



SEP 28 2006

MEMORANDUM FOR: EMILY STOVER DeROCCO  
Assistant Secretary  
for Employment and Training

FROM: *Robert Curtis*  
*for* ELLIOT P. LEWIS  
Assistant Inspector General  
for Audit

SUBJECT: Questionable Eligibility of College Students in  
Mississippi's National Emergency Grant  
Training Program  
Management Letter No. 04-06-008-03-390

## INTRODUCTION

Normally a Management Letter is provided to be read in conjunction with an accompanying audit report. However, due to the proactive nature of our current work related to Hurricane Katrina, we will be issuing Management Letters to inform the Department, in this case, the Employment and Training Administration (ETA), of issues/problems we believe should be disclosed to help the Department's programs operate efficiently and effectively while reducing the possibility of fraud, waste, and abuse.

This Management Letter is an interim reporting mechanism and should be read with the understanding that only after the information in this Management Letter is evaluated by ETA and the MDES can a determination be made as to the eligibility of college students enrollment in NEG training program.

Please note that we issued a draft management letter on August 18, 2006, using Management Letter No. 04-06-004-03-390. The management letter number for this final management letter has been changed to 04-06-008-03-390.

## BACKGROUND

On August 29, 2005, Hurricane Katrina hit the Louisiana, Mississippi, and Alabama coasts resulting in a national disaster. In response to this disaster, on September 2, 2005, ETA awarded the State of Mississippi a National Emergency Grant (NEG) of \$50 million. The grant is being administered by the Mississippi Department of Employment Security (MDES). The initial purpose of the NEG Disaster Grant was to create temporary jobs to assist in disaster cleanup and

restoration efforts. A modification to the grant on September 23, 2005, authorized Mississippi to provide training opportunities necessary to lead to permanent employment. The approved grant period for this project is September 1, 2005 through June 30, 2007.

Shortly after the hurricane, Congress passed the "Flexibility for Displaced Workers Act" which expanded the number of individuals who are eligible to include persons unemployed at the time of the disaster and persons without an employment history; the Act also expanded eligibility for training activities. Effective October 1, 2005, initial eligibility for all training programs on the State's eligible training provider list was extended to June 30, 2007.

Mississippi NEG training programs consist of on-the-job training, Individual Training Accounts (ITAs) and short-term training (customized, occupational, and technical training) to individuals and businesses throughout the area. Trainees whose programs were disrupted by Hurricane Katrina may access training necessary to complete their programs. As of March 31, 2006, Mississippi reported it had incurred NEG expenditures \$14,834,937, with 5,509 participants enrolled in temporary jobs and training.

#### **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our primary objective is to assist ETA in its efforts to ensure that NEG-funded programs are effective and to reduce the potential for fraud, waste and abuse.

We performed participant eligibility testing at the Twin Districts Local Workforce Investment Area (formally named - Southern Mississippi Planning and Development) for the period September 2005 through March 2006. We selected 5 of the 12 Twin Districts Workforce Investment Network (WIN) Job Centers for review: 1) Hattiesburg, 2) Philadelphia, 3) Biloxi, 4) Laurel, and 5) Columbia. We randomly selected 25 NEG participants from each of the 5 WIN Centers for a total of 125 participant files.

We are conducting our audit in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of the examination of relief efforts provided by the Federal Government in the aftermath of Hurricanes Katrina and Rita. Upon issuance in final, we will forward a copy of this Management Letter to the PCIE Homeland Security Working Group, which is coordinating Inspectors General reviews of this important subject.

## RESULTS

### Potential Issues:

#### 1. Questionable Eligibility of College Students in the NEG Training Program

The purpose of Mississippi's NEG Disaster Grant was initially to create temporary jobs to assist in hurricane cleanup and restoration efforts. The grant was modified on September 23, 2005, to allow Mississippi to provide training opportunities necessary to lead to permanent employment.

To determine participant eligibility, we performed eligibility testing at 5 of the 12 Twin Districts Workforce Investment Network (WIN) Job Centers: 1) Hattiesburg, 2) Philadelphia, 3) Biloxi, 4) Laurel, and 5) Columbia. We randomly selected 25 NEG participants from each of the 5 WIN Centers for a total of 125 participant files. Of the 125 participants in our random sample of participants, 39 (31 percent) were already attending college when they entered into an ITA funded by the NEG Disaster Grant. Our testing further found that the 5 centers had entered into ITAs totaling \$1.8 million to cover the educational expenses of 533 students who were already attending college at the time they were enrolled under the NEG. The \$1.8 million in ITAs awarded to students already attending college accounted for about 60 percent of the total ITAs of \$3.1 million awarded by the 5 WIN job centers.

The following table provides funding of ITAs for the college student enrollments:

#### Details of ITA Awards

| Total ITAs Associated with NEG Training Program |                    |                                 |
|---|--------------------|---------------------------------|
| WIN Job Centers                                 | Total ITA Awards   | ITA Awards for College Students |
| Hattiesburg                                     | \$982,872          | \$598,172                       |
| Columbia  | 306,726            | 140,479                         |
| Biloxi  | 303,395            | 118,782                         |
| Philadelphia                                    | 576,194            | 393,900                         |
| Laurel  | 893,364            | 555,434                         |
| <b>TOTAL</b>                                    | <b>\$3,062,551</b> | <b>\$1,806,767</b>              |

According to the Hattiesburg WIN Job Center, Workforce Development Unit Supervisor, all 12 WIN Job Centers in the Twin District Local Workforce Investment Area (LWIA) participated in a massive enrollment of college students in the NEG training program. WIN Centers' officials recruited full-time (local) junior and community college students who were within 2 years of completion of a certificate or degree.

To qualify for an ITA award, the college student had to self-certify that he/she belonged to one of the following groups:

- 1) workers who have been temporarily or permanently dislocated as a result of the disaster;
- 2) eligible dislocated workers as defined in WIA sec 101(9);
- 3) the long-term unemployed;
- 4) individuals affected by Katrina living in the disaster area state who were unemployed at the time of the disaster; or
- 5) individuals affected by Katrina living in the disaster area state who are without employment history

The State accepted the eligibility self-certifications performed by the students, even though college transcripts/schedules in the participant files included college enrollment dates that were both prior to and after Hurricane Katrina.

OMB Circular No. A-87 C1 and C2 state that a cost must be necessary and reasonable for proper and efficient performance and administration of Federal awards. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person. In determining reasonableness of a given cost, consideration should be given to whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large and the Federal Government. It does not seem reasonable or prudent to incur educational costs from emergency funds for students who are already attending college.

Additionally, WIA section 134 (d)(4) requires that adults and dislocated workers first receive core and intensive services such as the following:

**Core**

- Intake and orientation
- Assessment of skill levels, aptitudes, abilities, and supportive service needs
- Job search and career counseling
- Follow-up services including counseling

### **Intensive**

- Comprehensive and specialized assessments- diagnostic testing, etc.
- Development of an individual employment plan
- Group counseling
- Case management and career counseling
- Short-term prevocational services

If participants are unable to obtain or retain employment through such services, then they are eligible for training services. During our eligibility testing, we found that core and intensive services, and training placement, for college students were performed on the same day. Because these college students received core and intensive services on the same day they enrolled in NEG training, they were not afforded sufficient time to seek employment prior to enrollment in NEG training. As a result, a reasonable or good faith effort was not made to obtain employment before enrolling the college students in the NEG training program. Training costs for these students were unreasonable and unnecessary, and therefore not allowable.

We inquired of MDES about its policies and procedures that would allow for enrollment of college students in the NEG training program. According to the MDES Office of Grant Management Director, no regulations are currently in place prohibiting the enrollment of active college students in the NEG program. Twin District officials explained that they had noted a decline in college student enrollment after the hurricane and initiated the practice of going to college campuses to recruit potential NEG participants to prevent further declines in the student population. The Official stated that efforts were not made to contact students who had dropped out of college after the hurricanes.

ETA's federal project manager stated that NEG funds should not have been used for continued education for individuals who were attending college prior to the hurricane. In addition, Twin Districts should have explored other federal programs that provide assistance for college student training cost.

### **DRAFT REPORT RECOMMENDATION**

In our draft report issued to ETA on August 18, 2006, we recommended that the Assistant Secretary for Employment and Training direct Mississippi to cease in the mass enrollment of college students in the NEG program.

### **AGENCY RESPONSE:**

The Employment and Training Administration (ETA) believes that the OIG has made an assumption regarding NEG individual eligibility that has led to a finding that is in error. By directing DOL to compel Mississippi to cease

enrolling college students, the OIG has assumed that just because someone is a college student, he/she is *de facto* ineligible.

ETA cites the criteria in the Flexibility for Displaced Workers Act (P.L. 109-702, as amended) that expands eligibility criteria contained in WIA section 173(d)(2) to allow NEG training for individuals unemployed or were without an employment history at the time of the disaster.

Further, ETA contends that NEG costs for same day enrollment of individuals in NEG training would be allowable. ETA states that WIA regulations do not impose a “work test” requirement but rather that at least one core and one intensive service to must be received to demonstrate that training is necessary in order to obtain employment. Specifically, ETA states that the regulations at 20 CFR 663.250 stipulate that there is no federally-required minimum time period for participation in intensive services before receiving training services; rather, the period should be sufficient to prepare the individual for training or employment.

ETA’s response to our draft management letter is included in its entirety as an attachment to this final management letter.

#### **OIG CONCLUSION:**

We did not recommend that ETA direct Mississippi to cease enrolling college students. Rather, we recommended that Mississippi cease the mass enrollment of college students. The intent of our recommendation was that students should not be enrolled without first determining that the students were unable to obtain or retain employment, and without assessing the students’ need for training services. WIA section 134 (d)(4) states that funds allocated for dislocated worker employment and training activities shall be used to provide training services to dislocated workers who have met the eligibility requirements for intensive services and who are **unable to obtain or retain employment** through such services. Additionally, 134(d)(4) requires an evaluation or assessment of the need of training services. From our review, we found no evidence of the WIN Centers performing an assessment to determine if a participant needed training services to obtain or retain employment. We have revised the recommendation to clarify our intent.

#### **REVISED RECOMMENDATION**

We recommend that ETA

1. continue to work with Mississippi to ensure that the NEG participants, including college students, meet the eligibility criteria for training, and funding for training be discontinued for ineligible participants.

## **2. Mississippi Has No Plans to Review Eligibility Determinations**

Due to the catastrophe of Hurricane Katrina, documentation of eligibility was not readily available for many participants. Therefore, TEGL 16-03, Change 3, dated October 14, 2005, allowed grantees to accept self-certifications, but required that, once programs had begun to operate more routinely and needed documentation became more readily available, grantees have systems in place to review eligibility determinations. TEGL 16-03, Change 3, also stated that if such systems are in place and the grantee subsequently identifies individuals who were not eligible to participate as a result of the review, costs incurred prior to the determination will not be disallowed. We found that no system was in place in Mississippi to determine if information provided by participants was factual, nor to terminate assistance in the event that participants were found to be ineligible. According to the Special Projects Coordinator, Twin Districts has no plans to review eligibility determinations.

### **RECOMMENDATIONS**

We recommend that the Assistant Secretary for Employment and Training:

2. issue policy guidance that will require adequate documentation of eligibility for those college students enrolled under the NEG grants based on self-certification; and
3. require Mississippi to review all NEG participant files related to college educational assistance to ensure participants are eligible to receive NEG services.

### **AGENCY RESPONSE:**

ETA stated that TEGL No. 16-03, Change 3, entitled "National Emergency Grant (NEG) Policy Guidance – Use of NEG Funds to Support Disaster Relief Employment and Training Assistance for Individuals Impacted by Hurricane Katrina," issued October 14, 2005, included guidance regarding the expanded eligibility of individuals to participate in NEG projects in response to Katrina. Specifically, Paragraph 5.b states that the grantee must have systems in place to review eligibility determinations once the project has begun to operate more routinely and needed documentation becomes more readily available.

ETA further stated that it will follow up in writing with the grantee to ensure that it has a system in place to comply with the TEGL requirements, and that appropriate reviews have been conducted.

ETA's response to our draft management letter is included in its entirety as an attachment to this final management letter.

**OIG CONCLUSION:**

Based on the Assistant Secretary's response, we consider recommendation numbers 2 and 3 to be resolved. To close recommendation number 2, ETA needs to submit documentation showing that Mississippi has a system in place to review eligibility determinations. To close recommendation number 3, ETA needs to submit documentation showing the results Mississippi's review of participant eligibility.

cc: Steven Law  
Deputy Secretary of Labor

Helen Parker  
Regional Administrator

Tommye Dale Favre  
Executive Director, Mississippi Department of Employment Security

Phyllis Newby  
ETA Audit Liaison



**ATTACHMENT**

**ETA'S RESPONSE TO THE DRAFT MANAGEMENT LETTER**



SEP 19 2006

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

FROM: EMILY STOVER DeROCCO *Mason M. Bickel/ESD*

SUBJECT: Questionable Eligibility of College Students  
in Mississippi's National Emergency Grant  
Training Program Implementation Issues  
Draft Management Letter No. 04-06-004-03-390

We appreciate the opportunity to respond to the Mississippi Hurricane Management Letter and the proactive assistance of the Office of the Inspector General (OIG) in providing current reviews of this project to facilitate addressing issues in the early stages.

We have indicated below our response to Recommendations 1-3 in that draft:

- **OIG Recommendation #1:**  
Direct Mississippi to cease in mass enrollment of college students in the NEG program.

**DOL Response:**

The Employment and Training Administration (ETA) believes that the OIG has made an assumption regarding NEG individual eligibility that has led to a finding that is in error. By directing DOL to compel Mississippi to cease enrolling college students, the OIG has assumed that just because someone is a college student, he/she is "de facto" ineligible.

Given the unique circumstances of the Katrina event, it is understandable how this assumption may have been made. However, the Flexibility for Displaced Workers Act (P.L. 109-72, as amended) expanded the eligibility criteria contained in WIA section 173(d)(2). The Flexibility Act provided that those who were eligible to participate included those who were **unemployed at the time of the disaster or were without an employment history**. Training and Employment Guidance Letter (TEGL) No. 16-03, Change 3, entitled "National Emergency Grant (NEG) Policy Guidance – Use of NEG Funds to Support Disaster Relief Employment and Training Assistance for Individuals Impacted by Hurricane Katrina," issued October 14, 2005, included guidance regarding the expanded eligibility of

individuals to participate in NEG projects in response to Katrina (copy attached). Therefore, based upon the information available at this time and pending further review, students who were without an employment history or unemployed at the time of the disaster may have been properly determined eligible by the grantee (or designee) to participate in the NEG disaster project.

A monitoring visit conducted May 23-26, 2006, by a team headed by the Atlanta Regional Office identified the number of students receiving Individual Training Accounts (ITAs) as an issue and called upon the state to respond. In some cases, NEG participants had been employed part-time prior to the disaster and/or were unemployed at the time of the disaster. As a result, the regional office instructed the Mississippi Department of Employment Security to review the policy established by the Twin Districts Local Workforce Investment Area relating to ITAs to ensure that it meets the statutory requirements for enrollment in training. The regional office has received an initial response to the finding and is working with the state to make sure NEG participants meet either the traditional or expanded eligibility criteria.

The OIG interim management letter also states that because core and intensive services were received on the same day that individuals enrolled in NEG training, they would not be eligible for training; therefore, the NEG costs are unallowable. We believe this is a misreading of the WIA statute and regulations.

The WIA regulations do not impose a “work test” as suggested in the OIG draft letter. Rather, at least one core and one intensive service must have been received to demonstrate that training is necessary in order to obtain employment. These must be documented in a file. The regulations at 20 CFR 663.250 stipulate that there is no federally-required minimum time period for participation in intensive services before receiving training services; rather, the period should be sufficient to prepare the individual for training or employment.

- **OIG Recommendation #2:**  
Issue policy guidance that will require adequate documentation of eligibility for those college students enrolled under the NEG based on self-certification.

**DOL Response:**

The attached TEG, referenced above, contains a paragraph (5.b.) on “Expanded Eligibility for Disaster Relief Employment,” which applies to all NEG disaster project participants, including college students identified by the OIG. Specifically—

“Documentation of Participant Eligibility. In view of the catastrophic nature of Hurricane Katrina, many individuals will not have the documentation necessary for a determination of eligibility to participate in the program. Other ways should be used to document eligibility such as

self-certification or unemployment insurance (UI) or disaster unemployment assistance (DUA) information provided by partner programs, consistent with state laws. In addition, some partner disaster programs are utilizing databases to verify the addresses of applicants' former residences to ensure such individuals are evacuees. The grantee must have systems in place to review eligibility determinations once the project has begun to operate more routinely and needed documentation becomes more readily available. If such systems are in place and the grantee subsequently identifies individuals who were not eligible to participate as a result of the review, costs incurred prior to the determination will not be disallowed."

ETA will follow-up in writing with the grantee to ensure that it has a system in place to comply with this requirement and that appropriate reviews have been conducted. Additionally, this is part of the current ETA team review and work occurring with Mississippi.

- **OIG Recommendation #3:**  
Require Mississippi to review all NEG participant files related to college educational assistance to ensure participants are eligible to receive NEG benefits.

**DOL Response:**

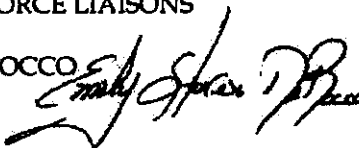
As indicated above, ETA staff will follow-up on the eligibility requirements to participate in the NEG disaster project, as amended by the Flexibility Act, to respond to Katrina. In addition, we will work with Mississippi to ensure that all participant files contain appropriate support documentation.

Attachment

|   |   |
|---|---|
| EMPLOYMENT AND TRAINING ADMINISTRATION<br>ADVISORY SYSTEM<br>U.S. DEPARTMENT OF LABOR<br>Washington, D.C. 20210 | CLASSIFICATION<br>National Emergency Grants |
|   | CORRESPONDENCE SYMBOL<br>ONR                |
|   | DATE October 14, 2005                       |

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO 16-03, Change No. 3

TO: ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS

FROM: EMILY STOVER DeROCCO   
Assistant Secretary

SUBJECT: National Emergency Grant (NEG) Policy Guidance - Use of NEG Funds to Support Disaster Relief Employment and Training Assistance for Individuals Impacted by Hurricane Katrina

1. **Purpose.** To provide policy guidance to states on the use of National Emergency Grant (NEG) funds to provide disaster-related assistance to individuals impacted by Hurricane Katrina, including the additional flexibility authorized by the passage of the Flexibility for Displaced Workers Act (P.L. 109-72). This guidance provides policy for host states for Hurricane Katrina evacuees as well as states with a Hurricane Katrina disaster declaration as a result of direct impact.

2. **References.**

- Flexibility for Displaced Workers Act, P.L. 109-72, dated September 23, 2005
- Workforce Investment Act (WIA), as amended, sections 132 and 173(d)
- WIA regulations at 20 CFR Part 671
- Training and Employment Guidance Letter (TEGL) No. 16-03, National Emergency Grant (NEG) Policy Guidance, issued January 26, 2004, [http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=1544](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=1544)
- Workforce Investment Act: National Emergency Grants -- Application Procedures; Notice, dated April 27, 2004 (Federal Register, Vol. 69, No. 81) [http://www.doleta.gov/neg/apply\\_neg.cfm](http://www.doleta.gov/neg/apply_neg.cfm)
- Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended by Public Law 106-390, October 30, 2000, <http://www.fema.gov/library/stafact.shtm>
- NEG Disaster Hurricane Katrina Grant General Conditions with Questions and Answers, dated September 2005, (<http://doleta.gov/neg>)
- Training and Employment Guidance Letter (TEGL), No. 5-05, "Waiver Flexibility for Hurricane Katrina Recovery," issued September 15, 2005, [http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=2151](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2151)

|                  |                            |
|------------------|----------------------------|
| RESCISSIONS none | EXPIRATION DATE Continuing |
|------------------|----------------------------|

- 3. Background.** NEG funds are discretionary grants awarded by the Secretary of Labor (the Secretary), pursuant to Section 173 of WIA, as amended. In response to a natural disaster, NEG funds are awarded to provide short-term temporary employment as well as to provide short- and long-term employment-related assistance to enable individuals to re-enter the workforce. The assistance available under NEG projects includes the full array of services available under WIA, including customized and entrepreneurial training.

Disaster relief employment assistance is authorized under WIA Section 173(d) and 20 CFR part 671.140(d) and (e). NEG funds are reserved and made available for obligation by the Secretary under Sections 132 and 173 of WIA, as amended.

Each disaster event presents different challenges. While NEG resources and authority provide considerable flexibility to the Department of Labor (DOL) to respond positively to unique circumstances, the devastation of Hurricane Katrina has put a new face on meeting the challenges imposed by a natural disaster of significant national interest. The recent enactment of the "Flexibility for Displaced Workers Act," (Act) provides new and enhanced authority to DOL to better address the employment and training needs of Hurricane Katrina evacuees as well as workers who remain in the areas directly or indirectly impacted by Hurricane Katrina.

Grants that have been awarded to address the effects of Hurricane Katrina may be modified upon request to the ETA Grant Officer to include the special provisions authorized by Congress. In all cases, NEG awards, which have been made in response to emergency applications, will require the submittal of a fully-documented plan. With respect to some planned program components, the fully-documented plan submitted by grantees will be required to include operational policies.

- 4. Coordination.** Important requirements under WIA are coordination and non-duplication of services, e.g., WIA section 195(a)(2). This applies to NEG disaster projects as well as all other WIA programs. Disaster projects present different challenges than the typical NEG project. Due to the catastrophic nature of Hurricane Katrina and the resources being made available through numerous entities, it is especially important that states with Hurricane Katrina NEG projects coordinate the response and activities for Katrina victims with the workforce investment system's WIA formula responses to this disaster to ensure that participants get the services they need (through leveraging of funds to provide a comprehensive service package) and that there is not a misuse of funds due to duplication (e.g., the provision of needs-related payments and supportive services that are also being provided by the Red Cross, social services or other disaster relief entities). Some of the flexibility provided in the Act, e.g., expansion of the eligible population, as discussed below, places additional importance on the coordination and non-duplication requirements.
- 5. Hurricane Katrina-Related NEG Assistance.** The policy guidance provided below applies to the award and use of NEG funds to respond to the needs of eligible individuals impacted by Hurricane Katrina. The policy guidance incorporates the legislative flexibility as authorized by the Act to relieve certain barriers or limitations to project participation by

individuals impacted by Hurricane Katrina. It also reiterates some flexibility that exists in WIA that can be applied to NEG disaster projects. Included in the discussion are different types of temporary jobs that will produce income for the Katrina affected individuals. Optimally, such temporary jobs can be designed to be a bridge to permanent employment in high-growth and high-demand industries.

As described in 20 CFR 671.150(a), a NEG applicant may also request in its application, or project modification, to apply to NEG projects any of the WIA statutory waivers, which have been approved for states as discussed in TEGL No. 5-05, "Waiver Flexibility for Hurricane Katrina Recovery," or that a workflex state has approved for a local area where the project will operate. Furthermore, as indicated in 20 CFR 671.150(b), during the operation of a NEG project, a grantee may submit to the Grant Officer a modification to the grant applying a waiver not identified in the original application by identifying (1) the provision to be waived; (2) the operational barrier to be removed; and (3) the effect upon the outcome of the project.

Employment-related services should be included as activities from the inception of a grant. A modification may be submitted to the ETA Grant Officer to include this component, as necessary. Simultaneous work and training is also a viable option, to the extent that one does not interfere with the other.

- a. **Use of Grants for Projects Outside the Disaster Area.** Usually, states submit disaster-related NEG applications for disaster relief employment in a major disaster area eligible for Public Assistance from FEMA. The Act broadens the scope of NEGs provided in response to Hurricane Katrina to include areas or states where Hurricane Katrina evacuees have relocated. This added authority provides the opportunity for Hurricane Katrina evacuees to participate in disaster relief jobs on projects providing humanitarian assistance, as well as access employment and training services to re-enter the workforce.
- b. **Expanded Eligibility for Disaster Relief Employment.** WIA section 173(d) provides that individuals eligible to participate in a NEG-funded disaster relief employment and training project are: (1) individuals who have been temporarily or permanently dislocated from their jobs as a result of the disaster; (2) the long-term unemployed; and (3) other eligible dislocated workers who qualify under WIA section 101(9).

In addition to the eligibility criteria specified above, for NEG Hurricane Katrina disaster projects, the Act expands eligibility to include evacuees and individuals affected by Katrina living in the disaster area state who: (1) were unemployed at the time of the disaster; or (2) are without employment history.

**Documentation of Participant Eligibility.** In view of the catastrophic nature of Hurricane Katrina, many individuals will not have the documentation necessary for a determination of eligibility to participate in the program. Other ways should be used to document eligibility such as self-certification or

unemployment insurance (UI) or disaster unemployment assistance (DUA) information provided by partner programs, consistent with state laws. In addition, some partner disaster programs are utilizing databases to verify the addresses of applicants' former residences to ensure such individuals are evacuees. The grantee must have systems in place to review eligibility determinations once the project has begun to operate more routinely and needed documentation becomes more readily available. If such systems are in place and the grantee subsequently identifies individuals who were not eligible to participate as a result of the review, costs incurred prior to the determination will not be disallowed.

- c. **Authorization for General Public Sector Employment.** The Act authorizes NEG funds awarded to states to address the effects of Hurricane Katrina to be used to provide eligible individuals temporary employment in public sector entities for a period not to exceed six months, in addition to the disaster relief employment available to eligible individuals in response to a disaster.

The fully-documented plan submitted by the grantee must include policies under which such subsidized employment will operate, including the types of jobs that will be funded. For evacuee states, priority should be given to employment that benefits other evacuees impacted by Katrina, e.g., teachers' aides in schools where evacuee students are enrolled or employment at relocation and other centers providing services for evacuees. In states where the hurricane occurred, projects should concentrate on those areas where public service needs increased beyond the capacity of public employees employed by the affected local governments prior to the disaster.

- d. **Extension of the Duration of Disaster Relief Employment.** Temporary disaster relief employment projects are created to provide humanitarian assistance for disaster victims (e.g., food, clothing, shelter) and also to assist with the demolition, cleaning, repair, renovation, and reconstruction of structures, facilities and lands damaged or destroyed by a natural disaster. Pursuant to the provisions of WIA section 173(d)(2), such employment is limited to six months. However, the Act provides additional flexibility to the Secretary to extend such temporary employment for not more than an additional six months due to the extraordinary circumstances created by Hurricane Katrina. A grantee may submit a grant modification, which, if approved, will allow up to an additional six months for this project component. New applicants can include the request for this extension in their application. Given the number of individuals impacted by Hurricane Katrina, however, DOL wants to ensure that the largest possible number of eligible individuals are given the opportunity to participate in the temporary disaster relief employment program.
- e. **Priority for Disaster Relief Employment Funds.** The Act requires DOL to give funding priority for disaster relief employment projects first to applications submitted by states that contain areas that have suffered major disasters as defined in Section 102 of the Stafford Act and second, to the remaining states that have been



most heavily impacted by the demand for services by workers affected by Hurricane Katrina. Given limited NEG resources, funding for disaster relief employment projects may be limited to situations where the need is the greatest as documented by the application.

- f. **Employment and Training Related Assistance.** The authority available under WIA at Section 173(a)(1) provides for an array of employment and training related assistance for individuals impacted by a natural disaster, including the opportunity for employment in temporary jobs to assist in disaster-related recovery efforts. The Act provides for additional flexibility to address the myriad of needs of individuals impacted by Hurricane Katrina.

(1) **Eligible Applicants.** The Act also expands eligible applicants for NEG funds to include local workforce investment boards and Indian and Native American Grantees as defined by Section 166 of WIA, to provide employment and training assistance available under section 173(a)(1) of WIA to workers affected by Hurricane Katrina, including workers who have relocated from areas where an emergency or major disaster was declared by FEMA due to the effects of Hurricane Katrina. If both a state and another eligible entity submit separate applications to serve the same target population, applicants will be requested to describe how coordination will occur to avoid duplication of services and ensure the integration of services.

(2) **Expanded Eligibility for Needs-Related Payments (NRPs).** NRPs may be provided to those unemployed participants who (1) are also not employed in temporary disaster relief jobs; or (2) are not eligible for or have exhausted DUA/UI, for the purposes of enabling such individuals to participate in core, intensive, and training services activities without regard to whether the applicable local workforce investment board provides NRPs to participants in its formula-funded program. The design for NRPs could cover lapse periods when UI or DUA cannot be provided due to UI program waiting week requirements, consistent with state UI laws.

The Act provides additional flexibility for grantees to provide victims of Hurricane Katrina NRPs (income support) while enrolled in core and/or intensive services, as well as training. Participants who are receiving income under a NEG project (e.g., work experience, OJT, general public sector employment, part-time unsubsidized employment) are not eligible for NRPs.

If an applicant for a Katrina disaster NEG proposes to pay income support (NRPs) to eligible individuals, the NRP policy should be identified in the application narrative and the policy described in the fully-documented plan. A waiver of the six-week NEG requirement for enrollment in training after a NEG award may be requested of the NEG Grant Officer, as appropriate.

The fully-documented plan must include the policy under which such expanded NRP eligibility will be implemented including: how need will be determined; the maximum duration of payments; the payment levels; and other requirements including how the project will transition individuals into part-time or other employment to reduce the need for NRP income support. Payment levels must be consistent with the requirements of WIA section 134(e)(3)(C).

**(3) Training for Temporary Unsubsidized Jobs.** Such training may be provided to eligible individuals for jobs in areas where they have been relocated, even when the jobs may not be expected to become permanent. If this option is considered, the project design should take into account the length of time the individuals are expected to remain in the area, the portability of the training provided and its relationship or potential to enhance the individuals' current skills to increase their future permanent employability. Coordination with the local area to which the participant will return should be undertaken to the extent feasible to ensure that the training and experience gained will be transferable to the location where the participant is expected to permanently reside. Given the unique circumstances of this disaster and the challenges in obtaining this information, as well as the comparatively short timelines involved, NEG grantees should fund training programs that focus on jobs in high growth occupations.

Training or placement in temporary jobs to assist individuals impacted by Hurricane Katrina, including evacuees from areas that were devastated by Hurricane Katrina, should not be viewed as simply stop-gap employment. Where feasible, such jobs need to be linked to additional training and career pathways. Jobs that support immediate recovery, such as food preparation for evacuees or triage for health-related services, can be an entrée to a career path. When creating a temporary jobs component, it is important to think broadly about the industries in demand such as construction, health care, transportation, energy, safety, etc., and develop a wide array of opportunities that can be leveraged with additional training for permanent jobs.

More than an estimated 40,000 temporary jobs will be created as a result of NEG project awards related to the re-establishment of infrastructure and community services, as well as clean-up of impacted communities. Grantees are strongly encouraged to ensure that these jobs are available on the Katrina Recovery site: [www.jobsearch.org/katrinajobs](http://www.jobsearch.org/katrinajobs). This can be accomplished through one of the following procedures: (1) grantees may enter these jobs with the KRJ: code in the beginning of the job description in the state job bank and then transmit a file to America's Job Bank (AJB); or (2) grantees may register with and directly enter the jobs onto the Katrina Recovery Job Connection site. For technical advice or assistance on which method would work best for a particular state, the State AJB Coordinator should be consulted.

(4) **Supportive Services.** The full array of supportive services, including child care, dependent care, transportation, emergency medical expenses, work-related clothing, and tools available under WIA to permit participation in employment-related services is available under NEG disaster projects.

- g. **Use of Available NEG Funds.** The Act provides some reprogramming provisions to assist individuals impacted by Hurricane Katrina. Specifically, a grantee of NEG funds may request approval from the Secretary to (1) reprogram NEG funds that the grantee considers to be excess that were awarded for other purposes (e.g., mass layoffs, plant closures, community impact, industry-wide, other disasters, NEG/Trade Adjustment Assistance dual-enrollment projects, BRAC planning, the Health Coverage Tax Credit (HCTC), and remain available for expenditure to provide any assistance authorized under WIA Section 173 or this TEGL, or (2) to provide personal protective equipment not otherwise available through public funds or private contributions to assist workers affected by Hurricane Katrina including those evacuated or relocated due to Hurricane Katrina. States requesting such authority must submit a NEG modification request to the ETA Grant Officer that contains the following –

(1) **NEG grant modification request from the signatory official**, which provides identification of the existing NEG from which the funds will be reprogrammed and redirected. Reprogrammed funds identified are those that will no longer be needed in an existing NEG project. The request must include the year and amount of funds to be reprogrammed. If approved, reprogrammed funds will be redirected by the NEG Grant Officer to reflect the new Katrina project activity being proposed or the addition to an existing Katrina project. Additionally, the original (non-Katrina) grant project will be modified to reflect the reduced operating level.

(2) **Revised Planning Forms (budget/implementation plan) and Synopsis** will be required for the grant project affected by the reprogramming, e.g., the original non-Katrina NEG and the new or existing Katrina NEG project. The state may delay submittal of the revised budget and plan if a brief narrative is provided with the grant modification request that describes the nature of the reprogramming and associated costs. Preapproval of expenditures for allowable equipment purchases or leases will be required. Such preapprovals may be submitted along with a modification request or subsequently, with the fully-documented project plan or via an e-mail to the NEG Grant Officer at [tello.fred@dol.gov](mailto:tello.fred@dol.gov) if the approval is needed sooner. Such requests must include a justification of "lease versus purchase" based on a cost/benefit determination of what is more advantageous to the Federal Government.

(3) **Any other information pertinent to the request.**

- h. **Sense of Congress.** In addition to the special provisions of the Act, cited above, the legislation included the sense of Congress related to assisting those individuals affected by Hurricane Katrina –

(1) **Mobile One-Stop Centers.** It is the sense of Congress that states that operate mobile one-stop centers, established as part of the WIA One-Stop delivery system, should, where possible, make such centers available for use in the areas affected by Hurricane Katrina, and areas where large numbers of workers affected by Hurricane Katrina have been relocated.

(2) **Expanded Operational Hours.** It is the sense of Congress that One-Stop operators, as defined in WIA section 101(29), should increase access for workers affected by Hurricane Katrina to the One-Stop delivery systems, including through the implementation of expanded operational hours at One-Stop Career Centers and on-site services for individuals in temporary housing locations.

6. **Project Performance Outcomes.** Performance goals will be expected to be identified for participants who are enrolled in employment-related assistance, but the outcomes will not be counted toward a state's annual performance calculation. For those who are enrolled in NEG disaster relief jobs, the outcomes should also be reported. Although a state's annual performance calculation will not include the performance outcomes from NEG Hurricane Katrina disaster grants due to the unique nature of the projects, it is expected that every effort will be made to structure grant activities, including the temporary jobs components, to enhance the workers' ultimate employability. DOL plans to evaluate these projects, including determining the short- and longer-term employment-related benefits received by the victims of Hurricane Katrina.
7. **Federal Oversight.** Due to the unprecedented scale of Hurricane Katrina, DOL is committed to providing the widest possible flexibility in the use of the Secretary's discretionary NEG resources. However, the Employment and Training Administration (ETA) retains its responsibility for monitoring and oversight of the use of WIA funds. DOL will work with grantees to ensure that necessary and appropriate systems and safeguards are in place to protect public funds, taking into account the unique needs of this situation.
8. **Additional Flexibility.** To the extent that applicants identify other barriers that may impact their ability to provide the services needed by eligible evacuees from Hurricane Katrina, DOL will consider requests for waivers for which the Secretary has authority. TEGL 5-05 was issued to provide guidance on applying for waivers. As discussed above, waivers available for the WIA formula program can also be requested to be applied to NEG projects, pursuant to 20 CFR 671.150.

As additional information emerges about the nation's response for victims of Hurricane Katrina, DOL will provide the information to the workforce investment system to enhance services available through WIA for eligible individuals.

9. **Action.** Please ensure that local workforce investment boards, local elected officials, One-Stop Career Center operators, and other appropriate staff involved in Hurricane Katrina response efforts are provided this issuance.
10. **Inquiries.** Questions regarding this transmittal should be directed to the appropriate Regional Office.