



June 3, 2026

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

FROM: HENRY MACK, ED.D. *HM*
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 exit 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.

Recommendation 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 for eligibility and performance outcomes in participant files.

ETA Response: 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.

Recommendation 2: Remedy the \$255,710 in questioned costs associated with ineligible participants.

ETA Response: 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 TEGs. 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.