



BRIEFLY...

COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in Texas

Why We Did the Audit

The Employment and Training Administration (ETA) awards grants to states, local governments, and other entities to provide opportunities to individuals with significant barriers to employment to enter into high-quality jobs and careers, as well as to help employers hire and retain skilled workers.

From October 2018 through September 2021, ETA awarded 2,093 grants—totaling approximately \$16 billion—to grant recipients in all 50 states, the District of Columbia, and U.S. territories. During this time, the COVID-19 pandemic created many challenges for ETA job training programs. For instance, the suspension of in-person services and the transition to providing services remotely, which impacted ETA's ability to provide services to the public.

For this audit, we focused on grant recipients and subrecipients located in the State of Texas and we conducted work to answer the following question:

Did ETA grant recipients and subrecipients in the State of Texas utilize grant funds for the intended purposes during the COVID-19 pandemic?

To answer this question, we analyzed grant recipient and subrecipient funding data and Workforce Innovation and

Opportunity Act (WIOA) eligibility requirements for select grants issued prior to and during the COVID-19 pandemic. In addition, we reviewed federal, state, and grant recipients' requirements, as well as supporting documentation for grant recipients and subrecipients. We also interviewed ETA, state, and grant recipients' and subrecipients' staff.

What We Found

We found ETA grant recipients and their subrecipients in Texas used grant funds to provide career, training, and support services to the intended population during the COVID-19 pandemic. However, ETA did not ensure these grant recipients and subrecipients: (1) efficiently used grant funds, (2) spent grant funds in compliance with federal guidelines, and (3) adequately documented career and training services provided to eligible participants. We determined that, during our audit period, the cost per program participant in Texas was 64 percent higher than the national average, and we identified approximately \$9.9 million in administrative expenditures for one local area that was reported to ETA as direct program costs. Also, we found grant funds were spent on construction costs without proper review and approval from ETA—in violation of WIOA—and executive salary costs were charged as direct program costs instead of administrative costs.

These issues occurred because ETA lacked sufficient financial information and did not effectively utilize the information it did have to ensure grant recipients and subrecipients used funds efficiently. Also, ETA did not establish controls to monitor program trends or require grant recipients to transparently report spending. Lastly, ETA lacked clear guidance and did not effectively monitor grant recipients and subrecipients to ensure they adequately documented services provided.

As a result of our findings, we estimated Texas could put as much as \$218 million in future WIOA statutory grant funding to better use. Further, we identified over \$1 million in questioned costs associated with construction, payroll, and indirect cost charges. Without effective oversight, program participants are at risk of not obtaining the necessary skills to enter high-quality jobs and careers, and ETA cannot ensure that grant funds are being spent efficiently.

What We Recommended

We made ten recommendations to improve the efficiency and oversight of ETA grants. Specifically, we recommended ETA improve controls for monitoring financial data, require transparent reporting, increase technical assistance and guidance, and remedy more than \$1 million in questioned costs. ETA agreed with all our recommendations.

Read the Full Report

For more information, go to:

<https://www.oig.dol.gov/public/reports/oa/2026/19-26-003-03-391.pdf>.