

April 2004

# NATIONAL EMERGENCY GRANTS

## Labor Is Instituting Changes to Improve Award Process, but Further Actions Are Required to Expedite Grant Awards and Improve Data

May 13, 2004 – Report reprinted to correct information in figure 7.

May 27, 2004 – Report reprinted to correct body of report.



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Highlights of [GAO-04-496](#), a report to congressional requesters

# NATIONAL EMERGENCY GRANTS

## Labor Is Instituting Changes to Improve Award Process, but Further Actions Are Required to Expedite Grant Awards and Improve Data

### Why GAO Did This Study

The Department of Labor (Labor) awards national emergency grants to states and local areas to provide assistance to workers who lose their jobs because of major economic dislocations or disasters. Most grants awarded are regular grants to assist workers affected by plant closings or mass layoffs. Questions have been raised about whether grant funds are getting to states and local areas quickly enough. GAO was asked to assess the effectiveness of the process for awarding national emergency grants, whether Labor is planning changes that will improve the grant award process, and what is known about how grant funds are used.

### What GAO Recommends

We are recommending that Labor set goals for awarding grants and incremental payments that include the entire award process, and track how long it takes for all steps of the process. Finally, Labor should clarify guidance to states on submitting national emergency grant data in progress reports and ensure that grantees submit data to the national participant database.

In its comments, Labor disagreed with our conclusions and methodology. We conducted a complete review of Labor's grant award process for a 3-year period, surveyed states, and assessed current and proposed policies to reach our conclusions. While Labor is making changes to the grant award process, we identified additional actions needed.

[www.gao.gov/cgi-bin/getrpt?GAO-04-496](http://www.gao.gov/cgi-bin/getrpt?GAO-04-496).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or [nilsens@gao.gov](mailto:nilsens@gao.gov).

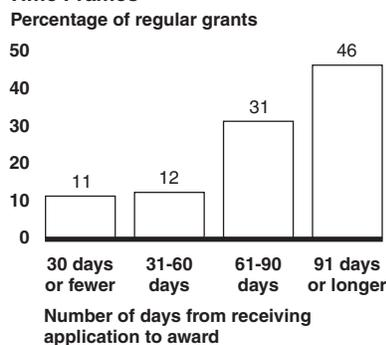
### What GAO Found

Labor does not award most national emergency grants in a timely manner, and as a result, services to workers have been delayed, interrupted, or denied. Labor's goal is to make award decisions within 30 calendar days of receiving a complete application. However, nearly 90 percent of regular grants took longer than 30 days to award (see figure). On average, Labor took 92 days to award regular grants. For grants disbursed in more than one payment, Labor took on average 83 days to award the additional increments. Twenty-five of 38 states responding to our survey reported that because of grant award delays, local areas had to delay or deny services to workers.

Labor is taking some steps, such as implementing an electronic system to better manage its award process and incorporating its 30-day goal in new guidelines, that may improve the timeliness of grant awards. However, some weaknesses still remain in Labor's planned changes that could prevent Labor from accurately assessing how long it takes to make grant awards and incremental payments. For example, Labor plans to stop counting the days elapsed if it finds problems with an application, and Labor's proposed guidelines do not establish a timeliness goal for incremental payments.

Little is known on a national level about how national emergency grant funds are used because of weaknesses in two primary data sources. Because of the lack of clear guidance, states report inconsistent data in progress reports, and some states have not reported data on national emergency grants to a national database covering Workforce Investment Act (WIA) programs. To address these problems, Labor is implementing a standardized electronic form for grantees to submit progress reports, issued guidance requiring states to submit data on national emergency grant participants to the national WIA database, and checked states' latest submissions to identify if data were missing. However, Labor's guidance still is not sufficiently clear to ensure that states will report data in progress reports consistently, and Labor does not have specific plans to continue checking states' data submissions to ensure that data are complete.

**Percentage of Regular Grants Awarded during Program Years 2000-2002 within Specified Time Frames**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

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## Abbreviations

JTPA	Job Training Partnership Act
OIG	Department of Labor Office of Inspector General
WIA	Workforce Investment Act
WIASRD	Workforce Investment Act Standardized Record Data

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G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, DC 20548

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April 16, 2004

The Honorable Edward M. Kennedy  
Ranking Minority Member  
Committee on Health, Education, Labor,  
and Pensions  
United States Senate

The Honorable Patty Murray  
Ranking Minority Member  
Subcommittee on Employment, Safety, and Training  
Committee on Health, Education, Labor,  
and Pensions  
United States Senate

Between 2000 and 2002, almost 60,000 mass layoffs of 50 or more workers occurred, resulting in nearly 7 million workers losing their jobs. The Workforce Investment Act (WIA) of 1998 authorizes the Department of Labor (Labor) to award national emergency grants to states and local areas to provide employment and training assistance to workers whose jobs were lost because of major economic dislocations, such as plant closures, or major disasters, such as floods and hurricanes. Grantees, typically the state or local agency responsible for administering WIA, apply for national emergency grants when their dislocated worker formula funds are insufficient to assist the affected workers. Between July 1, 2000, and June 30, 2003, Labor awarded about \$600 million in national emergency grants. The majority of these funds were used for grants to provide assistance, called regular grants, to workers who lost their jobs because of layoffs or plant closures. National emergency grants can be funded in whole or in increments. For grants that are funded incrementally, grantees are required to submit supplemental information to request additional payments. Although national emergency grants are intended to be a timely response to unexpected events, questions arose during congressional hearings in April 2003 about whether national emergency grant funds were getting to states and local areas quickly enough to help workers when they needed them the most.

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In November 2003, we reported that services to dislocated workers were being affected because of delays in Labor's awarding of national emergency grants.<sup>1</sup> We also found that Labor was initiating actions to improve the grant award process. Because of your continued interest in Labor's process for awarding national emergency grants, you asked us to determine (1) the effectiveness of the overall process for awarding national emergency grant funds, (2) whether the changes being implemented by Labor will improve the grant award process, and (3) what is known about how grant funds are being used. To respond to these questions, we interviewed Labor officials at both headquarters and regional offices, reviewed Labor files for all grants awarded during program years 2000 through 2002, and surveyed officials in the 39 states that had received at least one regular national emergency grant during that period.<sup>2</sup> We received responses from 38 states. We also reviewed Labor's two data sources that contain information on use of national emergency grants. We conducted our work from March 2003 to March 2004 in accordance with generally accepted government auditing standards (see app. I for a detailed discussion of our scope and methodology).

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## Results in Brief

Labor's grant process is not as effective as it could be because most grants are not awarded in a timely manner, and as a result, services to workers have been delayed, interrupted, or denied. Labor's goal is to make award decisions about national emergency grants within 30 calendar days of receiving a complete application. However, nearly 90 percent of the regular grants took longer than 30 days to award. On average, Labor took 92 days, from the receipt of the application, to send award letters for regular grants. The amount of time it took for grant awards was also tied to the time of year: Labor awarded 60 percent of the regular grants during the last 3 months of their program year, and most of these were made in the final month. In addition, for regular grants disbursed in more than one payment, it took an average of 83 days from the time additional funds were requested to the time the incremental payment was made. Because of the lag in grant awards, some problems arose in providing services. Twenty-

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<sup>1</sup>U.S. General Accounting Office, *National Emergency Grants: Services to Dislocated Workers Hampered by Delays in Grant Awards, but Labor Is Initiating Actions to Improve Grant Award Process*, GAO-04-222 (Washington, D.C.: Nov. 14, 2003).

<sup>2</sup>A program year begins on July 1 of a year and ends on June 30 of the following year. A program year is designated by the year in which it begins. Thus, program year 2002 began on July 1, 2002, and ended on June 30, 2003.

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five of the 38 states responding to our survey reported that local areas had to deny or delay services to laid-off workers because of delays in receiving funds. For example, delays in receiving funds caused a local area in Nevada to cancel training for over 300 workers, and a local area in Massachusetts to place workers on waiting lists for 3 to 4 months before receiving training.

Labor is taking steps that may improve the timeliness with which grants are awarded, but additional actions are needed to better manage the grant award process. Labor plans to implement an electronic system by July 1, 2004, that will enable states to apply for grants online and will automatically check applications for missing or inconsistent information. The electronic system is also designed to help Labor manage its grant award process by automatically assigning applications to staff for review and tracking the date they complete their review. In addition, in guidance issued in January 2004, Labor clarified its application requirements. Finally, Labor plans to issue guidelines that document a goal of making award decisions within 30 business days. However, some weaknesses still remain in Labor's planned changes that could prevent Labor from accurately assessing how long it takes to make grant awards and incremental payments. In assessing its progress toward meeting its timeliness goal, Labor plans to stop counting the days elapsed toward its 30-day goal if it finds problems with an application. In addition, Labor's timeliness goal only includes the days up to an award decision, leaving the agency unable to determine if delays occur in steps of the process leading up to issuance of the award letter. Furthermore, the proposed guidelines do not specify a goal for how long Labor should take to make incremental payments.

Little is known on a national level about how national emergency grant funds are used because of weaknesses in two primary data sources, and although Labor is taking some steps to improve the data collected, these steps may not go far enough to ensure the data's reliability. Largely because of a lack of clear guidance, data in national emergency grant progress reports that states are required to submit to Labor are inconsistent, and data in a national participant database covering Workforce Investment Act programs are incomplete and unverified. Labor has not issued guidance under the Workforce Investment Act on submitting national emergency grant progress reports, and as a result, not all states reported the same data elements. For example, five states from which we received sample reports included the number of participants enrolled in intensive services, such as case management, while eight did not. Regarding Labor's national participant database, the guidance has not

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been clear about whether states are required to submit data on national emergency grants, and Labor has not ensured the completeness and accuracy of data that are submitted. To address these weaknesses, Labor is making several improvements to the data sources. To improve the consistency of progress reports, Labor is planning to implement by July 1, 2004, a standardized electronic form on which states will be required to submit their reports. However, Labor has not issued detailed guidance to ensure that states will interpret data elements, such as the number of participants who have entered employment, consistently. To improve the national participant database, Labor is planning to implement a data validation program to ensure the accuracy of state-reported data on national emergency grant participants, has issued guidance to clarify the requirement that national emergency grant data must be submitted, and checked states' latest submissions to identify whether their data on national emergency grants were complete. However, Labor does not currently have specific plans to continue checking states' submissions to ensure completeness of the data.

In order to better manage the national emergency grant award process, we are recommending that Labor set goals for awarding grants, as well as for providing incremental payments, that include the entire process from when a grant application is received to the time that the grant award is issued. In addition, we are recommending that Labor continuously track how long it takes for all components of the grant award process. Finally, to ensure that reported information on national emergency grants is reliable, we are recommending that Labor clarify guidance to states on submitting national emergency grant data in progress reports and ensure that grantees submit data to the national participant database. In its comments, Labor took issue with the report's methodology, said it believes that the report makes assertions not supported by empirical evidence, and disagreed with our conclusions. Labor also listed reforms that are under way or have been implemented, including business process mapping, an electronic application tool, policy guidance, regional forums, and technical assistance to states. We disagree with Labor's characterization. Our analysis looked at the complete application process from a grantee's perspective. We reviewed files for every regular grant that was awarded between July 1, 2000, and June 30, 2003, for which complete information was available and compared the date that Labor received the application to the date Labor issued an award letter to the grantee. In addition, our conclusions about the weaknesses in the improvements being undertaken in the grant award process are based upon Labor's proposed guidelines and discussions with Labor officials. Finally, our report acknowledges the efforts listed by Labor in its comments.

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## Background

WIA specifies separate funding streams for each of the act's main client groups—adults, youths, and dislocated workers. A dislocated worker is an individual who (1) has been terminated or laid off, or who has received a notice of termination or layoff, from employment; is eligible for or has exhausted entitlement to unemployment insurance; or who is not eligible for unemployment insurance but has been employed for a sufficient duration to demonstrate attachment to the workforce and who is unlikely to return to his or her previous industry or occupation; (2) has been terminated or laid off, or who has received a notice of termination or layoff, from employment as a result of any permanent plant closure of, or substantial layoff at, a plant, facility, or enterprise; (3) was self-employed but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or (4) is a displaced homemaker.<sup>3</sup>

Under WIA, dislocated workers can receive three levels of service—core, intensive, and training. Core services include job search and placement assistance, the provision of labor market information, and preliminary assessment of skills and needs. These services are available to anyone seeking such assistance, whether or not that person is a dislocated worker. Intensive services are provided to dislocated workers needing additional services to find a job. Intensive services include comprehensive assessments, development of an individual employment plan, case management, and short-term prevocational services.<sup>4</sup> Dislocated workers can also receive training services, including occupational skills training, on-the-job training, skill upgrading, and entrepreneurial training.

The Secretary of Labor retains 20 percent of dislocated worker funds in a national reserve account to be used for national emergency grants, demonstrations, and technical assistance and allots the remaining funds to each of the 50 states, the District of Columbia, and Puerto Rico according to a specific formula. In a previous report, GAO identified several issues with the formula to allocate dislocated worker funds that limit Labor's

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<sup>3</sup>A displaced homemaker is an individual who has been providing unpaid services to family members in the home and who (1) has been dependent on the income of another family member but is no longer supported by that income and (2) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

<sup>4</sup>Short-term prevocational services prepare individuals for employment or training and include development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance, and professional conduct.

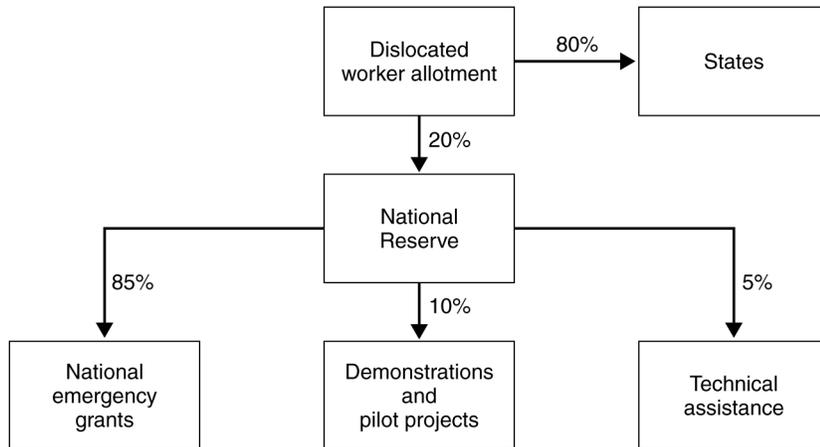
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ability to allocate funds to states according to their need.<sup>5</sup> For example, one problem we identified is that the formula allocates funds based on factors, such as the number of long-term unemployed in each state, that are not clearly aligned with the program's target population. During program years 2000-2002, Labor was allotted about \$4.7 billion for dislocated worker activities. For program year 2003, approximately \$1.4 billion was allotted for dislocated worker activities, of which about \$272 million was reserved by the Secretary of Labor. Of the amount reserved by the Secretary in any program year, not more than 10 percent can be used for demonstrations and pilot projects relating to the employment and training needs of dislocated workers. Such projects can include those that promote self-employment, promote job creation, and avert dislocations. In addition, not more than 5 percent can be used for technical assistance to states that do not meet performance measures established for dislocated worker activities. At least 85 percent of the Secretary's 20 percent funds must be used for national emergency grants (see fig.1).

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<sup>5</sup>U.S. General Accounting Office, *Workforce Investment Act: Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers*, [GAO-03-636](#) (Washington, D.C., April 25, 2003).

**Figure 1: Funding Reserved from the Dislocated Worker Allotment for the Secretary of Labor**



Source: GAO analysis of information provided by Labor.

National emergency grant funds are used for several different types of grants, including

- *Regular grants.* These provide employment and training assistance to workers who lost their jobs because of layoffs and plant closings.
- *Disaster grants.* These provide temporary employment to workers affected by natural disasters and other catastrophic events.
- *Dual enrollment grants.* These provide supplemental assistance to workers who have been certified by Labor to receive services under the Trade Adjustment Assistance Reform Act of 2002. Workers eligible under dual enrollment grants are typically workers who have lost their jobs because of increased imports from, or shifts in production to, foreign countries.

Grantees apply for national emergency grants when their dislocated worker formula funds are insufficient to meet the needs of affected workers. Entities that are eligible to receive regular national emergency grants are:

- the designated state WIA program agency,
- a local workforce investment area agency,
- a consortium of local workforce investment boards for adjoining areas, and
- a designated organization receiving funds through the Native American program provision of WIA.

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For regular national emergency grants covering more than one state, eligible grantees are limited to a consortium of local workforce investment boards for adjoining local areas or a consortium of states. For disaster and dual enrollment grants, eligible grantees are limited to states. For national emergency grants awarded from program years 2000 to 2002, 241 grants were awarded to states and 6 grants were awarded to local areas.

National emergency grants are discretionary awards by the Secretary of Labor that are intended to temporarily expand service capacity at the state and local levels by providing time-limited funding assistance in response to major layoffs. National emergency grant funds may be used to provide core, intensive, and training services.<sup>6</sup> For disaster-related projects, funds may be used for temporary employment assistance on projects that provide food, clothing, and shelter, as well as on projects that perform demolition, cleaning, repair, renovation, and reconstruction. According to Labor, projects funded by national emergency grants must be designed to achieve performance outcomes that support the performance goal commitments by the Secretary under the Government Performance and Results Act. Labor will provide target performance levels for national emergency grant projects through separate policy guidance. Beginning July 1, 2004, national emergency grant projects will be subject to the common measures for employment and training programs, including entered employment, job retention, and earnings increase. Participants in temporary disaster projects are expected to receive necessary assistance to return to the workforce.

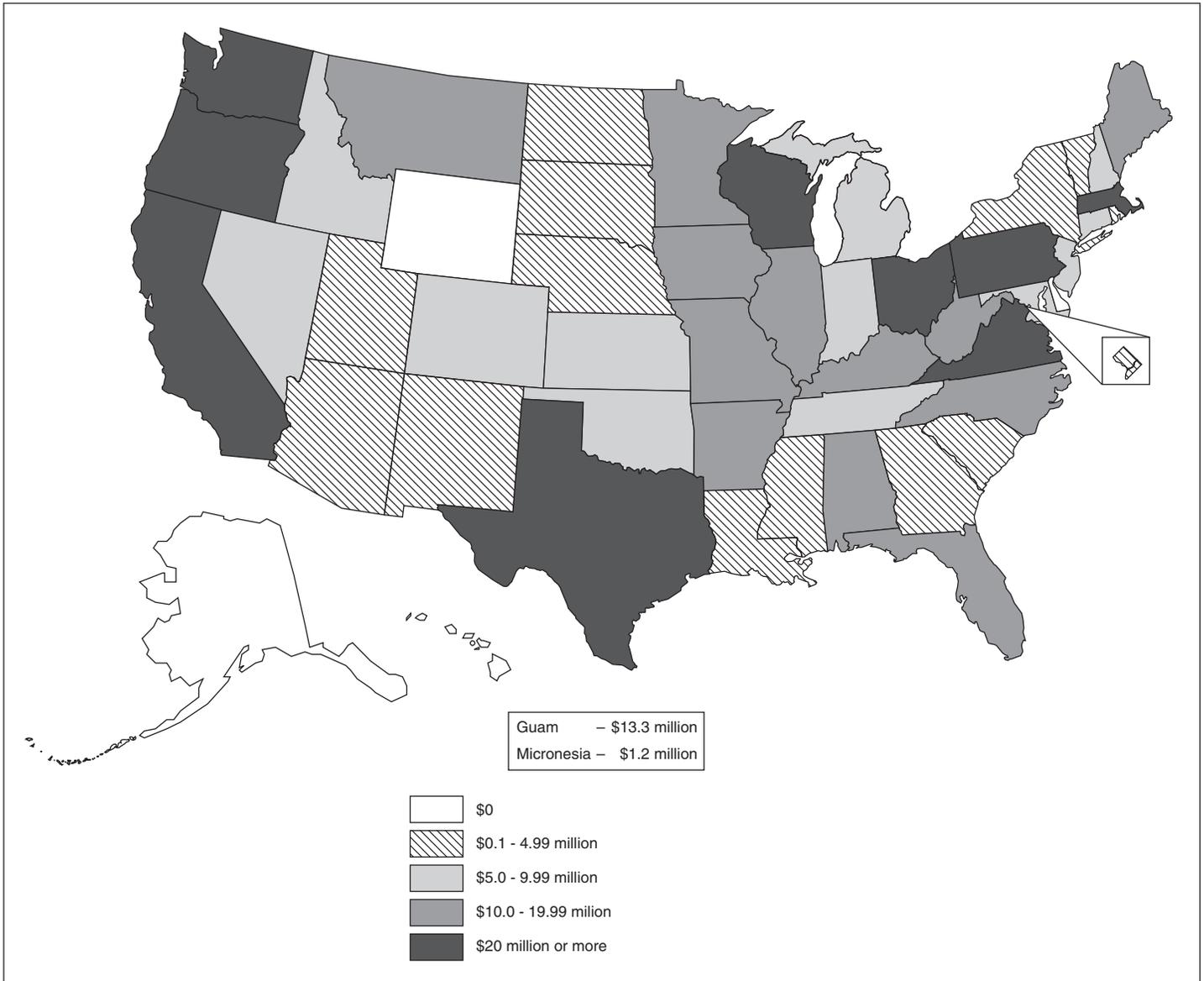
Between July 1, 2000, and June 30, 2003 (covering program years 2000, 2001, and 2002), Labor distributed about \$600 million from the dislocated worker reserved funds for national emergency grants to 46 states, the District of Columbia, Guam, and the Federated States of Micronesia (see fig. 2).<sup>7</sup> California, Massachusetts, Ohio, Oregon, Pennsylvania, Texas, Virginia, Washington, and Wisconsin received the largest amount of grant funds, at least \$20 million each.

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<sup>6</sup>National emergency grant funds may not be used to pay for any costs of core services that have already been budgeted under available formula funds.

<sup>7</sup>In program year 2002, Labor also awarded about \$3 million to 24 states to provide funding support for system-building costs associated with the provision of the new health care coverage benefits for eligible individuals and related tax credits and about \$14 million to 4 states to provide insurance payments to eligible dislocated workers as authorized by the Trade Reform Act of 2002. Both of these types of awards are funded through a separate appropriation.

**Figure 2: Distribution of National Emergency Grant Funds for Regular, Disaster, and Dual Enrollment Grants from July 1, 2000, to June 30, 2003**

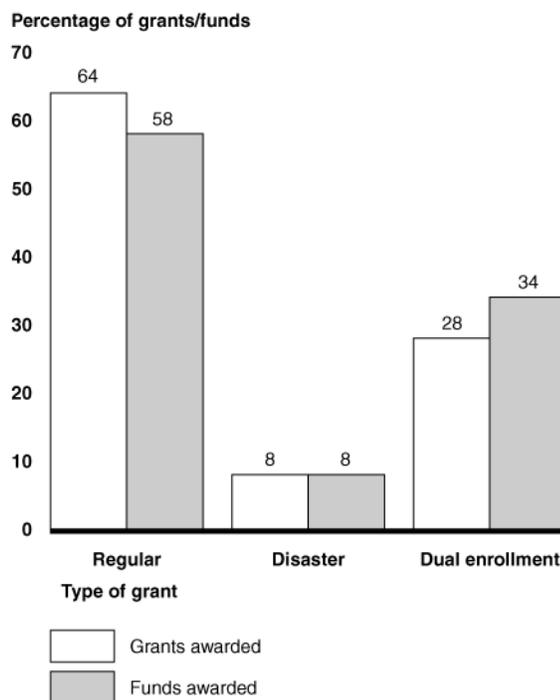


Sources: GAO analysis of Labor grant awards during program years 2000 through 2002.

Appendix II lists the amount of funds Labor distributed to each state for regular, disaster, and dual enrollment national emergency grants between July 1, 2000, and June 30, 2003. Nearly two-thirds of the 247 grants

awarded and about 60 percent of the funds awarded were for regular grants (see fig. 3). According to Labor officials, no grant applications received between July 1, 2000, and June 30, 2003 are still pending.

**Figure 3: Percentage of Grants Awarded and Funds Awarded for Program Years 2000-2002, by Type of Grant**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

In any program year, the Secretary can only award national emergency grants from funds available for that program year. That is, funds reserved for national emergency grants in program year 2002 must be awarded by June 30, 2003—the last day of program year 2002.

The current system for submission and review of grant applications is manual and paper-based. States and local areas submit an application via mail or fax. Each national emergency grant application generally contains information on key aspects of the proposed project, such as amount of funds requested, planned number of participants, planned starting and end dates, planned expenditures by type of program activity, and expected performance outcomes, including how many participants they believe will become employed and what they believe their new wages will be. Labor

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officials review the application and draft a decision memorandum that contains their recommendation as to whether the grant should be awarded and, if so, at what amount. The decision memorandum is forwarded to the Secretary, who makes the final award decision. After the Secretary's award decision, Labor notifies the appropriate congressional office and issues the award letter to the grantee. National emergency grant awards can be disbursed in a single payment or in increments. In most cases, the initial increment will be for 6 months to enable a project to achieve full enrollment. For grants disbursed in more than one payment, grantees are required to submit supplemental information along with their requests for future incremental payments. This information generally includes the actual number of participants, performance outcomes, and expenditures.

Grantees provide information to Labor on their use of grant funds through periodic progress reports.<sup>8</sup> Grantees submit periodic progress reports on their use of national emergency grant funds to Labor regional offices that monitor and oversee the grants. Grantees are required to submit the reports on a quarterly basis for regular and dual enrollment grants and on a biweekly basis for disaster grants. Progress reports generally contain information on the number of participants who registered for the program and received various services. They also contain the number of participants who entered employment, which Labor uses to assess grantees' performance.

States are required annually to submit to a national database, called the Workforce Investment Act Standardized Record Data (WIASRD), information on WIA participants who have left the program, including those who have left national emergency grant-funded programs. The WIASRD contains information on the types of services that each WIA participant receives, such as intensive or training services. For participants that received training, the WIASRD also contains information on the types of training activities they participated in, such as on-the-job training, adult education or basic literacy activities, or occupational skills training.

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<sup>8</sup>National emergency grant progress reports are a separate reporting requirement from WIA quarterly reports that states submit for their adult, dislocated worker, and youth programs. States are not required to report data on national emergency grants in the WIA quarterly or annual reports.

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## Delays in Grant Awards Hampered Services to Dislocated Workers

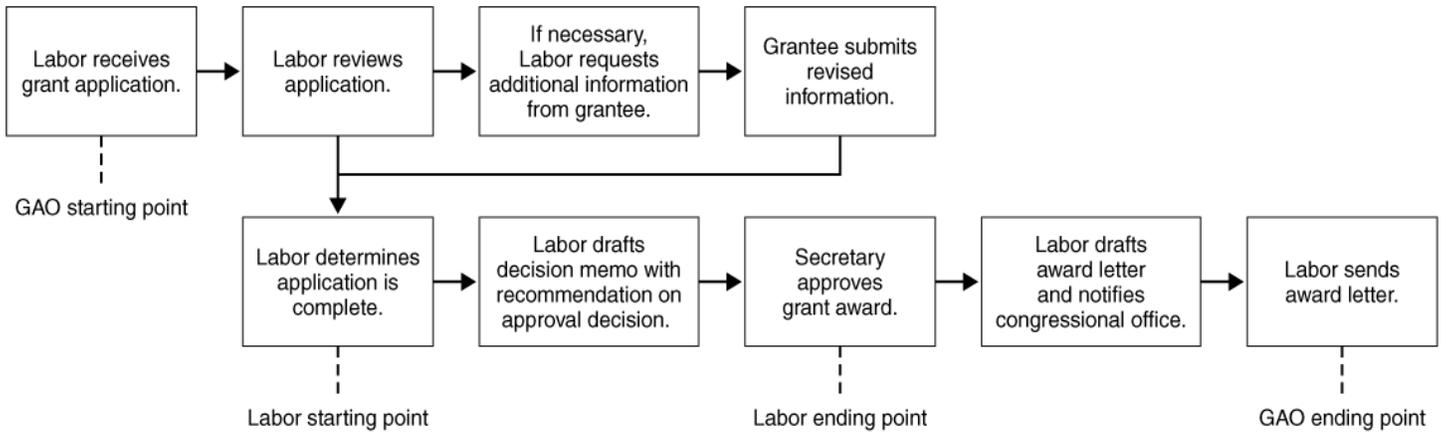
Labor's grant process is not as effective as it could be because most grants are not awarded in a timely manner, and as a result, services to workers in some states have been delayed, interrupted, or denied. During program years 2000-2002, Labor's goal was to approve national emergency grants within 30 calendar days of receiving a complete application. On average, 92 days elapsed between the date Labor received a regular national emergency grant application and the date the award letter was signed. Labor was more likely to award grants toward the end of the program year, with nearly 40 percent of the grant awards made in the final month. Twenty-five of the 38 states responding to our survey reported that as a result of delays in receiving grant funds, services to dislocated workers were delayed, interrupted, or denied.

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## Labor's Counting toward Timeliness Goal Does Not Reflect the Full Grant Award Process

The way Labor measures its progress toward meeting its timeliness goal does not reflect the full process for awarding national emergency grants. During program years 2000-2002, Labor's goal was to approve national emergency grants within 30 calendar days of receiving a "complete" application. Labor contends that states, in their haste, often submit applications that require additional work and that the requests for funds cannot be processed until shortcomings are addressed. As a result, states may turn in their applications several times before Labor starts counting the days elapsed toward meeting its timeliness goal. Labor ends its counting once the Secretary approves the grant, although additional time is required to notify the appropriate congressional office and issue the award letter. For our analysis, we began counting on the first day Labor received a state's application and continued even if states had to make revisions for the application to be considered complete by Labor. We did not stop counting until award letters were sent. Our counting more accurately reflects the grantee's perspective: It begins at the first request for funds and ends at the point that funds can be obligated. Figure 4 compares the points at which Labor starts and stops counting the days elapsed toward meeting its 30-day goal and the points at which GAO started and stopped counting the days in our analysis.

**Figure 4: Difference between How GAO and Labor Track the Grant Award Process**



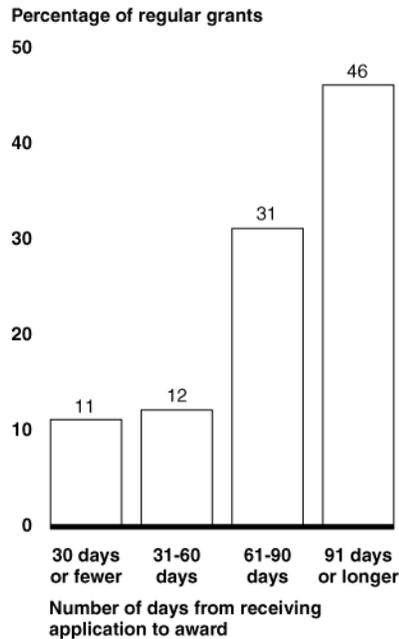
Source: GAO analysis of information provided by Labor.

## Most Grant Awards Took Longer than 30 Days

We found that, on average, Labor took 92 days from the time an application was received to send a grant award letter. Nearly 90 percent of the regular grants awarded from July 1, 2000, to June 30, 2003 took more than 30 days to award.<sup>9</sup> Approximately 11 percent of the regular grants awarded during program years 2000-2002 took 30 or fewer days to award, whereas nearly half took more than 90 days (see fig. 5).

<sup>9</sup>Throughout the report, we define *grant award* as the date the award letter was sent and at which time grantees can begin obligating funds.

**Figure 5: Percentage of Regular Grants Awarded during Program Years 2000-2002 within Specified Time Frames**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

Note: Although 159 regular grants were awarded between July 1, 2000, and June 30, 2003, this information is based upon our review and analysis of 141 grants for which complete information was available.

Labor took less time to award disaster and dual enrollment grants than it did to award regular grants. Dual enrollment grants, which represent about a third of the funds awarded during program years 2000-2002, took an average of 20 days to award, and disaster grants, which represent less than 10 percent of the funds awarded, took an average of 48 days.<sup>10</sup>

<sup>10</sup>Although 19 disaster grants and 68 dual enrollment grants were awarded between July 1, 2000, and June 30, 2003, this information is based upon our review and analysis of 11 disaster grants and 49 dual enrollment grants for which complete information was available.

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**Grant Applications Submitted Early in the Program Year Took Longer to Award, and Most Grants Were Awarded Later in the Year**

The amount of time Labor took to award regular grants appeared to be related to the quarter in which the application was received. For example, regular grant applications received in the first quarter of a program year took longer to award than applications received in the second, third, and fourth quarters (see table 1).

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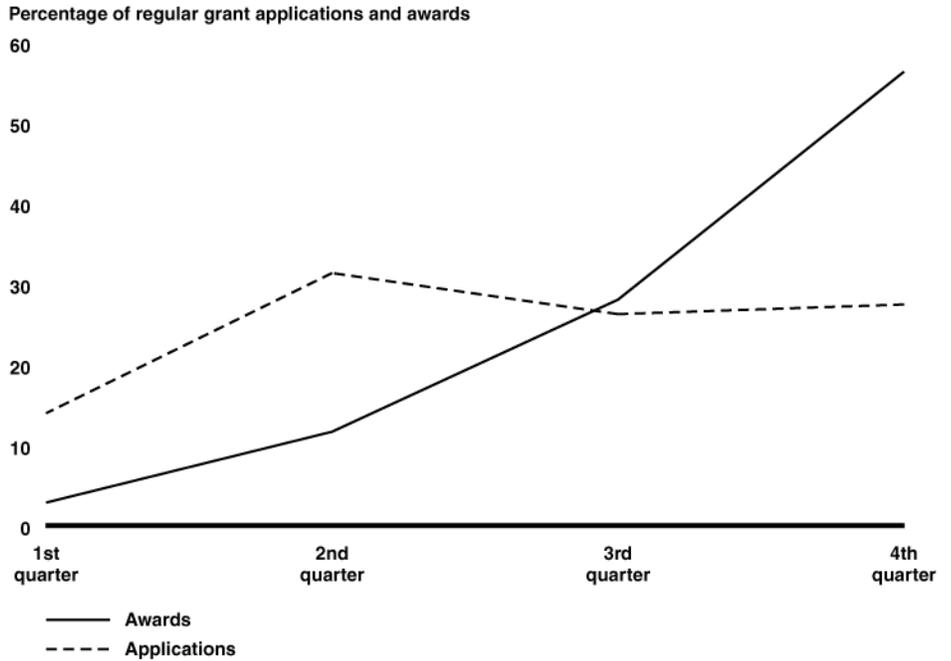
**Table 1: Average Time to Award Grants by Quarter in Which Application Was Received during Program Years 2000-2002**

<b>Quarter application was received</b>	<b>Average number of days to award grant</b>
First	111
Second	109
Third	100
Fourth	58

Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

Labor awards most of the regular grants later in the year. Nearly 60 percent of all regular grants were awarded in the fourth quarter of the program year, representing nearly two-thirds of the regular grant funds awarded. This trend exists despite the fact that about the same proportion of applications are received in the second, third, and fourth quarters of the program year: Over 30 percent of the applications were submitted during the second quarter of the program year, and about 27 percent were submitted in the third and fourth quarters (see fig. 6).

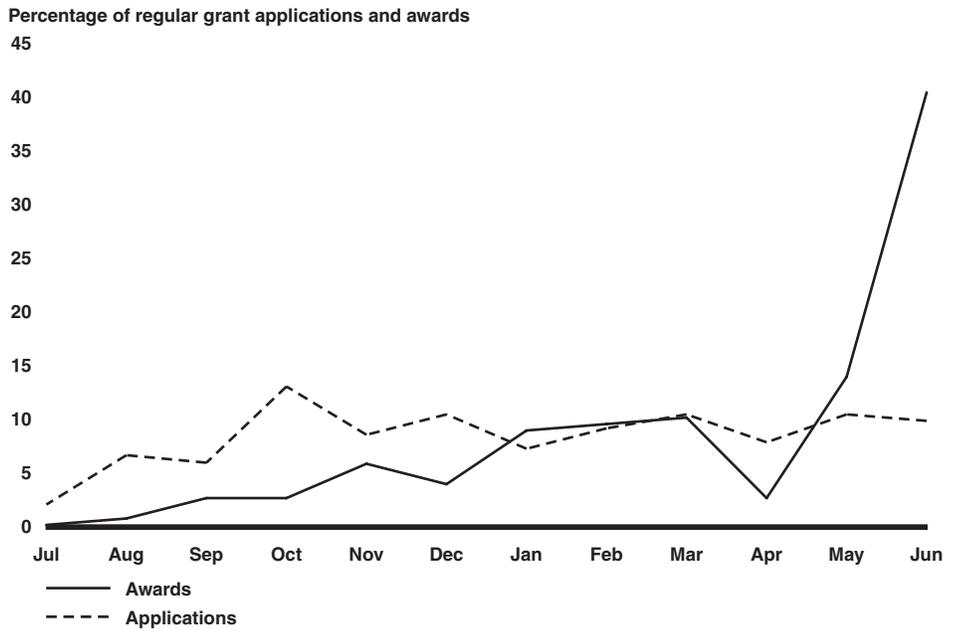
**Figure 6: Percentage of Regular Grant Applications and Awards by Quarter during Program Years 2000-2002**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

Although applications were received at a steady rate throughout the last three quarters of the program year, about 40 percent of the regular grants were awarded in June, the final month of the program year, representing about one-half of the regular grant funds awarded. Moreover, the percentage of applications submitted by month during the program year did not significantly increase as the year went on, with October (the fourth month of the program year), being the month when the largest percentage of applications was submitted (see fig. 7).

**Figure 7: Percentage of Regular Grant Applications and Awards by Month during Program Years 2000-2002**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

June was the most prevalent month for awarding other types of grants as well. About 42 percent of the disaster grants and 90 percent of the dual enrollment grants were awarded in the last month of the program year. Award dates were more closely linked to application dates for dual enrollment grants because, according to Labor officials, grantees apply for these grants near the end of the program year, when Trade Act funds become exhausted. The vast majority (92 percent) of the dual enrollment applications were submitted in the last 2 months of the program year.

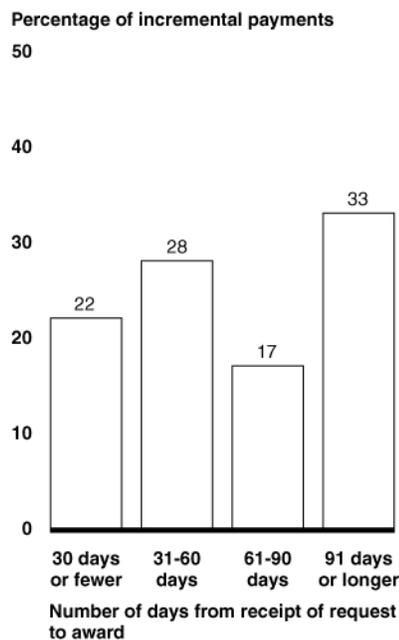
### Incremental Payments Also Took Longer than 30 Days to Award

Approximately 80 percent of the incremental payments made during program years 2000-2002 took longer than 30 days for Labor to award (see fig. 8).<sup>11</sup> On average, Labor took 83 days to award incremental payments,

<sup>11</sup>Although 44 regular grant incremental payments were made between July 1, 2000, and June 30, 2003, this information is based upon our review and analysis of 36 payments for which complete information was available.

which is 9 days quicker than the average number of days Labor took to make initial regular grant awards. Labor officials attributed delays to grantees submitting incomplete requests that require additional work. On the other hand, some state officials said that they were unclear about the requirements for requesting an incremental payment because of lack of guidelines on how to submit a request. During program years 2000-2002, Labor awarded 43 incremental payments totaling about \$84 million. According to Labor, grantees should expect that all grant awards will be funded incrementally.

**Figure 8: Percentage of Regular Grant Incremental Payments Awarded within Specified Time Frames**

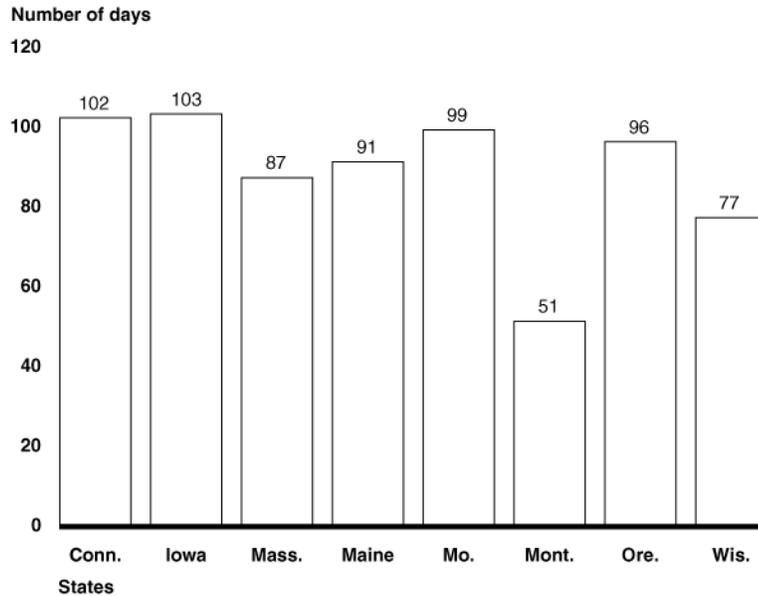


Source: GAO analysis of Labor grant awards during program years 2000 through 2002.

## Delays Hindered States' Abilities to Serve Workers

Thirty-three of the 38 states that responded to our survey said that the amount of time it took to receive regular grant funds was a major problem. Eight of these states were awarded five or more regular grants during program years 2000-2002, and Labor averaged between 51 and 103 days to award grants to these states (see fig. 9).

**Figure 9: Average Number of Days to Award Regular Grants to States with at Least Five Grants during Program Years 2000-2002**



Source: GAO analysis of Labor grant awards during program years 2000 through 2002 for states with at least five regular grants for which complete information was available.

Twenty-five states said that because of the delays in receiving grant funds, local areas had to delay or deny services to dislocated workers. In most of these states, the delays affected local areas' ability to place dislocated workers in training. Twenty of these states reported that local areas had to delay or cancel training for dislocated workers because, while waiting for national emergency grant funds, they did not have funds available to enroll workers in training. For example, Massachusetts officials noted that workers in one local area were placed on waiting lists for 3 to 4 months before they received training. Similarly, Nevada officials reported that a local area cancelled training for more than 300 workers because of a delay in receiving grant funds. Six states also reported that local areas could not provide intensive services, such as case management, to workers because of delays in receiving grant funds. For example, Kentucky reported that while waiting to receive national emergency grant funds, local areas could only provide workers with core services and could not provide workers

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with job training, career counseling, case management, or supportive services, such as assistance with transportation and child care.<sup>12</sup>

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## Labor Has Taken Steps to Improve the Grant Award Process, but Additional Actions are Needed

Labor has taken steps that may improve the process for awarding national emergency grants, but additional actions are needed to better manage the grant award process. Labor is moving from a paper-based system for reviewing grant applications to an electronic system that will enable states or local areas to apply for grants online. Labor has also documented its goal to make an award decision within 30 business days of receiving a complete application.<sup>13</sup> However, some weaknesses still remain in Labor's planned changes that could prevent Labor from accurately assessing how long it takes to make grant awards and incremental payments.

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## Labor's Actions Are a Step in the Right Direction

Labor has made a number of changes intended to improve the efficiency of the application process by helping applicants submit applications that are as close to being complete as possible. Labor has clarified its application requirements in guidance issued on January 26, 2004.<sup>14</sup> In addition, Labor has conducted training for states on providing an integrated service response for dislocated workers, including training on the requirements for receiving national emergency grants. Labor also plans to provide technical assistance and work with states on an individual basis to help them fully integrate services available to dislocated workers through the one-stop service delivery system. Furthermore, Labor plans to implement a new electronic system by July 1, 2004, that would allow applicants to submit applications electronically. The new system will automatically check applications for missing or inconsistent information, such as blanks that should be filled in or numbers that do not add up correctly. If any problems are found, the system notifies applicants. Only when the system no longer finds problems with the application will it allow the application to go forward. In doing so, the system ensures that each required field contains information and that information in different fields is consistent, but it cannot check the quality of the information submitted.

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<sup>12</sup>The three grants awarded to Kentucky grantees took 71, 122, and 181 days from when the grant applications were received to when the award letter was signed.

<sup>13</sup>Labor will no longer include weekends and holidays when counting toward its 30-day goal.

<sup>14</sup>U.S. Department of Labor, *Training and Employment Guidance Letter No. 16-03* (Washington, D.C., 2004).

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The electronic system will also replace Labor's paper-based system for managing the application review process. The electronic system will count how many days have elapsed since the application was submitted and track the progress of various steps of the review. Specifically, the system

- automatically assigns applications to staff for review within a day of submission,
- reassigns an application to another staff person if the staff originally assigned is not available,
- gives each staff person a deadline for completing his or her part of the review,
- tracks the date that staff complete their responsibilities,
- automatically transfers information from the application into the decision memorandum, and
- enables managers to check on the progress of the review, including how long specific parts of the review are taking.

As part of a reengineering project, Labor contracted with IBM to review Labor's grant award process. IBM reviewed Labor's current grant award process as well as the new electronic system to determine whether any further improvements would be needed.<sup>15</sup> In addition, IBM is planning to conduct further review of other areas such as staffing levels, skills, and workflow patterns.

Finally, Labor is planning to issue guidelines that document its timeliness goal. As stated in the proposed guidelines, the goal will be to make a grant award decision within 30 business days of receiving a complete application. These guidelines had not been issued as of April 6, 2004.

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### Additional Actions Needed to Better Manage Grant Award Process

Some weaknesses still remain in Labor's planned changes that could prevent Labor from accurately assessing how long it takes to make grant awards and incremental payments. First, the way Labor has defined its 30-day goal allows the agency to stop counting the number of days elapsed if it finds problems with the grant application.<sup>16</sup> For example, if Labor finds a major problem, such as with a planned expenditure for a program activity,

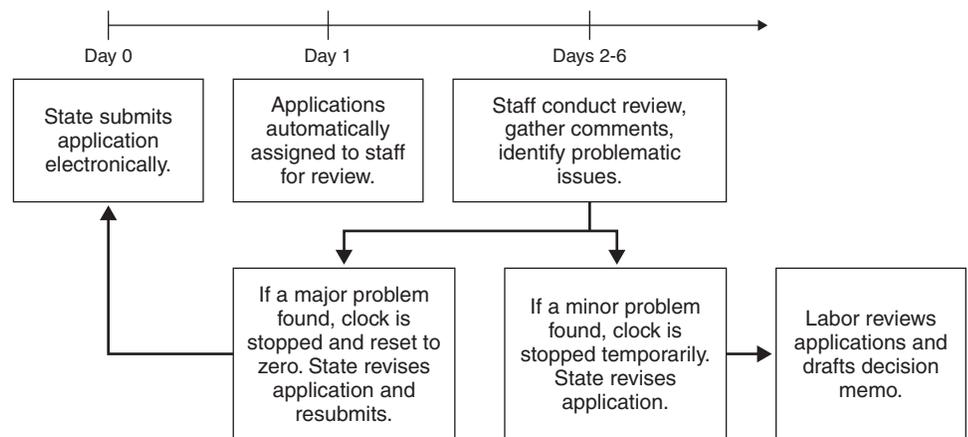
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<sup>15</sup>U.S. Department of Labor, *National Emergency Grants Program: NEG Review Process Reengineering Project: Phase I Report, Final Report* (March 9, 2004).

<sup>16</sup>The proposed guidelines also state that Labor will restart the counting if a state submits a revised application that Labor has not requested.

it will stop the electronic system’s counting of days elapsed and ask the state or local area to revise the application. After the state or local area submits a revised application, Labor will start the counting at day one (see fig. 10). However, if Labor finds a minor problem with the application, such as insufficient justification in the narrative explanation for the proposed number of dislocated workers to be enrolled, it will stop the counting and, once the state or local area submits a revised application, will restart the counting from the day it left off. Because of Labor’s ability to stop its counting of days elapsed, its tracking system may not accurately reflect the number of days it takes Labor to award grants or allow Labor to identify how long particular steps in the process contribute to the amount of time it takes to award grants.

**Figure 10: New Process for Awarding National Emergency Grants and Number of Days Allowed in Each Step**



Source: GAO analysis of information provided by Labor.

A second problem is that Labor’s timeliness goal still only includes the days up to the Secretary’s award decision, leaving the agency unable to identify delays that occur after the award decision. Labor’s proposed guidelines specify a goal to approve or disapprove applications within 30 business days from receipt of a complete and responsive application. As stated, the goal would not include the steps between the Secretary’s approval and the issuance of the award letter, such as the notification of congressional offices of the award, the preparation of the award letter, and the preparation for the disbursement of funds. With some grants awarded in program years 2000 to 2002, 20 or more calendar days passed between the date the Secretary approved the grant by signing the decision

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memorandum and the date Labor issued the award letter to the grantee.<sup>17</sup> For example, for a grant awarded to Missouri, 34 days passed between the date the Secretary signed the decision memorandum and the date the award letter was sent. Such delays can interfere with a state or local area's ability to take steps necessary to begin to provide services such as entering into contracts with training providers or hiring staff.

A third weakness is that Labor's proposed guidelines do not establish a timeliness goal for awarding incremental payments, despite stating that most grants will be awarded incrementally. Labor has stated that the amount of time to approve incremental payments should be no longer than the time required to review the original application—30 business days.<sup>18</sup> However, this goal has not been formally documented in the proposed guidelines. In addition, the electronic system does not allow grantees to apply for incremental payments online, and it will not track the progress of the review of requests for incremental payments. Labor plans to use a manual process to track its progress toward meeting its 30-day goal for incremental payments.

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## Little Is Known about How Grant Funds Are Used because of Weaknesses in Data Collection

Little is known on a national level about how national emergency grant funds are used because of weaknesses in two data sources, and although Labor is taking steps to improve the data collected, these steps may not go far enough to ensure the data's reliability. Data in progress reports submitted by grantees to Labor could not be analyzed on a national level because the reports' data elements vary from grantee to grantee and the information is not available electronically. Furthermore, the reliability of information contained in Labor's national database on participants served by WIA funds, including national emergency grants, cannot be ensured because the data are incomplete and unverified. Labor's steps to address some of these issues may not go far enough to rectify data problems. For progress reports, Labor has not issued detailed guidance to ensure that data elements are defined consistently. In addition, although Labor has checked states' most recent submissions to the national participant database to identify whether data are missing, Labor does not have

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<sup>17</sup>This information is based upon the review and analysis of 16 grants for which 150 or more calendar days elapsed between the date the original grant application was received and the date the award letter was sent.

<sup>18</sup>Awarding of incremental payments does not require the approval of the Secretary of Labor.

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specific plans to check states' future submissions to ensure that data are complete.

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## Data Collected Is Inconsistent and Unreliable

Neither of the two primary data sources on the national emergency grant program—progress reports and WIASRD—can be used to provide accurate national-level information on the use of national emergency grant funds.<sup>19</sup> Largely because of a lack of clear guidance, grantees are not submitting reliable information to both data sources.

Data in progress reports cannot be summarized to provide a national picture of how grant funds are used because not all states reported the same data. Labor has not issued guidance under WIA on the submission of national emergency grant progress reports, and as a result, the data submitted in reports vary from grantee to grantee. For example, while most of the 13 states that we obtained sample reports from provided information on the number of people enrolled in training, only about half reported the number enrolled in core and intensive services, and just one reported expenditures by type of service (see table 2).

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**Table 2: Information Contained in Progress Reports from 13 States**

Data element	Number of states that provided information <sup>a</sup>	Number of states that did not provide information
Enrollments in core services	7	6
Enrollments in intensive services	5	8
Enrollments in training services	11	2
Expenditures by types of services	1	12
Entered employment	12	1

Source: GAO analysis of progress reports provided by Labor regional offices.

<sup>a</sup>This includes states that provided information in some but not all cases.

In addition, grantees may interpret the data elements in different ways. For example, according to Labor regional officials, states vary in how they

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<sup>19</sup>Some information on use of national emergency grant funds is available in a study conducted by Social Policy Research Associates and funded by the Department of Labor. This study provides information on nine programs funded by national emergency grants in eight states. The sample of projects was not selected to be representative of the whole population of national emergency grant projects.

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define “entered employment.” Some states use the WIA definition, which calculates entered employment using quarterly unemployment insurance wage reports that may not be available until several months after the person has started a job. Other states use the definition under the Job Training Partnership Act (JTPA) program that WIA replaced, which calculates the number using information gathered by the caseworker at the time the person is placed in employment. A grantee that uses the WIA definition may appear to place workers in employment less effectively than a grantee that uses the JTPA definition because the grantee using the WIA definition must wait several months before reporting that a participant entered employment.<sup>20</sup> Furthermore, the data in progress reports are not electronically available or stored in a central location because Labor does not have an electronic system through which grantees can submit the reports. Instead, grantees submit the reports to the appropriate regional office by e-mail or as paper documents, making analysis of the data cumbersome.

Labor’s guidance is not as clear as it could be about whether states are required to submit to WIASRD data on participants served with national emergency grant funds. One part of the WIASRD reporting instructions says that states are required to provide data for participants who exited WIA Title I-B services, which are services offered by the adult, dislocated worker, and youth formula funds programs.<sup>21</sup> A Labor official and a manager of the WIASRD database stated that this part of the guidance could be interpreted by states to mean that they are not required to submit data to WIASRD for other programs, such as national emergency grants. In addition, some Labor officials we spoke with believed that states were not required to submit WIASRD data on all national emergency grant participants.

Either because the data were not submitted or were submitted incorrectly, WIASRD does not contain data for all states that received national emergency grants. The program year 2001 WIASRD contained no data for five states that collectively received 16 grants in program year 2000, constituting 23 percent of the grants awarded in that year (see table 3). In

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<sup>20</sup>Use of unemployment insurance wage reports to determine the number of participants who entered employment is generally considered to be more reliable than use of information gathered by caseworkers.

<sup>21</sup>U.S. Department of Labor, *Training and Employment Guidance Letter No. 14-00* (Washington, D.C., 2001).

addition, it contained few data for Rhode Island, although a Rhode Island official said that 210 participants exited national emergency grant programs in program year 2001.

**Table 3: Comparison of State’s PY2001 WIASRD National Emergency Grant Participant Records with Grants Received in PY2000**

State	Number of national emergency grant participant records in program year 2001 WIASRD (7/1/01—6/30/02)	Number of national emergency grants awarded in program year 2000 (7/1/00—6/30/01) <sup>a</sup>
Alabama	0	1
New Jersey	0	4
Ohio	0	6
Rhode Island	7	4
Virginia	0	1
Wisconsin	0	4

Source: GAO analysis of the program year 2001 WIASRD and list of program year 2000 grants provided by Labor.

<sup>a</sup>Includes incremental payments received from 7/1/00 to 6/30/01.

However, even if the data submitted to WIASRD on national emergency grants were complete, questions about their accuracy would persist. In its review of state-reported WIA performance data, Labor’s Office of Inspector General (OIG) concluded that little assurance exists that the data are accurate or verifiable because of inadequate oversight of data collection and management at the federal, state, and local levels.<sup>22</sup> A recent GAO report confirmed the OIG’s findings.<sup>23</sup>

## Labor Is Taking Actions to Improve Data

Labor has developed a standard reporting form and electronic system for national emergency grant progress reports and plans to implement these changes in July 2004. Labor’s proposed guidelines require grantees to use a particular reporting form to submit information on a quarterly basis on the

<sup>22</sup>Department of Labor, Office of Inspector General, *Workforce Investment Act Performance Outcomes Reporting Oversight*, 06-02-006-03-390 (Washington, D.C., Sept. 30, 2002).

<sup>23</sup>U.S. General Accounting Office, *Workforce Investment Act: Labor Actions Can Help States Improve Quality of Performance Outcome Data and Delivery of Youth Services*, [GAO-04-308](#), (Washington, D.C., February 23, 2004).

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number of participants receiving intensive services, training, and other services, as well as expenditures on these various services, the number of participants who exited the program, and the number of participants who entered employment. A standard reporting form is likely to increase the consistency of grantee-reported data by ensuring that grantees submit information on the same data elements. However, Labor has not yet issued guidance informing grantees how to define data elements such as the number of participants who have entered employment. Without common definitions, grantees may submit inconsistent data based on their different interpretations of data elements. In addition, Labor's electronic system for managing the grant application process will enable grantees to submit their progress reports electronically. The system will compile the data into an electronic dataset, facilitating analysis of the data.

Labor is also taking steps to improve the completeness and accuracy of WIASRD data on national emergency grant participants. In guidance issued on November 13, 2003, for the submission of program year 2002 data, Labor specified that states are required to include participants who exited from national emergency grant programs.<sup>24</sup> According to Labor officials, the agency also plans to clarify the WIASRD reporting requirements for national emergency grants in new guidance on performance measures to be issued by July 2004. In addition, for the program year 2002 WIASRD, Labor checked states' submissions to determine whether data had been submitted for all grants awarded. For states whose submissions were missing data, Labor requested that they send in a revised submission that included data on national emergency grants. However, managers of the WIASRD database said that some states were not able to send in data on national emergency grant participants, and as a result, the program year 2002 WIASRD will not have complete data. Although Labor does not have specific, written plans to check states' future WIASRD submissions to identify missing data, a Labor official believes the agency will continue to check submissions. Labor is also planning to implement a data validation program to ensure the accuracy of state-reported data on national emergency grant participants. According to Labor officials, this program is in the early planning stages and no date has been set for its implementation.

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<sup>24</sup>U.S. Department of Labor, *Training and Employment Guidance Letter No. 14-03* (Washington, D.C., 2003).

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## Conclusions

With nearly 7 million workers losing their jobs in the few years since the turn of the century, increasing importance has been placed on programs intended to help dislocated workers. When major layoffs and disasters occur, states and local areas need to respond quickly to ensure that workers facing unemployment receive the services they need to re-enter the workforce at a comparable wage. Unfortunately, their dislocated worker formula funds are often insufficient to adequately meet the needs of the large number of workers losing their jobs. In previous work, we found that the formula used to allocate dislocated worker funds does not always result in states receiving the amount of funds they need. Accordingly, states and local areas turn to Labor for additional funds, such as those reserved by Labor for national emergency grants.

Timely awarding of national emergency grants is imperative for states and local areas to provide services when they are most needed. Therefore, it is important that Labor consider the length of time it takes to complete the full process for awarding grants. Although Labor is making changes to the award process, some concerns remain. Labor does not have a timeliness goal for the full award process or for incremental payments. In addition, the proposed guidelines do not require the continuous counting of days from the time the application is received until the grant is awarded—Labor can stop the clock if officials feel the application is incomplete. As a result, Labor may appear to meet its timeliness goal even though, from a grantee’s perspective, the grant funds were received months after the application was filed.

Neither of the two primary data sources on the national emergency grants provides reliable national-level information on how these funds are used. Reliable information on how national emergency grant funds are used is essential for Labor to effectively manage the program and report on a national level how grant funds are being used.

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## Recommendations for Executive Action

In order for Labor to better manage the grant award process and to accurately assess how long it takes to make grant awards and incremental payments, we recommend that the Secretary of Labor take additional actions. In particular, Labor should

- set timeliness goals for the full process—from the receipt of the application until the award letter is sent—for initial grant awards and incremental payments; and

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- continuously track the number of days that have passed, beginning when applications are first submitted and until the award letter is sent, including days grantees spend revising their applications.

In addition, to ensure that information relating to national emergency grants is accurate and complete, we recommend that Labor

- develop specific reporting guidance on progress reports to ensure that grantees define data elements consistently, and
- ensure that all states submit WIASRD data on participants exiting from services provided with national emergency grants (for grantees that are not states, ensure that they submit WIASRD data on national emergency grants to states for submission to Labor).

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## Agency Comments

We provided a draft of this report to officials at Labor for their review and comment. In its comments, Labor took issue with the report's methodology, said it believes that the report makes assertions not supported by empirical evidence, and disagreed with our conclusions. Labor stated that timeliness of national emergency grants has been a concern dating back to JTPA and that the current administration set a goal of 30 working days to provide states with an answer to a complete application. Labor also contends that the weaknesses in the improvements being undertaken in the grant award process that we cite in the report are subjective and inaccurate. Finally, Labor listed reforms that are under way or have been implemented, including business process mapping, an electronic application tool, policy guidance, regional forums, and technical assistance to states.

We disagree with Labor's characterization of the report's methodology and conclusions. As stated in the report, our analysis looked at the complete application process from a grantee's perspective. We reviewed files for every regular grant that was awarded between July 1, 2000, and June 30, 2003, for which complete information was available and compared the date that Labor received the application with the date Labor issued an award letter to the grantee. States and local areas apply for national emergency grants when a major layoff occurs, and it is imperative that grantees receive funds in a timely manner to provide assistance when it is most needed. Accordingly, we believe that the date the application is received is an appropriate starting point for the grant award process. If applications are incomplete, then this issue should be addressed and the application moved forward in a timely manner. We recognize a shared

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responsibility to ensure that grant applications are complete and accurate, and as pointed out in our report, Labor has taken steps to assist grantees in submitting applications that are as close to being complete as possible. We also believe that the ending date should be when the grantee is notified of the award rather than at an interim departmental approval point. As we reported, the final steps after Labor has stopped the clock on the award process have taken an additional 20 or more days in some cases. Delays in grant awards have had effects on the ability of local areas to provide services to workers who have lost their jobs, as reported by 25 states that responded to our survey on national emergency grants. For Labor to have set a goal for the award process is commendable, but the emphasis needs to be on awarding national emergency grants as quickly as possible to allow local areas to meet the needs of dislocated workers.

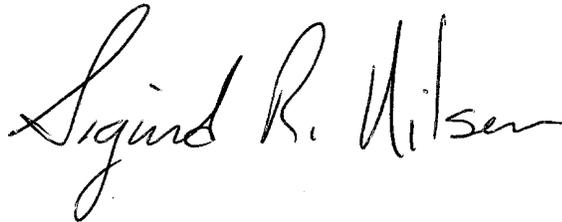
We also disagree that the stated weaknesses in the improvements being undertaken in the grant award process are subjective and inaccurate. Rather these weaknesses are based upon Labor's proposed guidelines and discussions with Labor officials. First, Labor's proposed guidelines state that Labor is committed to making a decision to approve or disapprove an application within 30 working days of receiving a complete application. As pointed out in our report, there are steps that follow this decision that have taken another 20 days in some cases, and Labor's counting of days elapsed may not always be continuous. We believe the 30-day goal should include the entire process. Second, the proposed guidelines do not relate the 30-day goal to incremental payments, and Labor officials confirmed that incremental payments are not yet included in the new electronic system. Third, while the proposed guidelines provide a form for progress reports, Labor officials acknowledged that data element definitions have not yet been developed. Finally, while a Labor official speculated that checking the completeness of states' submissions to the WIASRD database would continue, no such plans have been documented. We believe that to better manage the national emergency grant award process, these additional actions should be implemented.

In regard to the reforms cited by Labor in its comments, our report identified all of these efforts except for the proposed technical assistance. We have added a statement to the report to indicate that Labor plans to provide technical assistance and work with states on an individual basis to help them fully integrate services available to dislocated workers through the one-stop service delivery system. Labor's comments are in appendix IV.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days from its issue date. At that time, we will send copies of this report to relevant congressional committees and other interested parties and will make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215. Other major contributors to this report are listed in appendix V.

A handwritten signature in black ink that reads "Sigurd R. Nilsen". The signature is written in a cursive style with a large initial 'S'.

Sigurd R. Nilsen  
Director, Education, Workforce,  
and Income Security Issues

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# Appendix I: Objectives, Scope, and Methodology

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We were asked to determine (1) the effectiveness of the overall process for awarding national emergency grant funds, (2) whether Labor’s proposed changes will improve the grant award process, and (3) what is known about how grant funds are being used. To respond to these issues, we interviewed Labor officials at both headquarters and regional offices, reviewed Labor files for all grants awarded during program years 2000 through 2002, and surveyed officials in the 39 states that had received at least one regular national emergency grant during that period. We also reviewed Labor’s two data sources that contain information on the use of national emergency grants. We conducted our work from March 2003 to March 2004 in accordance with generally accepted government auditing standards.

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## File Review

We obtained from Labor a listing of all national emergency grants awarded between July 1, 2000, and June 30, 2003. We then reviewed files maintained by Labor to identify when the original application was submitted and received and the date the award letter was signed. For those grants funded incrementally, we also identified when the incremental funding request was submitted and received and the date the incremental award letter was sent. We limited our analysis to those grants funded with the Secretary’s reserve from the dislocated worker funds under the Workforce Investment Act (WIA). For some grants, documentation on when the application was received was not in the files (see table 4).

**Table 4: Number of National Emergency Grants Awarded and Used in GAO Analysis**

Type of grant	Number of grants awarded between July 1, 2000, and June 30, 2003	Number of files containing complete information used in our analysis
Regular grants	159	141
Disaster grants	19	11
Dual enrollment grants	69	49

Source: GAO analysis of national emergency grants awarded between July 1, 2000, and June 30, 2003.

Using information contained in the files, for each grant we calculated the number of calendar days between the date Labor received the original grant application and the date of the grant award letter.

For 16 grants for which 150 or more calendar days elapsed between the date the original grant application was received and the date the award letter was sent, we conducted a detailed review of the grant files to

determine how long various steps of the review process took. We identified dates that applicants submitted additional information, dates that Labor received the additional information, dates of the decision memorandum, dates that the Secretary signed the decision memorandum, and dates that various Labor staff approved the award letter. We then calculated the number of calendar days that elapsed between each of these dates.

### Survey of States That Received Regular Grants

To obtain information on states' experiences with the process for receiving national emergency grants, we conducted an e-mail survey of officials in 39 states that received at least one regular grant in program years 2000 to 2002 (see figure 11).

**Figure 11: 39 States Surveyed That Were Awarded a Regular National Emergency Grant during Program Years 2000 through 2002**



Source: GAO analysis of national emergency grants awarded between July 1, 2000 and June 30, 2003.

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We received responses from 38 states (a 97 percent response rate).<sup>1</sup> We limited the survey to regular grants because they constituted about 60 percent of the grants awarded, representing about 64 percent of the funds, in that time period. Although Labor also awarded four regular grants to local areas in program years 2000 to 2002, we limited our survey to state officials because the number of local grantees was too small to be meaningful.

We identified the states that received regular grants from a list that Labor provided of grants awarded in program years 2000 to 2002 and the state in which they were awarded.<sup>2</sup>

In developing our survey, we conducted pretests with three states. We contacted respondents to clarify information when needed. We analyzed the survey data by calculating descriptive statistics, as well as performing content analysis of the responses to open-ended survey questions.

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## Assessment of Data Quality

To determine whether progress reports might be a viable source of data to determine how national emergency grant funds are used at the national level, we obtained progress reports from 1 to 3 states from each of the Labor regional offices. We analyzed the reports to determine how consistent the data elements were from state to state.

To determine whether the Workforce Investment Act Standardized Record Data (WIASRD) might be a viable source of data to determine how national emergency grant funds are used at the national level, we reviewed guidance issued by Labor and reports issued by Labor's Office of Inspector General (OIG), state agencies, and Labor contractors. We also interviewed the OIG official responsible for an audit of WIA's performance data and the officials from Social Policy Research Associates, the Labor contractor responsible for compiling the WIASRD. In addition, we performed electronic tests of the program year 2001 WIASRD data, including

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<sup>1</sup>Illinois did not respond to the survey.

<sup>2</sup>We initially e-mailed surveys to 42 states, but 3 states contacted us and explained that they had not received regular grants from program years 2000 to 2002. In 1 state, the grants we had identified as regular were actually dual enrollment grants. In 2 states, the grants we had identified as regular were actually incremental payments for grants awarded prior to program year 2000, when the grants were part of the Job Training Partnership Act (JTPA) program. We confirmed their information with the grant application files and did not include these 3 states in our survey population.

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conducting frequencies and cross-tabulations, comparing results with those in published reports and identifying missing or incorrect values.

To determine the completeness of data on national emergency grants in the WIASRD, we compared states' data in the program year 2001 WIASRD against a list of states that had received one or more regular, dual enrollment, or disaster grants at least one year prior to the end of the reporting period for the 2001 WIASRD or by June 30, 2001. This analysis assumes that some participants in a grant program begun in program year 2000 would have exited during program year 2001. For states for which the 2001 WIASRD did not contain data on grant participants although they had received grants in program year 2000, we contacted the states to confirm that participants served with grants had exited in program year 2001.

We determined that the WIASRD data elements pertinent to this report were not sufficiently reliable for our purposes. We have discussed the data reliability issues throughout the body of the report.

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## Interviews with Labor Officials

To obtain information on the process for awarding national emergency grants, we conducted interviews with Labor officials in the Office of National Response and Office of Grants and Contracts Management. We also interviewed officials in the Employment and Training Administration's (ETA) Office of Technology to obtain information on the electronic system for managing the grant process. To obtain information on reporting requirements and monitoring and oversight practices for the national emergency grant program, we interviewed officials in the Office of Field Operations. We also interviewed officials in all six Labor regions who are responsible for monitoring and oversight of national emergency grants. In Region 1, we interviewed both the Boston office and the New York office.

To obtain information on Labor's data validation initiative for national emergency grants, we interviewed an official in ETA's Performance and Results Office and a contractor developing the technical components of the initiative. We also attended a training session on the WIA data validation initiative held in Labor's San Francisco office for states and local areas in Region 6.

# Appendix II: Summary of Funds Awarded for Regular, Disaster, and Dual Enrollment Grants for Program Years 2000–2002

State	Regular	Disaster	Dual enrollment	Total
Alabama	\$1,391,359	0	\$8,935,689	\$10,327,048
Arizona	1,271,931	\$2,291,674	456,286	4,019,891
Arkansas	8,745,980	1,176,000	1,257,566	11,179,546
California	38,631,721	0	8,576,548	47,208,269
Colorado	6,411,981	0	797,952	7,209,933
Connecticut	5,139,856	0	799,621	5,939,477
District of Columbia	876,573	0	0	876,573
Federated States of Micronesia	0	1,150,000	0	1,150,000
Florida	11,064,618	0	6,353,858	17,418,476
Georgia	3,446,880	0	0	3,446,880
Guam	0	13,300,000	0	13,300,000
Idaho	4,445,674	0	1,800,000	6,245,674
Illinois	9,012,466	0	7,238,985	16,251,451
Indiana	5,474,686	550,456	1,249,999	7,275,141
Iowa	9,540,435	818,561	5,617,404	15,976,400
Kansas	3,267,080	0	3,145,175	6,412,255
Kentucky	8,084,658	0	2,851,146	10,935,804
Louisiana	0	4,780,000	0	4,780,000
Maine	16,396,287	0	1,717,471	18,113,758
Maryland	7,884,071	1,000,000	267,245	9,151,316
Massachusetts	28,871,460	0	2,764,133	31,635,593
Michigan	1,427,657	0	8,436,000	9,863,657
Minnesota	13,486,750	1,825,000	4,679,140	19,990,890
Mississippi	1,644,366	0	0	1,644,366
Missouri	8,693,208	2,876,946	3,863,989	15,434,143
Montana	9,638,868	4,314,800	614,322	14,567,990
Nebraska	2,168,931	0	1,357,528	3,526,459
Nevada	5,800,000	0	0	5,800,000
New Hampshire	5,474,859	0	0	5,474,859
New Jersey	3,570,627	0	6,387,037	9,957,664
New Mexico	0	0	560,842	560,842
New York	0	0	1,561,851	1,561,851
North Carolina	0	0	19,373,963	19,373,963
North Dakota	378,793	0	99,000	477,793

**Appendix II: Summary of Funds Awarded for  
Regular, Disaster, and Dual Enrollment  
Grants for Program Years 2000-2002**

<b>State</b>	<b>Regular</b>	<b>Disaster</b>	<b>Dual enrollment</b>	<b>Total</b>
Ohio	15,200,826	1,500,000	10,338,929	<b>27,039,755</b>
Oklahoma	2,907,969	1,000,000	2,876,964	<b>6,784,933</b>
Oregon	18,151,492	0	8,665,146	<b>26,816,638</b>
Pennsylvania	20,319,216	0	49,071,363	<b>69,390,579</b>
Rhode Island	1,027,470	0	2,068,236	<b>3,095,706</b>
South Carolina	1,895,619	0	1,519,039	<b>3,414,658</b>
South Dakota	2,308,571	0	123,694	<b>2,432,265</b>
Tennessee	4,827,774	0	888,873	<b>5,716,647</b>
Texas	23,776,743	0	3,011,738	<b>26,788,481</b>
Utah	0	0	740,230	<b>740,230</b>
Vermont	750,000	0	635,877	<b>1,385,877</b>
Virginia	22,350,000	0	3,303,031	<b>25,653,031</b>
Washington	11,768,668	0	13,661,486	<b>25,430,154</b>
West Virginia	0	12,499,990	0	<b>12,499,990</b>
Wisconsin	6,591,086	250,000	13,322,451	<b>20,163,537</b>
<b>Total</b>	<b>\$354,117,209</b>	<b>\$49,333,427</b>	<b>\$210,989,807</b>	<b>\$614,440,443</b>

Source: GAO analysis of regular, disaster, and dual enrollment grant funds awarded between July 1, 2000, and June 30, 2003.

The amounts shown include national emergency grant funds awarded during program years 2000-2002. This includes all initial grant awards and incremental payments made during this time, including incremental payments made for grants initially awarded prior to July 1, 2000. For example, Arizona and North Dakota each received an incremental payment for a regular grant awarded under the Job Training Partnership Act (JTPA).

Alaska, Delaware, Hawaii, and Wyoming did not receive any regular, disaster, or dual enrollment national emergency grants during program years 2000-2002.

# Appendix III: Average Number of Days Regular Grants Were Awarded, by State

State	Number of regular grants <sup>a</sup>	Average number of days from receipt of application to award
Alabama	2	120
Arkansas	1	23
California	1	206
Colorado	1	62
Connecticut	6	102
District of Columbia	1	131
Florida	1	63
Georgia	4	137
Idaho	4	70
Illinois	3	39
Indiana	2	92
Iowa	16	103
Kansas	3	63
Kentucky	3	126
Maine	13	91
Maryland	2	77
Massachusetts	9	87
Michigan	3	85
Minnesota	3	103
Missouri	12	99
Montana	5	51
Nebraska	2	40
Nevada	1	79
New Hampshire	3	78
New Jersey	3	174
Ohio	4	40
Oklahoma	3	123
Oregon	6	96
Pennsylvania	4	109
Rhode Island	3	32
South Carolina	1	122
South Dakota	3	82
Tennessee	2	116
Texas	3	122
Virginia	2	106

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**Appendix III: Average Number of Days  
Regular Grants Were Awarded, by State**

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<b>State</b>	<b>Number of regular grants<sup>a</sup></b>	<b>Average number of days from receipt of application to award</b>
Vermont	1	90
Wisconsin	5	77

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Source: GAO analysis of regular grant funds awarded between July 1, 2000, and June 30, 2003.

<sup>a</sup>This represents the number of regular grants for which complete information was available. There were a total of 14 regular grants for which we did not have complete information.

# Appendix IV: Comments from the Department of Labor

U.S. Department of Labor

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



GAO - 6 2004

Mr. Sigurd R. Nilsen  
Director, Education, Workforce, and  
Income Security Issues  
United States General Accounting Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Nilsen:

This is in response to the draft report regarding National Emergency Grants (NEGs) provided to the Department of Labor (DOL) for comment. While we appreciate the opportunity to formally comment on the report, we are disappointed and object to the methodology of the report and its conclusions. In fact, throughout the period when the GAO was collecting data and information and the subsequent development of its report, DOL has voiced these concerns. We believe this document contains statements and conclusions not supported by the facts. Because we believe that the final report is an incomplete product and does not capture or discuss the true nature of the issues, we are not responding point-by-point to the report directly.

The timeliness of the availability of NEG funds to supplement assistance for dislocated workers has been a concern that reaches back to the days of the Job Training Partnership Act. Because the Bush Administration believes that NEGs are an important and flexible response to worker dislocations, we imposed our own goal of 30 working days to provide states with an answer to a complete application.

Current DOL management believes strongly that the 30 working day deadline should be met; therefore, the following reforms are underway or have been implemented:

- **Business Process Mapping.** We hired IBM as a contractor to assist us with completing a full and complete mapping of our business processes from the time a state submits a complete application until the time that the Grant Officer signs the grant award documents. During each of these steps, timeframes have been assigned so that an application is answered within the self-imposed timeframe of 30 working days.

- **NEG E-Application Tool and Guidelines.** One of the problems in being able to effectively evaluate a NEG application often is the incomplete information we receive from states. In order to mitigate this, we have developed a NEG e-application tool that is in prototype status. The e-application tool will not accept an incomplete application. In addition, new NEG guidelines have recently been developed that describe the types of NEG applications and the information that needs to be contained in applications in order to be considered for an award. The guidelines also articulate policies governing NEG program design and expected outcomes. The e-application tool and NEG guidelines will be fully implemented on July 1.
- **NEG Policy Guidance.** As a companion piece to the NEG guidelines, we have issued a Training and Employment Guidance Letter (TEGL) to the workforce investment system that articulates priorities and requirements for NEG funding and policy decisions, including formula funding expenditure requirements. TEGL 16-03 was published January 26, 2004, and was also distributed at a series of regional forums conducted for senior state workforce investment officials. A copy is enclosed.
- **Regional Forums.** ETA hosted six regional forums/training sessions that focused on policies, priorities and expectations. The sessions were held between December 8 and March 10. The training sessions encompassed changes and expectations for NEGs, the Trade Adjustment Assistance (TAA) program and rapid response, and provisions governing the Health Coverage Tax Credit in collaboration with the Internal Revenue Service.
- **Additional Training.** The regional sessions will be followed with individualized training to specific states. ETA program teams will work with states on an individual basis to cover the "How To's" of these various programs to fully integrate services available for all dislocated workers through the One-Stop service delivery system. A series of technical assistance materials are being developed as well. Training and technical assistance for state and local workforce investment board staff will be on-going through the remainder of PY 2003 and throughout PY 2004.

In addition, as articulated in the NEG policy TEGL, ETA has improved its procedures to deal with incomplete applications. Rather than working informally with applicants to resolve any issues (which often resulted in significant delays in processing times), incomplete applications are being formally returned to the applicant with a request for specific information. Once a complete application is received, the "processing clock" begins. This will speed up the decision process because applicants will resolve outstanding issues prior to funding determinations.

In conclusion, we are extremely disappointed that GAO chose to make assertions that are not supported by empirical evidence. We view the stated "weaknesses" in the improvements being undertaken as subjective and inaccurate. Further, we found the research flawed because it did not factor in the dynamics of complete/incomplete applications, but rather put state/applicant responsibilities for providing needed information on the Department rather than the grantee. This does not diminish the Department's responsibility to clearly articulate requirements and expectations; however, we have set a new standard of leadership in the administration of the National Emergency Grant program.

We believe it would be beneficial for GAO and the Department if we had an opportunity to meet and discuss the changes underway to improve the overall processing of NEG applications.

Sincerely,



Emily Stover DeRocco

Enclosure

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# Appendix V: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

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Wayne Sylvia (617) 788-0524

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## Staff Acknowledgments

Yunsian Tai made significant contributions to this report in all aspects of the work. In addition, Angela Anderson collected financial and program oversight information from Labor headquarters and regional offices; John Smale, Stuart Kaufman, and William Bates assisted in designing and analyzing the national survey; Barbara Johnson and Paula Bonin assisted in data reliability assessments; Jessica Botsford and Richard Burkard provided legal support; and Corinna Nicolaou provided writing assistance.

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# Related GAO Products

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*Workforce Investment Act: Labor Actions Can Help States Improve Quality of Performance Outcome Data and Delivery of Youth Services.* [GAO-04-308](#). Washington, D.C.: February 23, 2004.

*Workforce Training: Almost Half of States Fund Employment Placement and Training through Employer Taxes and Most Coordinate with Federally Funded Programs.* [GAO-04-282](#). Washington, D.C.: February 13, 2004.

*National Emergency Grants: Services to Dislocated Workers Hampered by Delays in Grant Awards, but Labor Is Initiating Actions to Improve Grant Award Process.* [GAO-04-222](#). Washington, D.C.: November 14, 2003.

*Workforce Investment Act: Potential Effects of Alternative Formulas on State Allocations.* [GAO-03-1043](#). Washington, D.C.: August 28, 2003.

*Workforce Investment Act: One-Stop Centers Implemented Strategies to Strengthen Services and Partnerships, but More Research and Information Sharing is Needed.* [GAO-03-725](#). Washington, D.C.: June 18, 2003.

*Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization.* [GAO-03-884T](#). Washington, D.C.: June 18, 2003.

*Workforce Investment Act: Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers.* [GAO-03-636](#). Washington, D.C.: April 25, 2003.

*Multiple Employment and Training Programs: Funding and Performance Measures for Major Programs.* [GAO-03-589](#). Washington, D.C.: April 18, 2003.

*Workforce Training: Employed Worker Programs Focus on Business Needs, but Revised Performance Measures Could Improve Access for Some Workers.* [GAO-03-353](#). Washington, D.C.: February 14, 2003.

*Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services.* [GAO-03-350](#). Washington, D.C.: January 24, 2003.

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**Related GAO Products**

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*Workforce Investment Act: States' Spending Is on Track, but Better Guidance Would Improve Financial Reporting.* [GAO-03-239](#). Washington, D.C.: November 22, 2002.

*Workforce Investment Act: Interim Report on Status of Spending and States' Available Funds.* [GAO-02-1074](#). Washington, D.C.: September 5, 2002.

*Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program.* [GAO-02-274](#). Washington, D.C.: February 11, 2002.

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