	Target Number of Participants to Serve	Reported Number of Participants Served
HG-33026-19-60-A-34	5,001	2,873
HG-33046-19-60-A-6	5,000	5,665
HG-33027-19-60-A-8	5,000	4,646
HG-33034-19-60-A-39	5,000	5,038
HG-33165-19-60-A-1	5,000	3,981
HG-33032-19-60-A-48	7,500	7,868
HG-33039-19-60-A-48	5,000	5,175
HG-33038-19-60-A-18	5,000	4,319
HG-33043-19-60-A-25	5,000	6,819
HG-33040-19-60-A-29	5,000	5,862
HG-33044-19-60-A-39	3,684	9,582
HG-33030-19-60-A-9	3,500	3,716
HG-33042-19-60-A-36	3,500	3,158
HG-33036-19-60-A-42	3,231	2,541
HG-33037-19-60-A-4	3,236	1,121
HG-33031-19-60-A-34	1,600	983
HG-33161-19-60-A-54	1,600	1,816
HG-33033-19-60-A-17	1,728	2,998
HG-33028-19-60-A-39	1,600	1,512
HG-33045-19-60-A-49	800	1,496
HG-33041-19-60-A-12	800	756
HG-33029-19-60-A-24	800	991
HG-33035-19-60-A-12	800	869
Totals	**79,380**	**83,785**

Source: OIG-generated based on information obtained from ETA

APPENDIX A: SCOPE AND METHODOLOGY

Scope

The audit scope covered the 23 grant recipients of ETA's Scaling Apprenticeship though Sector-Based Strategies grant. All 23 grants started July 15, 2019, and ended between July 14, 2023, and July 14, 2024.

Methodology

We conducted this performance 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To answer our audit objective, we performed the following:

- interviewed ETA personnel—including from within ETA headquarters, the Office of Workforce Investment, and the Office of Grants Management—to:
    - learn about the Scaling Apprenticeship grant program and
    - verify reported numbers for each grant recipient for each performance outcome based on the script to extract participant information from Workforce Integrated Performance System;
- reviewed relevant ETA documents, including:
    - Funding Opportunity Number FOA-ETA-18-08, Notice of Availability of Funds and Funding Opportunity Announcement for Scaling Apprenticeship Through Sector-Based Strategies and
    - TEGL No. 23-19, including Change 1 and Change 2;
- from ETA, obtained and analyzed all grant agreements, listing of award amount and amount expended, and reported performance results for the 23 grant recipients;

- from the universe of 83,785 participants served:
    - applied statistical sampling to randomly select 165 participants who were enrolled and served in an apprenticeship education / training program; and judgmentally selected 30 participants served but never enrolled in an apprenticeship education / training program. The use of random selection of a statistical sample size will reduce bias in assessing the outcomes of participants who had participated in the Scaling Apprenticeship Grant program. The use of random selection of a judgmental sample size will reduce bias in assessing the causes of why those served by the Scaling Apprenticeship Grant did not enroll in a program; and

- from grant recipients, received and reviewed participant case files to assess support for eligibility and performance outcomes:
    - for Performance Measure 5, we based our testing on data provided from ETA in February 2025: specifically, the 9173 forms and grant recipient reporting, which separates training-related employment on Performance Measure 5. Later, ETA provided different information that did not separate training-related employment from other employment but used the term "unsubsidized," which could inherently be either. ETA's response to our draft did not clarify the issue for us as it asserted "all employment is training-related employment." However, this is not consistent with the form ETA created or its guidance.

<u>Internal Controls</u>

In planning and performing our audit, we considered ETA's internal controls relevant to our audit objective by obtaining an understanding of those controls and assessing control risks relevant to our objective. We considered the control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive phases and evaluated relevant controls. The objective of our audit was not to provide assurance of internal controls; therefore, we did not express an opinion on ETA's internal controls. Our consideration of internal controls for administering the accountability of the program would not necessarily disclose all matters that might be significant deficiencies. Because of the inherent limitations on internal controls, or misstatements, noncompliance may occur and not be detected.

Criteria

- 2 C.F.R. Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards, dated November 12, 2020
- GAO, Standards for Internal Control in the Federal Government, September 2014
- Scaling Apprenticeship Through Sector-Based Strategies, Funding Opportunity Announcement, FOA-ETA-18-08, dated July 18, 2018
- ETA, Training and Employment Guidance Letter No. 23-19 Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor Workforce Programs, dated June 18, 2020
- ETA, Training and Employment Guidance Letter No. 23-19, Change 1, Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor Workforce Programs, dated Change 1, dated October 25, 2022
- ETA, Training and Employment Guidance Letter No. 23-19, Change 2, Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor Workforce Programs, dated May 12, 2023

Prior Relevant Coverage

During the last 5 years, the OIG has issued four reports of significant relevance to the subject of this report. Those reports are the following:

1. ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, 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;

2. COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey, Report No. 19-23-016-03-391 (September 28, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-016-03-391.pdf; and

3. COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New York, Report No. 19-25-008-03-391 (September 26, 2025), available at: https://www.oig.dol.gov/public/reports/oa/2025/19-25-008-03-391.pdf.

4. COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in Texas, Report No. 19-26-003-03-391 (June 10, 2026), available at: https://www.oig.dol.gov/public/reports/oa/2026/19-26-003-03-391.pdf

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

The agency's response to our draft report follows.

U.S. Department of Labor

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

June 3, 2026

MEMORANDUM FOR: LAURA B. NICOLOSI
Assistant Inspector General for Audit

FROM: HENRY MACK, ED.D.
Assistant Secretary for Employment and Training

SUBJECT: Response to Draft Report – *The Employment and Training Administration Needs to Improve Oversight of Its Scaling Apprenticeship Grants,* Report No. 02-26-XXX-03-375

The Department of Labor's (Department) Employment and Training Administration (ETA) appreciates the opportunity to respond to the above-referenced draft report from the Office of Inspector General (OIG). While these specific grants have ended and ETA does not currently anticipate awarding another round of Scaling Apprenticeship grants, ETA has learned many lessons from this initiative and appreciates the additional points that the OIG has raised in this draft report. However, ETA believes further context is necessary regarding one of the OIG's conclusions included in the draft report.

Specifically, ETA notes that updated performance outcome data on employment for under/unemployed workers was not included in this draft report. ETA believes the inclusion of this data would demonstrate a much greater impact related to the grant initiative's main goal; to help Americans gain employment through apprenticeships.

Two different types of employment outcomes were intended to be tracked under the Scaling Apprenticeship initiative: 1) incumbent workers advancing in a job; and 2) under/unemployed workers maintaining employment with current or new employers. ETA focused on reporting these outcomes through the "Incumbent Workers Advancing" and "Entered Training-Related Employment" measures, respectively.

Unfortunately, the data that ETA originally provided in February 2025 to the OIG for Outcome Measure 5 was incomplete, as it only included a subset of employment outcomes. As the participants in the Scaling Apprenticeship program were all apprentices, they were already employed in the field they were being trained in, and thus all employment was training-related. However, many of the grant recipients did not select the appropriate data element to accurately report training-related employment, as it was not a required field. Given the fact that all employment is training-related in an apprenticeship program, the correct outcome measure that should have been provided to the OIG for the under/unemployed workers maintaining employment outcome is "Entered Unsubsidized Employment," which is calculated using wage record matching. The use of wage records provides complete data on any under/unemployed participant at entry who is employed two quarters after exit.

In March 2026, after ETA became aware of this issue, ETA provided the OIG with updated validated data from the Workforce Integrated Performance System (WIPS), which accurately reflects Scaling Apprenticeship exiter counts and outcomes in compliance with WIOA §116 requirements. The OIG's draft report makes no mention of ETA providing this updated data. Instead, the OIG's conclusions rely on the inaccurate February 2025 data. For instance, in Table 2 on page 11, for Performance Measure 5, *Total number of unemployed and underemployed apprentices prior to enrollment who complete an apprenticeship education / training program and maintain their employment status with a current or new employer*, Table 2 provides the outcome as 3,756 out of a target of 21,673 (17 percent of the goal). However, the updated data, verified by wage record matching, demonstrates that 18,643 unemployed/underemployed apprentices who completed training maintained employment (86 percent of the goal). This is a significant difference from what is presented in the OIG's draft report. Reliance on the February 2025 data materially understates program performance. The validated March 2026 data—consistent with statutory requirements—should form the basis of the final report. ETA recommends the OIG review the March 17, 2026, email from ETA, which provided an Excel file with the complete and accurate data set titled, "Updated SA Outcomes and Outputs," and make appropriate adjustments prior to issuing the final report.

Responses to the OIG Recommendations

Please find below each of the OIG's recommendations contained in the draft report, followed by ETA's response to each of the recommendations.

<u>Recommendation 1</u>: Establish and implement policies and procedures requiring future H-1B Scaling Apprenticeship grant recipients to develop, implement, and document written procedures for collecting and maintaining support for eligibility and performance outcomes in participant files.

<u>ETA Response</u>: ETA concurs with this recommendation. ETA will ensure that any future H-1B Scaling Apprenticeship Funding Opportunity Announcements (FOA) include guidance specific to requirements for collecting and maintaining documentation of eligibility and performance outcomes in participant files. These documentation procedures align with the requirements of a data validation framework, which requires that source documentation be provided for all critical data elements that are a part of the Participant Individual Record Layout (PIRL) schema that feeds into WIPS, which calculates performance outcomes. Additionally, the framework requires written policies and procedures to ensure source documentation is verified, monitoring processes are in place to check for missing data validation documentation, and a procedure exists to address and resolve missing documentation when identified. ETA's planned corrective actions to address the data validation framework are further described in the response to Recommendation 3, which further describes how ETA is addressing Recommendation 1 as well.

<u>Recommendation 2</u>: Remedy the $255,710 in questioned costs associated with ineligible participants.

<u>ETA Response</u>: ETA concurs with this recommendation. ETA respectfully requests that the OIG provide ETA with specific information related to these questioned costs, so that ETA can follow its audit resolution process. Initial and final determinations will be issued to the grant recipients in question, per the process outlined in the Department of Labor Manual Series (DLMS) 8 Chapter 300, to determine if there are disallowed costs subject to repayment and, if

so, the amounts. Once the audit resolution process is complete, ETA will provide the OIG with a copy of the final determination and evidence of any repayment of disallowed costs, if any.

Recommendation 3: Establish and implement policies requiring grant recipients of non-core programs to implement data validation procedures in line with Workforce Innovation and Opportunity Act documentation requirements.

ETA Response: ETA concurs with this recommendation for the H-1B Skills Training Grants, as the Scaling Apprenticeship initiative was H-1B funded. ETA will consider this recommendation for additional non-core programs.

Generally, program-specific guidance for H-1B grant initiatives are provided under the FOA for each particular grant initiative, not through Training and Employment Guidance Letters (TEGL). However, where H-1B grant performance outcomes align with Workforce Innovation and Opportunity Act (WIOA) performance outcomes, H-1B grants are included in performance reporting TEGLs. H-1B grants were covered in TEGL No. 23-19, Change 3, *Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor (DOL) Workforce Programs*, issued December 1, 2025, as it addresses performance reporting. However, as a non-core program, H-1B grants were not required to adopt a data validation framework in the TEGL; it was only encouraged.

As a result of the initial findings and recommendations the OIG shared related to the Scaling Apprenticeship grants, ETA took immediate measures to begin addressing data validation concerns with the Industry-Driven Skills Training Fund (Training Fund) grants that were awarded in September 2025, which are funded through a combination of H-1B and WIOA Dislocated Worker National Reserve demonstration funds. The Training Fund grants are ETA's most recent H-1B grants, and ETA's H-1B program office provided technical assistance and guidance to the Training Fund grant recipients and have begun implementing a data validation procedure for them.

In support of Recommendation 1, this data validation procedure included a review of the required PIRL schema data elements for the Training Fund grants and the types of documentation that are relevant for those data elements, per the Source Documentation attachment (Attachment II) of TEGL No. 23-19, Change 3. As the Training Fund grants involve State Workforce Agencies (SWA) reimbursing employers for training provided to their own employees, the requirement for source documentation was reviewed and revised, where necessary, to ensure that it was clear that documentation needed to be provided to the SWAs for data validation, rather than relying on employers' stated verifications. The Training Fund source documentation guidance is posted on WorkforceGPS and will be included in the finalized Training Fund PIRL for ease of access by grant recipients.

Additionally, ETA is providing Training Fund grant recipients training and specific instructions in the Grant Performance Reporting Orientation Part 2 webinar, scheduled for May 21, 2026, and the Training Fund grant recipient performance handbook. These actions will ensure grant recipients are implementing a data validation framework that aligns valid source documentation and internal monitoring reviews for missing data validation documentation with processes to ensure missing documentation is addressed.

Until ETA updates TEGL No. 23-19 to provide revised guidance for H-1B grants, ETA will provide guidance to any new grant recipients, regarding the requirement to implement data validation procedures, within the H-1B FOAs.

Recommendation 4: Improve the use of ETA's tracking system to monitor findings, resolutions and closures for better oversight of grant recipients.

ETA Response: ETA concurs with this recommendation. Currently, ETA offices regularly review monitoring reports and findings for consistency and appropriate resolutions and corrective actions, including for the Scaling Apprenticeship grants. Since the Scaling Apprenticeship grants have ended, ETA's regional offices will continue to perform their reviews of monitoring reports, findings, and corrective actions that are in the GrantSolutions Grants Risk Management and Monitoring system for grant recipients of ETA's other grant programs to continue to improve ETA's administration and oversight of grants.

Recommendation 5: Establish and implement policies and procedures to perform a program-specific risk assessment to help identify potential barriers to achieving program goals.

ETA Response: ETA concurs with the spirit of this recommendation. ETA uses a risk assessment tool that complies with the requirements of the Office of Management and Budget's Circular A-123. Prior to grant award, ETA's program offices conduct a program-specific pre-award compliance review of the grant applications. This involves reviewing them for specific elements of the FOA to ensure that grant applications are responsive to the FOA requirements and to ensure that any grant application deficiencies are not barriers to award but can be cured via a condition(s) of award. This compliance review generally requires that grant recipients resolve the compliance issues within a set time soon after award, often within 30-90 days. ETA's Federal Project Officers also conduct risk assessments during the period of performance for every grant. The Scaling Apprenticeship grants have ended, but if ETA offers these grants again in the future, the Agency will develop a risk assessment tool for the program.

Recommendation 6: Improve the use of data analytics, during the grant period, to identify program challenges and trends.

ETA Response: ETA concurs with this recommendation and already documented its extensive use of data analysis during the course of this program, as is common across ETA grant programs. ETA uses data analysis to identify program challenges and trends to inform technical assistance and to make mid-course corrections.

ETA previously provided the OIG with a variety of detailed data dashboards and data analysis resources that ETA used during the Scaling Apprenticeship grant period to provide information on grant trends and challenges in real time and across quarters. As the Scaling Apprenticeship grants were among the earliest apprenticeship grants funded by ETA, there were limitations related to the tracking of apprenticeship-related outcomes. Since the time these grants were awarded, ETA has been appropriated funds specifically for apprenticeship grants and the Office of Apprenticeship (OA) can track and analyze apprenticeship-related outcomes more effectively through the Registered Apprenticeship Partners Information Database System. Additionally, there have been ongoing enhancements to data validation and data matching within WIPS used by non-OA grant recipients that support improved data analytics and identification of challenges and trends since the Scaling Apprenticeship grants were implemented in 2019.

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