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Report to Congressional Committees

September 2006

NATIONAL EMERGENCY GRANTS

Labor Has Improved Its Grant Award Timeliness and Data Collection, but Further Steps Can Improve Process

GAO-06-870

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GAO Accountability · Integrity · Reliability

Highlights

Highlights of GAO-06-870, a report to congressional committees

Why GAO Did This Study

Between January 2004 and December 2005, more than 30,000 mass layoffs involving 50 or more workers occurred in the United States, causing more than 3.4 million workers to lose their jobs. National emergency grants expand services to laid-off workers when other state and federal programs are insufficient to meet their needs. GAO assessed (1) whether Labor has shortened grant award times since GAO's 2004 report and was meeting own timeliness goal, (2) the uniformity of the program data that Labor now collects, and (3) Labor's oversight of national emergency grant projects. To address these objectives, GAO analyzed information for program year 2004 and the first 2 quarters of 2005 and compared it with data collected for program years 2000-2002.

What GAO Recommends

GAO recommends that Labor take steps to (1) extend its electronic application system to capture the entirety of the award process through final approval and issuance of award letters, (2) solicit information from users of the application system to guide future refinements to this system, (3) distribute more complete guidance and tools for monitoring grant projects, and (4) explore cost-effective ways to disseminate information to states and local areas to help them learn about promising practices for managing national grant projects. Labor generally agreed with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-870.

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.

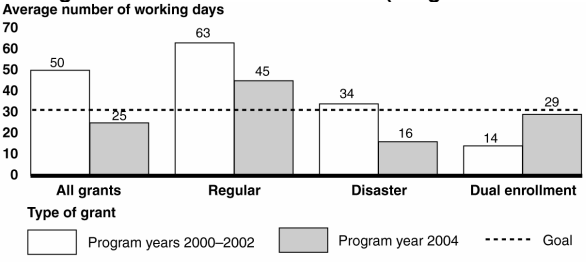
What GAO Found

We found that Labor's new electronic application system has, on average, shortened award processing time and most national emergency grants were awarded within Labor's goal of 30 working days as measured by GAO—from the time the application is submitted to the issuance of the award letter. In program year 2004, Labor averaged 25 working days to award grants, in contrast to program years 2000-2002, when it averaged 50 working days. Moreover, in program year 2004, Labor awarded 70 percent of all grants within 30 working days, in contrast to 38 percent for program years 2000-2002. Although Labor has improved the overall timeliness for awards, award times ranged from 1 to 90 working days and varied by type of grant. For example, disaster grants were awarded, on average, in 16 days, but regular grants were awarded, on average, in 45 days. Delays in obtaining funds adversely impacted some grantees' ability to provide services. Also, we found that Labor's electronic application system and its timeliness goal did not capture every phase of the award process. In addition, users of this system reported some technical problems.

Labor has taken steps to improve its two main sources of data for assessing how grant funds are used—the quarterly progress reports and the Workforce Investment Act Standardized Record Data (WIASRD) database. Labor introduced a new electronic quarterly report system in program year 2004. Since then, grantees have generally been submitting uniform and consistent information. Also, our review of available WIASRD data for program year 2004 shows that at least 92 percent of states that received national emergency grants included information on these grants in their WIASRD submissions.

Labor's regional offices oversee each project to track performance and compliance with program requirements by conducting various monitoring activities, including approving program operating plans, reviewing quarterly progress reports, and conducting site visits. However, Labor has not issued complete, program-specific guidance that would standardize monitoring practices across regions, states, and local areas and help ensure consistent practices. In addition, officials in most of the states and local areas we visited said that Labor does not regularly help disseminate information about how states and local areas are managing their national emergency grant projects.

Average Time Taken to Award Grants (Program Years 2000-2002 and 2004)



Source: GAO analysis.

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Abbreviations

BRAC	Base Realignment and Closure
ETA	Employment and Training Administration
ONR	Office of National Response
WIA	Workforce Investment Act
WIASRD	Workforce Investment Act Standardized Record Data

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GAO
Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 5, 2006

The Honorable Arlen Specter
Chairman
The Honorable Tom Harkin
Ranking Minority Member
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Ralph Regula
Chairman
The Honorable David R. Obey
Ranking Minority Member
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
House of Representatives

Between January 2004 and December 2005, the United States experienced more than 30,000 mass layoffs involving 50 or more workers, with more than 3.4 million workers losing their jobs. These losses affected all types of workers—including those working in the professional, service, information processing, and manufacturing sectors—in every state in the nation. To help supplement regular dislocated worker funding, the Department of Labor (Labor) administers the National Emergency Grant program. Authorized under the Workforce Investment Act (WIA) of 1998, national emergency grants provide temporary employment, training assistance, and other supports to workers whose jobs were lost because of major economic dislocations, such as plant closings or natural disasters, such as floods and hurricanes. Dislocated workers can obtain temporary employment performing clean-up activities after natural disasters, or training—such as working with computers—to obtain the skills needed to re-enter the workforce in a new occupation following a layoff. These grants are time-limited discretionary awards to help states and local areas provide employment and training services when basic formula WIA funds are insufficient to meet the needs of dislocated workers.

In program year 2004—which began on July 1, 2004, and ended on June 30, 2005—and the first 2 quarters of program year 2005—July 1, 2005, to

December 31, 2005—Labor awarded about $342 million in grant funds ($232 million for program year 2004 and $110 million for the first 2 quarters of program year 2005). Most of these funds were provided as disaster grants for victims of hurricanes and floods. Grantees used these funds to provide temporary employment and humanitarian aid such as water and other necessities to individuals who lost their jobs as a result of these natural disasters. In addition, about $30 million of program year 2004 funds were awarded to help states and localities mitigate anticipated job losses from military base realignments and closures. These base realignment and closure (BRAC) grants funded activities to help states initiate early community planning to provide assistance to large numbers of workers who might lose their jobs due to BRAC decisions. In addition, regular national emergency grants provided training, often through community colleges, and support services, such as psychological or financial counseling, for workers unemployed due to mass layoffs.

In April 2004, we reported that services to dislocated workers were being affected by delays in awarding national emergency grants in program years 2000 through 2002. [1] We identified weaknesses in Labor's processing and management of national emergency grants, particularly with respect to the timeliness with which they were awarded and the quality of data collected regarding how grant funds were being used. In light of these problems, Congress mandated that we examine the program's current administration. Our objectives were to (1) determine whether Labor has shortened grant award times since our 2004 report and has been able to meet its own goal for awarding grants in 30 working days, (2) examine the uniformity of the program data that Labor is currently collecting, and (3) assess Labor's monitoring and oversight of national emergency grant projects. To obtain national information on Labor's application processing, data collection, and monitoring activities, we collected and analyzed information on grants awarded in program year 2004 and the first 2 quarters of program year 2005. We examined grants from this time period because program year 2004 was the first year that Labor implemented a new electronic application system designed to improve grant award timeliness. We calculated the number of days it took Labor to award grants from the grantees' perspective. We began counting on the day the application was submitted and ended on the day the award letter

[1]GAO, *National Emergency Grants: Labor Is Instituting Changes to Improve Award Process, but Further Actions Are Required to Expedite Grant Awards and Improve Data*, GAO-04-496 (Washington, D.C.: Apr. 16, 2004).

was sent by Labor. We then compared our findings with the results of our prior study to determine if there were changes in processing time. To assess the quality of the data that Labor currently collects, we interviewed officials in headquarters and examined quarterly progress reports to determine the completeness and uniformity of this information. We assessed the reliability of Labor's data and concluded they were sufficiently reliable for the purposes of our report. We also examined official grant files and reviewed relevant program documents. We conducted site visits in four states (Florida, Maine, Oregon, and Texas). We chose these states because they received substantial national emergency grant funding in program year 2004 and the first 2 quarters of program year 2005; represented different geographical regions; and received grants addressing a variety of dislocation events, including plant closings, natural disasters, out-sourcing, and military base realignments. To evaluate Labor's monitoring activities, we conducted semi-structured interviews with state and local officials involved in monitoring and regional office officials in four of Labor's six regional offices that are responsible for monitoring national emergency grants. We selected these regions because they monitored activities in the states that we visited. See appendix I for a detailed discussion of our scope and methodology. Our work was conducted between September 2005 and July 2006 in accordance with generally accepted government auditing standards.

Results in Brief

In program year 2004 and the first 2 quarters of program year 2005, we found that, on average, Labor had shortened award processing time compared with program years 2000-2002, and as a result, workers generally received services in a more timely manner. In July 2004, Labor implemented a new electronic application system and streamlined the amount of information applicants are required to submit. Both of these actions helped Labor improve grant award timeliness and, on average, meet its 30-working-day processing goal as we measured it—from the date the application was submitted to the date the approval letter was sent. Labor averaged 25 working days to award grants during program year 2004, while during program years 2000-2002 the average was 50 working days. Similarly, the average time to award both regular and disaster national emergency grants was shorter in program years 2004 and the first 2 quarters of 2005 than during the prior period. Moreover, in program year 2004, Labor awarded 70 percent of all grants within its goal of 30 working days. In contrast, in program years 2000-2002, only 38 percent were awarded in 30 working days. Similarly, in the first 2 quarters of 2005, Labor averaged 21 working days and awarded 67 percent of the grants within its 30-working-day goal—almost all of which were disaster grants related to

Hurricane Katrina. While Labor has improved the overall timeliness for grant awards, challenges remain. For example, in program year 2004, award times ranged from 1 to 90 working days and differed by type of grant, with disaster grants for workers dislocated due to national disasters taking 16 working days on average and regular national emergency grants for workers dislocated due to plant closings taking 45 working days on average. As a result, within 30 working days, Labor awarded 91 percent of disaster grants, but only 16 percent of regular grants. In addition, we found that Labor's electronic application system does not capture every phase of the award process. Specifically, it excludes the time needed to obtain the Secretary's approval and issue award notification letters to grantees, which added 11 additional working days, on average, to the process in 2004. Thus, while grants are, on average, being awarded more quickly than in the past, Labor's electronic application system and its process for measuring timeliness do not fully capture the total time taken to award grants.

Labor has taken steps to improve its two main sources of data for assessing how grant funds are used—the quarterly progress reports and the Workforce Investment Act Standardized Record Data (WIASRD). In program year 2004, Labor issued guidance to state workforce agencies requiring them to submit progress report data electronically. Also in that year, Labor introduced an electronic progress report system that standardized the data elements collected in progress reports. We found that grantees have generally been submitting uniform and consistent information since the new system was introduced. In addition, most quarterly reports were submitted within the required time frames. These reports generally provided complete information on data elements that describe the use of funds, including the types of projects funded, the numbers of participants receiving services, and the total expenditures at the grantee and project level. Labor also issued guidance on WIASRD in August 2004 that it uses to track the employment status and wages of individuals who participated in grant projects. This guidance was intended to clarify to state and local workforce agencies that they are required to submit data on national emergency grant participants to WIASRD. Our analysis and interviews with state and local officials suggest that the guidance has generally been effective in helping states include data on national emergency grants in their WIASRD submissions. For example, our review of available WIA data for program year 2004 showed that this database contains information for 44 of the 48 states that received national emergency grants and were subject to WIA reporting requirements.

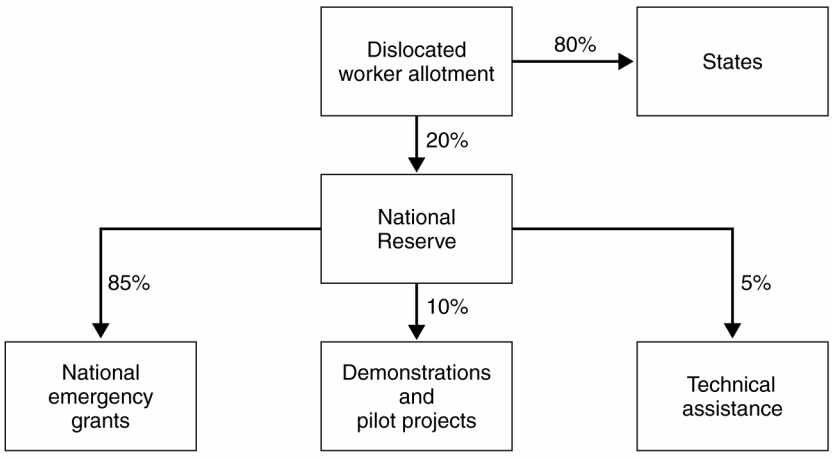
Labor oversees national emergency grant projects by monitoring states and local areas for compliance with basic program rules, but many state and local officials we interviewed said they would like to see Labor collect and disseminate information from other states and local areas on promising practices for grant management. Labor's regional offices, which have primary responsibility for oversight, carry out a variety of activities to monitor grants, including conducting internal risk assessments, reviewing project operating plans, and assessing financial and quarterly progress reports. Regional officials also periodically visit state grantees and project sites to assess their program and financial management, examine case files, and ensure that services—such as temporary employment for dislocated workers to clean up after natural disasters—are being delivered. While the state and local officials we interviewed generally said that Labor's oversight activities were beneficial, these officials said they lacked complete, program-specific guidance that could help them more efficiently coordinate with Labor and conduct their own monitoring activities. Labor has developed a draft monitoring tool for this program, but has only distributed it to three of the four regional offices included in our study for their use in site visits. Labor has yet to finalize the tool and formally distribute it to state and local officials. Many of the officials we interviewed told us they would benefit from such a tool. In addition to more specific guidance on monitoring responsibilities, some state and local grant recipients reported that they could benefit from information on promising practices in other states and localities for effectively managing grant projects and providing aid to dislocated workers. They noted, however, that Labor does not currently facilitate opportunities for disseminating such information to grantees.

To further improve its management of the national emergency grant process, we are recommending that Labor extend its electronic application system and its timeliness measurement process to capture the entirety of the award process from the perspective of grant applicants, specifically through final approval and issuance of award letters by the Secretary. We are also recommending that Labor solicit information from users of the application system to guide future refinements to this system. In addition, we are recommending that Labor distribute more complete guidance and tools for monitoring grant projects and explore cost-effective ways to disseminate information to states and local areas to help them learn about promising practices for managing national grant projects. In its comments, Labor generally agreed with our recommendations.

Background

WIA authorizes the National Emergency Grant program and funds the program through its dislocated worker funding stream. This funding stream is one of three specified by WIA to fund services for its client groups—dislocated workers, youth, and adults. Dislocated workers include individuals who have been terminated or laid off, or who have received a notice of termination or layoff, individuals who were self-employed but are unemployed as a result of general economic conditions in the community or natural disasters, and unemployed or underemployed homemakers who are no longer supported by family members. Under WIA, 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 states, local workforce boards, and other entities that demonstrate to the Secretary the capacity to respond to the circumstances relating to particular dislocations. Of the amount reserved by the Secretary in any program year, at least 85 percent of the Secretary's national reserve must be used for national emergency grants (see fig. 1). During program year 2004, this amount was approximately $232 million and $110 million[2] during the first 2 quarters of program year 2005, for a total of $342 million.

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



Source: GAO analysis.

[2]At the time of our review, data were available for only the first 2 quarters of program year 2005.

National emergency grants expand WIA services that are available to dislocated workers when dislocated worker formula funds are insufficient to meet the needs of affected workers. Under WIA, dislocated workers can receive three levels of services—core, intensive, and training. Core services include job search and placement assistance, preliminary skill assessments, and the provision of labor market information, and are routinely available to anyone seeking assistance through a WIA service center. Dislocated workers who need additional services to find work can receive intensive services, such as case management and comprehensive assessments. In addition, dislocated workers may also qualify for training services, including occupational skills training, on-the-job training, skill upgrading, and entrepreneurial training.

Typically, state workforce agencies apply for national emergency grants and distribute funds to local workforce boards in areas affected by the dislocations. These boards, in turn, usually contract with organizations that provide services or administrative support. Grantees can apply for grants that fund three major types of projects:

- regular grants to retrain workers who have lost their jobs because of plant closings, layoffs, or military base realignments or closures;
- disaster grants to provide temporary employment, humanitarian services, and retraining for workers affected by natural disasters and other catastrophic events; and
- dual enrollment grants to provide supportive assistance such as case management services and vocational assessments to workers certified by Labor to receive training under the Trade Adjustment Assistance Reform Act of 2002. These are usually for workers who have lost their jobs because of increased imports from, or shifts in production to, foreign countries.

Like other programs authorized under WIA, national emergency grant projects must be designed to achieve performance outcomes that support Labor's performance goals. Also, Labor requires grantees to collect data from local projects, certify the accuracy of the data, and use them to complete various reports, such as the quarterly progress reports for national emergency grants and the state's WIASRD data submissions. Quarterly progress reports include project-level information on actual performance to date—for example, the number of individuals participating in a project; the services provided, such as intensive services or training; and the number who entered employment. WIASRD is a national database

of individual records containing characteristics, activities, and outcome information for all enrolled participants who receive services or benefits under WIA, including national emergency grants. The database includes the services and training that each participant received and information on their subsequent employment status and wages. In coordination with federal agencies, the Office of Management and Budget developed uniform evaluation measures, called "common measures," for job training and employment programs and other cross-cutting programs. The common measures were designed to institute uniform definitions for performance—such as the percentage of participants who become employed—across federal workforce programs. Beginning in July 2005, national emergency grant projects became subject to the common measures and Labor expected grantees to include them in its WIASRD data collection and reporting activities for program year 2004.[3]

In program year 2004, Labor funded a special type of grant, called a base realignment and closure (BRAC) planning grant. These grants provided resources to states and communities to plan for anticipated base closures, unlike other regular grants that provide more general employment-related services for dislocated workers. Accordingly, states that could be affected by BRAC actions were eligible to apply for national emergency grant funds. Labor issued guidance in May 2005 that explained the procedures for obtaining these grants. This guidance also specified that applicants must submit their applications by June 10, 2005.

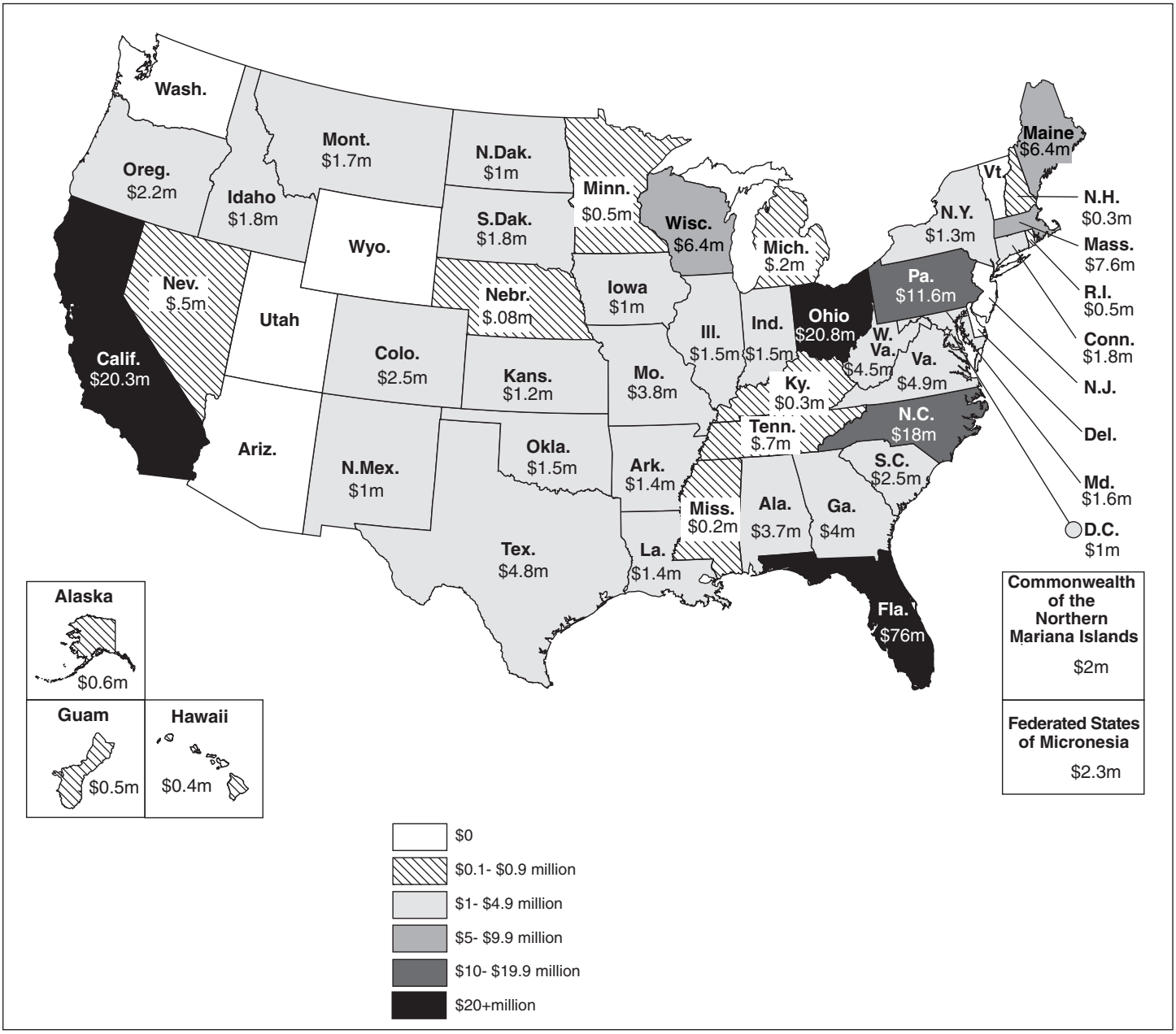
Labor's Office of National Response, in the Employment and Training Administration (ETA), administers the National Emergency Grant program. Headquarters and regional staff share responsibility for program administration and oversight. At headquarters, officials make grant award decisions and determine whether grants will be awarded in a single payment or in increments. For grants disbursed in incremental payments, grantees are required to submit supplemental information along with their requests for future funding increments. Labor has established an internal goal of making these decisions within 30 working days. After grants are awarded, regional officials assume the lead role in conducting monitoring and oversight activities. For example, after the grant is approved, regional officials review and approve the project operating plan and budget, conduct at least one site visit that examines project activities, and review quarterly progress reports and financial reports.

[3]Grantees were required to use the new measures beginning on July 1, 2005.

Distribution and Uses of National Emergency Grants

In program year 2004, Labor distributed about $232 million from the dislocated worker fund for national emergency grants to 43 states, the District of Columbia, and three territories (see fig. 2). The funding levels of these grants varied greatly. Labor awarded the largest proportion of funds to Florida—$76 million in grant funds, or 33 percent of the program's total funds awarded during that year—mostly in the form of disaster grants to help the state respond to the needs of workers displaced as a result of hurricane damage. Ohio and California each received over $20 million in grants, primarily to help them meet the needs of workers displaced as a result of floods and storm disasters. Other states, such as Maine and Massachusetts, each received over $6 million, mainly to help them meet the needs of workers dislocated because of plant closings and downsizing, and Oregon received over $2 million, in part to help workers dislocated because of competition from foreign countries.

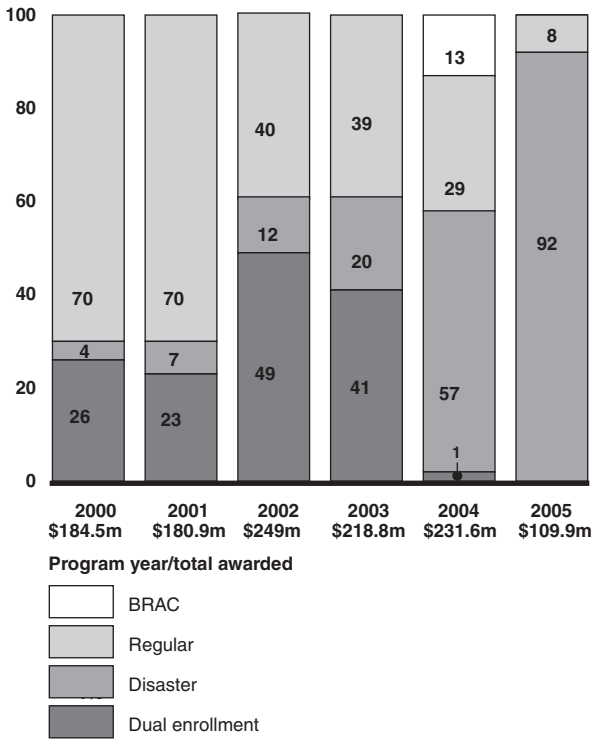
Figure 2: Distribution of National Emergency Grant Funds (Program Year 2004)



Source: GAO analysis.

Over the past 5 program years, Labor has awarded proportionally more of its national emergency grant funds for disaster grants and a smaller proportion for regular and dual-enrollment grants. In program year 2000, Labor awarded only 4 percent of its funds for disaster grants. In contrast, in program year 2004, Labor awarded about 57 percent of grant funds for disaster grants and 29 percent for regular grants (see fig. 3). For the first 2 quarters of program year 2005, Labor awarded 92 percent of all the funds it awarded during those quarters for disaster projects in 11 states—Arkansas, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, Tennessee, and Texas—largely in response to damage and dislocations resulting from Hurricane Katrina. During these 2 quarters, Labor awarded about 8 percent for regular grants.

Figure 3: Percentage of Funds Awarded by Type of Grant (Program Years 2000–First 2 Quarters of 2005)



Source: GAO analysis.

Notes: Totals may not add due to rounding.

Funds awarded for BRAC and dual enrollment grants in program year 2005 equal less than 1 percent and are excluded from the graph.

Data for program year 2005 represent only funds awarded during the first 2 quarters of that year.

Labor Has Shortened Award Times, but Does Not Track the Entire Award Process

Labor's new electronic application system and the streamlined information requirements for national emergency grant applications have, on average, shortened the time it takes to award grants to 25 working days and helped Labor award 70 percent of the grants in program year 2004 within 30 working days from the submission of the application to the issuance of the award letter. However, regular national emergency grants (regular grants) took longer to award—45 working days on average—and most were not awarded within Labor's 30-working-day goal. Moreover, Labor's new system and its stated goal for awarding grants do not take into account important steps in the award process, such as obtaining approval from key Labor officials and issuing the award letter to the grantee. These steps added 11 days on average to the award process and thus hampered Labor's ability to accurately evaluate its performance. Further, the steps that are excluded involve actions that are of great importance from the grantees' perspective—the Secretary's final approval and the award letter notifying them of the amount of money awarded. In addition, some users reported technical problems with the system that have affected its convenience and efficiency.

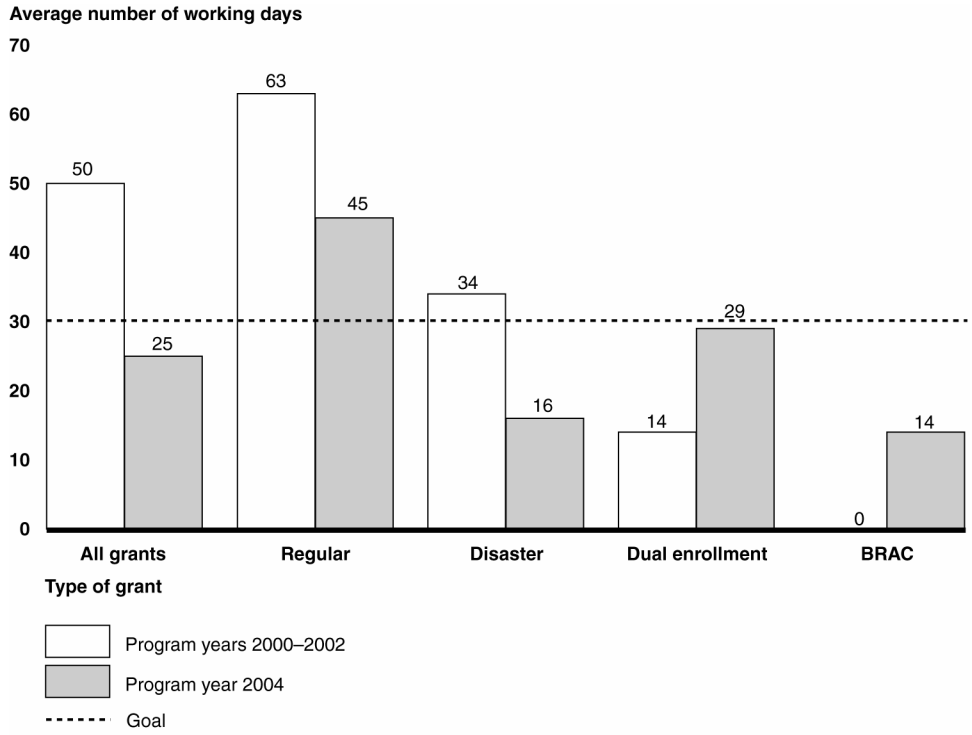
Labor's New Electronic System Has Improved Grant Award Times

During program years 2000-2002,[4] Labor took 50 working days, on average, to award national emergency grants—as measured from the date an application is submitted until the date an award letter is issued. In program year 2004, Labor reduced its average award processing time to 25 days for all types of grants—decreasing the average processing time for regular grants from 63 to 45 days[5] and for disaster grants from 34 to 16 days. Although Labor averaged 29 working days to award dual enrollment grants in 2004—longer than the 14 days it averaged during program years 2000-2002—most were awarded within its 30-day goal and these grants comprised less than 10 percent of the grants awarded that year (see fig. 4).

[4]In our prior study, we reported award times in calendar days and noted that Labor took, on average, 92 calendar days to award regular grants. We used working days in our analysis because Labor clarified that, in program year 2004 and in the future, its 30-day goal refers to working days.

[5]We considered BRAC and regular grants as separate grant categories because of differences in their characteristics, although Labor considers both regular grants.

Figure 4: Average Time Taken to Award National Emergency Grants (Program Years 2000-2002 and Program Year 2004)



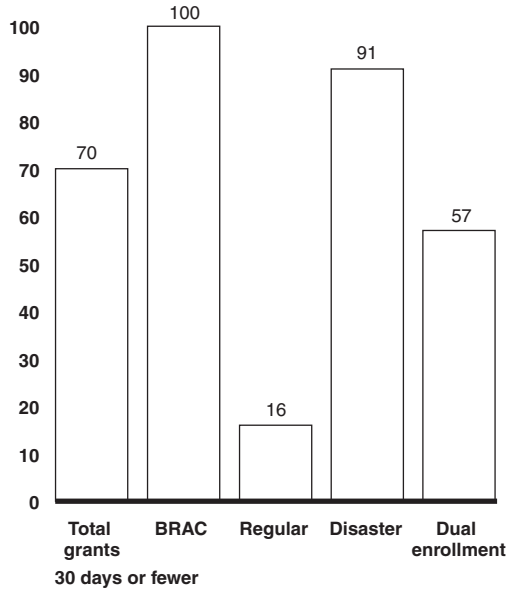
Source: GAO analysis.

Notes: We did not include program year 2003 in our analysis because Labor's electronic application system and procedures for using this system were not implemented until program year 2004.

The average for all grants is a weighted average.

Overall, Labor awarded 70 percent of all grants within 30 working days compared with 38 percent in program years 2000-2002. Also in program year 2004, Labor met this goal for 100 percent of the BRAC grants and for 91 percent of all disaster grants. In contrast, awards for regular grants took longer. Processing time for these grants averaged 45 working days, and Labor awarded only 16 percent of these grants within its 30-working-day goal (see fig. 5).

Figure 5: Percent of Grants Awarded Within 30 Days by Project Type (Program Year 2004)



Source: GAO analysis.

The new electronic system has facilitated improvements in award processing time in three ways. First, because applicants cannot submit an application on this system without completing all required data fields, Labor no longer has to return incomplete applications. Second, because applications are electronic, submissions are nearly instantaneous and the format allows Labor and applicants to exchange information more efficiently than the former paper-based system. Third, under the new system, the applicants are only required to provide basic information—including project type, planned number of participants, planned support services, and the project operator. Grantees receiving regular grants have 90 days from the grant approval date to submit project operating plans, staffing plans, and budgets. In the case of disaster grants, grantees have 60 days from the grant approval date to submit the required information.

Although average processing times have decreased in program year 2004, the time to award grants varied widely, ranging from 1 to 90 working days, with some types of grants taking longer than others. Several factors likely contributed to this variance. For example, several disaster grants were processed very quickly—within 1 to 2 days—because of the urgent need for funds in areas impacted by storms and flooding. Also, the 39 BRAC grants were awarded, on average, in only 14 days, reflecting the short

period of time that was available to submit and process them. In order to be eligible for BRAC grants, states had to be included on the Department of Defense's preliminary base realignment and closure list, issued on May 13, 2005, and also had to follow Labor's special guidance for these grants that specified that applications were due by June 10. Because the funds for these grants were reserved from program year 2004 money, Labor had to award them by June 30, the end of that program year. In contrast, questions about the appropriateness of project applications delayed the approval of other grants. For one project we visited, officials reported that approval for an application to address a plant closure took 46 working days (about 2 months), largely because Labor questioned the amount of funds they requested and required them to prepare additional information to justify the costs. In addition, some grantees reported that delays in obtaining funds adversely impacted their ability to provide services, because individuals who needed employment left the affected area to search for work in other places or found other jobs instead of waiting for grant funds to become available. For example, one project we visited was only serving 20 of 50 eligible participants according to project officers, because workers could not afford to wait for services, left the area, or found other jobs.

Award Processing Time Was More Consistent during Program Year 2004

Labor's award processing times were more consistent across quarters in program year 2004 than in program years 2000-2002. In program year 2004, the average number of working days that Labor took to award grants for the first 3 quarters ranged from 34 to 41 days, and only 16 days during the fourth quarter. In program years 2000-2002, the number of days to award grants during the first 3 quarters varied more widely—from 61 to 74 days (see table 1).

Table 1: Average Time to Award Grants by Quarter in Which Application Was Received (Program Years 2000-2002 and Program Year 2004)

Quarter application was received	Average number of days to award grants in program years 2000-2002	Average number of days to award grants in program year 2004
First	61	34
Second	74	40
Third	71	41
Fourth	19	16

Source: GAO analysis.

In addition, in program year 2004, the quarter in which an application was awarded corresponded more closely to the quarter in which it was submitted. This is in contrast to program years 2000-2002, when most awards took place in the fourth quarter despite the fact that applications were received at a fairly steady rate during the last 3 quarters of the program year.

Average Award Times Improved in the First 2 Quarters of Program Year 2005

During the first half of program year 2005, Labor awarded grants in 21 working days, on average, and 67 percent were awarded within 30 working days. The overwhelming majority of these grants were in response to Hurricane Katrina, many of which were awarded within a few working days. For example, Louisiana submitted its application on September 1, 2005, and Labor awarded the grant 1 day later. The quick approval time for most of the Katrina-related grants reflected the hurricane's severity, the commitment of Labor officials to provide assistance as quickly as possible, and the ability of most grantees to submit streamlined, emergency applications. Under Labor's regulations, grantees may file an abbreviated application to receive emergency funding within 15 days of an event that was declared a disaster by the Federal Emergency Management Agency.

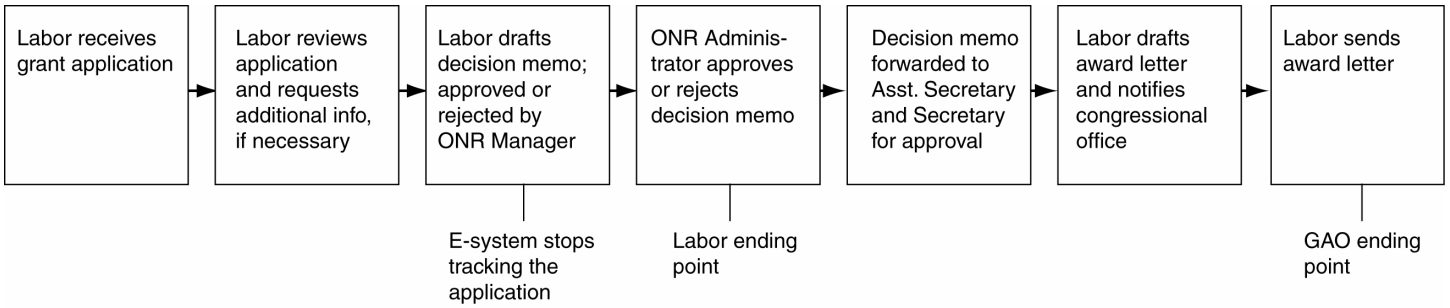
Grantees in the states that we visited had limited experience using the new electronic application system in requesting incremental payments. Moreover, Labor awarded only a relatively small number of increments in program year 2004 and the first half of program year 2005. Approximately 60 percent of grants were awarded in one payment during program year 2004 and about 75 percent during the first 2 quarters of program year 2005. Also, the period we examined was less than a year after most grantees had received their initial award and, therefore, most had not yet submitted applications for their next increments.

Labor's Electronic System Does Not Capture the Entire Award Process

Despite improvements in average award timeliness, Labor's goal for awarding new grant applications and its electronic application system exclude important steps in the award process. More specifically, the time needed to obtain the Secretary's approval and issue award notification letters to grantees is not captured by the system and is not counted as part of the 30-working-day goal. Labor's electronic application system captures the time from the application submission date through the date that its Office of National Response (ONR) approves the grant application. However, from the grantees' point of view, the actual process continues until the grant is reviewed and approved by the Secretary and an award letter is issued (see fig. 6). Our prior work also identified this problem with Labor's measurement process.[6] In program year 2004 and the first half of program year 2005, these steps added 11 working days, on average, to award processing times. For example, officials in one state we visited reported that, although they received verbal confirmation that an application was approved, the service provider would not begin services without formal assurance that they would be paid. Consequently, services were delayed for more than 2 weeks until the official award letter was received.

[6]See GAO, *National Emergency Grants: Labor Is Instituting Changes to Improve Award Process, but Further Actions Are Required to Expedite Grant Awards and Improve Data* GAO-04-496 (Washington, D.C.: Apr. 16, 2004).

Figure 6: Differences between How GAO and Labor's Electronic Application System Track the National Emergency Grant Award Process



Source: GAO analysis.

Users of Labor's Electronic Application System Reported Some Difficulties

Officials in all of the states we visited told us that, while their experience with the new electronic application system has generally been positive, they have encountered some technical problems. These included minor problems that made the application process more difficult, as well as more serious issues that forced grantees to submit applications outside of the system. Some states had problems resolving technical questions because, for example, the system would not allow users and Labor's technical assistance staff to view the same screen and data simultaneously. Officials in one state described a series of delays they experienced in submitting an application because they could not view a discrepancy in how a zip code had been entered on two different screens.

Officials in all four of the states we visited also reported more general problems, including a lack of flexibility when modifying an existing application. For example, officials in three states told us that they had to adjust data to fit the system—in one case, by adding up data on participants and services provided at different service centers and entering it as information from one service center—-and that the system did not allow them to report changes in plans accurately. Officials in one of these states told us they could not use the system for one of their applications because several of its required fields, such as the number of participants, did not apply to their application. In addition, officials that we interviewed in all four of our site visits reported that Labor has not systematically queried users for feedback on the problems faced while using the new electronic application system. Several officials felt that minor changes to the system, such as providing more room to explain unusual features of some projects and better directions regarding how to proceed from one screen to another, would make the system more efficient and easier to use.

Labor Has Made Progress in Collecting More Uniform Program Data

Labor has taken actions to improve its two sources of information on national emergency grants—the quarterly progress reports and WIASRD. In program year 2004, Labor implemented a new electronic quarterly progress report system and required all grantees to use this system beginning in January 2005. Since these actions have been taken, our analysis suggests that most grantees have generally submitted required quarterly progress reports to Labor electronically and have certified and reported the required data elements. In addition, in August 2004, Labor issued guidance that clarified that states were required to include information on national emergency grants as part of their submissions to WIASRD. In that year, 85 percent of all states that received national emergency grants submitted national emergency grant data to WIASRD.

Labor Has Taken Steps to Improve Quarterly Report Data

Labor's new electronic quarterly progress report system has enhanced its ability to collect, review, and manage quarterly report information. More specifically, the new system requires grantees to submit data electronically, using a standard format in which all data fields are defined. As a result, the system has improved the uniformity and consistency of the progress report data Labor collects compared with our findings from program years 2000-2002. Labor also issued guidance specifying that beginning January 1, 2005, grantees would be required to submit the progress reports using the new system for all grants awarded after July 1, 2004 (the beginning of program year 2004). We found that during program year 2004, grantees generally submitted electronic quarterly progress reports as required. By contrast, for program years 2000-2002, we could not provide information on the extent that grantees provided quarterly progress reports because the reports were not collected on an integrated system and were not available electronically (see table 2).

Table 2: Number and Percent of Quarterly Progress Reports Provided by Quarter Awarded (Program Year 2004)

Quarter	Expected reports	Actual reports	Percent of expected reports received
1st	9	9	100
2nd	64	52	81
3rd	27	22	81
4th	30	27	90
Total	**130**	**110**	**85**

Source: GAO analysis.

The new progress report system has also improved the completeness of the data that Labor collects. During program year 2004, we found that all grantees that were expected to provide data did in fact complete each of the required data fields. Under the new system, grantees must enter basic information—such as counts of participants, counts of services that are provided, and expenditures at the grantee and project level—before they can submit their reports electronically. By contrast, when we examined reports submitted for program years 2000-2002, we found that the quarterly report data were generally incomplete. For example, of 13 states for which we sampled progress report data, only about half reported the number enrolled in core and intensive services and just one reported expenditures by type of service (see table 3).

Table 3: Information Contained in Progress Reports

	Program years 2000-2002			Program year 2004		
Data element	Number of states expected to provide information	Number of states that provided information	Percentage of states in sample that provided information	Number of states expected to provide information	Number of states that provided information	Percentage of states expected to provide information that provided information
Enrollment in core services	13	7	54	45	45	100
Enrollment in intensive services	13	5	38	45	45	100
Enrollment in training services	13	11	85	36	36	100
Expenditure by type of services	13	1	8	45	45	100
Entered employment	13	12	92	45	45	100

Source: GAO analysis.

Labor Has Increased the Amount of Information on Grants in WIASRD

After Labor issued its August 2004 guidance on data submission to WIASRD, the level of compliance with this requirement substantially increased. We found that 44 of the 48 states that likely fell under this requirement (90 percent) submitted data as required during program year 2004. Officials in all four states we visited reported that, overall, they did not encounter problems submitting data to WIASRD as required by Labor. In contrast, in program year 2001, only one of the six states that received

the largest proportions of national emergency grant funds submitted data to WIASRD (see table 4).

Table 4: Number of States That Submitted Data to WIASRD

Program year	Number of states in analysis	Number of states required to report	Number of states reporting	Percentage reporting
2004	51	48	44	90
2001	6	6	1	17

Source: GAO analysis.

Note: We counted the District of Columbia as a state.

Although grantees are complying with the WIA data submission requirements, some questions about the reliability of these data remain. As we reported in November 2005,[7] Labor requires states to validate the data it submits to WIASRD, but it does not have methods in place to review state validation efforts nor does it hold states accountable for complying with its data requirements.

Labor Monitors Projects for Compliance with Basic Program Requirements, but Some States Reported That Better Guidance Is Needed

Labor's regional offices oversee each project to track its performance and compliance with basic program rules and requirements, but several state and local officials we interviewed told us that more specific guidance is needed. Regional officials conduct a variety of monitoring activities, including approving program operating plans, reviewing quarterly progress reports, and conducting site visits. However, Labor has not issued complete, program-specific guidance that would standardize monitoring practices across regions, states, and local areas and help ensure consistent practices. As a result, some states have developed their own monitoring tools. In addition, officials in most of the states and local areas we visited said that Labor does not regularly help disseminate information about how states and local areas are managing and monitoring their national emergency grant projects.

[7]GAO, *Workforce Investment Act: Labor and States Have Taken Actions to Improve Data Quality, but Additional Steps Are Needed*, GAO-06-82 (Washington, D.C.: Nov. 14, 2005).

Labor's Regional Offices Monitor Projects for Compliance, but Labor Has Yet to Issue Complete Guidance for the Program

Profile of Regional Office Monitoring

In one state we visited, regional and state officials scheduled their on-site monitoring reviews concurrently. Before the visit, regional officials sent the state a notification letter; a review planning tool that described the areas of the review—including program design, program and financial management, and service or product delivery—and supporting documents required; a list of local area and service provider staff to be interviewed; monitoring schedules; and the regional office's guide for reviewing participant files. According to a local area official, the regional officials said they would pull a random sample of about 15 percent of participant files during the site visit to ensure that workers' eligibility and the types of services they received had been properly documented. They also sent a copy of Labor's *Core Monitoring Guide* used for monitoring a variety of grant programs. During the visit, regional staff interviewed dislocated workers participating in the projects. State officials accompanied regional officials and conducted similar interviews. At the conclusion of the on-site visit, regional staff met with state and local officials to discuss their findings. Regional staff had 30 days to submit their written report, which allowed state and local officials time to address the problems that the monitors had identified, and take corrective actions.

To ensure that projects effectively serve dislocated workers, Labor, states, and local areas carry out a variety of monitoring activities throughout the lifecycle of a project to track its progress toward meeting its stated purpose and goals. Labor officials in the four regions we visited told us that they follow the same general monitoring procedures for all grants, but tailor them as necessary for high-risk or complex grants. At the beginning of the grant, and at each quarter during the lifecycle of the grant, regional officials assess the potential risk level of the grant. They also review the project operating plan and analyze quarterly financial and progress reports to assess their timeliness, accuracy, and effectiveness in providing services to dislocated workers. Regional officials we interviewed told us they generally conduct their most comprehensive review at the project's midpoint by visiting grantees and project operators. According to Labor's guidance on administering the National Emergency Grant program, a major purpose of the on-site review for incremental grants is to review the need for funds to complete the project. The guidance also states that Labor officials will assess how well a grantee and its project operators are meeting the major requirements of the program. These include participant eligibility, financial management controls, project management, effectiveness of support services, and job placement services. For disaster grants, they also include temporary jobs for dislocated workers. The regional officials reported that they usually meet with state and local workforce officials, including project operators and dislocated workers enrolled in the project, and conduct an exit interview with cognizant officials to discuss their findings.

According to officials in the four regions that we interviewed, Labor modifies monitoring and reporting procedures as necessary to ensure that these reviews are appropriate in terms of the special characteristics of some grants. For example, one regional official said they visit projects designated as "high risk" within 90 days after grant award, rather than waiting until the project's midpoint, and work closely with the grantee throughout the project. Another Labor official said they monitor a grantee more closely if they identify potential problems. For example, if a grantee is late in submitting its quarterly progress reports or falls behind in enrolling dislocated workers in a project, the regional office will conduct more extensive monitoring such as telephoning the grantees or conducting additional site visits to determine the cause. Labor can also require grantees to submit reports in addition to their regular quarterly progress reports for unusually large or highly visible grants, such as those awarded to serve Hurricane Katrina victims. According to workforce officials in two states that received Katrina grants and a cognizant regional official, they initially had to submit numerous reports with different information on a

daily basis, then every 3 days, and then on a weekly, biweekly, and monthly basis.

Workforce officials in most of the states and local areas we visited told us that Labor's oversight activities were generally beneficial and that the monitoring activities often provided them with helpful feedback for managing their grants. For example, an official in one local area said that Labor's monitoring resulted in them strengthening their requirements for maintaining critical documents in participant files. In this area, local officials routinely required caseworkers to check a sample of their coworkers' files to ensure that they were complete and contained sufficient documentation to justify the services that were provided in order to prepare for federal monitoring.

Despite the general satisfaction with Labor's monitoring efforts, we found that the guidance states and local areas received varied widely. Labor issued a draft monitoring guide specifically for national emergency grants in late 2005, which was based on its generic *Core Monitoring Guide*. Officials in three of the four states we visited said that they had received a copy of the draft monitoring guide, but none of the local areas we visited had. In fact, one regional office official we interviewed had not yet received a copy of the guide. Further, state officials told us that they had received different types of information from Labor to help them prepare for their on-site monitoring visits. For example, officials in all four states said that regional officials sent a list before their visit of the documents and participant files that they needed to review. An official in one state said that they had not always received written guidance on how to conduct their own monitoring or prepare for Labor's monitoring visits.

To compensate for the lack of consistent, complete guidance, all four states we visited had developed their own tools for monitoring local areas, and many of the local areas used their state's tool or a modified version of it to monitor their service providers. For example, one local area official told us they modified the state's tool by adding procedures for reviewing the documents that support a dislocated worker's eligibility to receive services. An official in another state told us that their agency expanded the tool that it uses for its 90-day on-site monitoring visit for its mid-point review by including a review of the documents in participant files and project cost.

Labor Has Not Disseminated Information on Promising Practices

Officials in most states and local areas we visited said they do not currently have opportunities to share information about promising practices for managing and monitoring national emergency grant projects, but many expressed an interest in having such opportunities. Workforce officials in one state and six local areas said that having Labor facilitate opportunities for disseminating such information would help project operators manage their projects more efficiently. For example, according to officials in one local area, they had experience operating grant projects that served dislocated workers in the agricultural sector, but not in the manufacturing sector. When faced with a layoff in a computer chip manufacturing plant, they had to take time to research potential job openings and skills required for jobs in this sector. Having information on how other areas served workers laid off by manufacturing companies would have helped shorten the time they spent developing the project and allowed them to serve workers more quickly. Officials in one state also suggested that Labor could help by creating a central repository of documents used in managing projects, such as examples of agreements used to establish temporary worksites for disaster victims. Although Labor has a Web site for sharing promising practices with the WIA community, Labor has not used this tool for facilitating improved information sharing about national emergency grants.

Conclusions

National emergency grants are an important tool for helping states and localities respond to mass layoffs and disasters that result in large numbers of dislocated workers. When major layoffs and disasters such as hurricanes or floods occur, states and local areas must respond quickly to ensure that dislocated workers receive the services they need to re-enter the workforce. While the National Emergency Grant program is relatively small, the reemployment activities it funds are important for workers who have been dislocated due to mass layoffs or natural disasters. In this regard, it is critical for grant funds to reach program participants in a timely manner. By implementing an automated application system, Labor has, on average, substantially decreased the time required to award national emergency grants. However, because this system does not capture the entire grant process—including the time taken for the Secretary to issue final award letters—there is room for further improvement. Moreover, while the system has improved the timeliness of grant awards, some state and local officials have encountered problems using the system. Effective management and oversight requires a mechanism for states and localities to provide feedback to Labor, to ensure that potential system weaknesses are identified and addressed.

Effective monitoring is also a critical component of grant management. While Labor's monitoring activities appear to provide reasonable assurance that grant funds are being used for their intended purpose, some state and local officials said that standardized guidance would be beneficial. In particular, once Labor finalizes its monitoring guide for grants, state and local officials responsible for grant administration and oversight could benefit from more consistent, specific federal guidance. Moreover, state and local officials could benefit from innovative project management practices that have promoted efficiency and effectiveness in other states where grant funds have been awarded. However, without disseminating such information through a centralized mechanism, it is difficult for state and local officials to learn of promising practices in other jurisdictions and use this information early in the planning process.

Recommendations for Executive Action

In order for Labor to better manage the grant award process and system, accurately assess the time it takes to award grant funds, and improve its guidance to states and local areas, we recommend that the Secretary of Labor take additional actions. In particular, Labor should

- extend its electronic application system and its own timeliness measurement process to capture the entirety of the award process from the perspective of grant applicants, specifically through final approval and issuance of award letters by the Secretary;
- solicit information from users of the application system to guide future refinements to this system;
- distribute more complete guidance and tools for monitoring grant projects; and
- explore cost-effective ways to disseminate information to states and local areas to help them learn about promising practices for managing national grant projects.

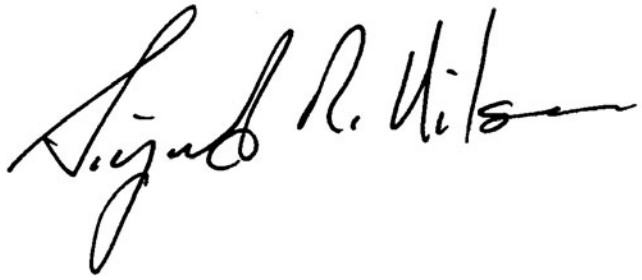
Agency Comments

The Department of Labor commented on a draft of this report, indicating that it agrees with our findings and the intent of all four recommendations (see app. III). Labor's comments also highlighted some actions that it has already taken or plans to take. Labor reported that it has recently implemented a new version of its electronic application system that has expanded its capacity to manage all elements of the application process. However, Labor did not directly address our recommendation that the

system be expanded to capture the entirety of the awards process, including final approval and issuance of the award letters by the Secretary. In addition, Labor agreed that information from users is needed to guide future refinements to the system but noted that a survey of all users might require a formal paperwork clearance process and, therefore, would provide less timely information than its present system involving user tests with selected grantees. While we agree that information from user tests is useful, we believe feedback from all grantees would better inform future enhancements. Regarding our recommendation that it distribute more complete guidance and monitoring tools, Labor explained that it is currently field-testing a monitoring guide for national emergency grant projects, and plans to release this guide by September 2006. We believe such a guide could be an important step toward establishing consistent monitoring practices. Also, Labor concurred with our recommendation that it explore cost-effective ways to disseminate information to states and local areas to help them learn about promising practices for managing national emergency grant projects. In particular, Labor noted that it has relied upon venues such as national conferences and forums to facilitate the sharing of information among grantees. Labor did not provide technical comments on the draft.

We are sending copies of this report to the Secretary of Labor and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's home page at http://www.gao.gov.

Please contact me on 202-512-7215 or at nilsens@gao.gov if you or members of your staff have any questions about this report. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.



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

Appendix I: Scope and Methodology

Our objectives were to (1) determine whether Labor has shortened grant award times since our 2004 report and has been able to meet its own goal of 30 working days for awarding grants, (2) examine the uniformity of the program data that Labor is currently collecting, and (3) assess Labor's monitoring and oversight of national emergency grant projects.

Timeliness Assessment

To examine how long it takes Labor to award national emergency grants and determine whether Labor is meeting its 30-working-day timeliness goal, we obtained a listing from Labor of all grants awarded during program year 2004 and the first 2 quarters of program year 2005. We selected this time period because Labor implemented its new electronic application system and streamlined application data requirements at the beginning of program year 2004. We computed (1) the number of working days between the date of the original grant application and the date of the award letter to determine overall grant award times and award times by type of grant and (2) the percentage of grants that were awarded within Labor's timeliness goal of 30 working days. We supplemented data from Labor's electronic database with data from its hard copy grant files, including information contained in the award letters for all grants awarded during program year 2004, because the application system did not contain data for all steps in the awards process. We excluded two grants because they were not submitted electronically.

Table 5: Number of National Emergency Grants Awarded and Used in GAO Analysis

	Program year 2004		Program year 2005—first 2 Quarters	
Type of grant	Number of grants awarded	Number of files with complete information used in our analyses	Number of grants awarded	Number of files with complete information used in our analyses
BRAC grants	39	39	0	0
Regular grants	26	25	2	2
Disaster grants	11	11	12	12
Dual enrollment	8	7	1	1
Total	**84**	**82**	**15**	**15**

Source: GAO analysis.

In order to compare the award processing times for program year 2004 with program years 2000-2002, we converted calendar days to working days because Labor's present day goal is expressed in working days.

Analysis of Program Data

To determine the degree that grantees submitted quarterly progress reports with the required data elements, we analyzed the extent that grantees submitted quarterly progress reports by quarter and the extent that grantees completed required data fields during program year 2004. We eliminated the BRAC planning grants from these analyses because quarterly report data were designed to capture information on participants and services, not planning activities. We compared the completeness of data submitted during program year 2004 with the completeness of data submitted during program years 2000-2002.

To assess the extent that grantees complied with requirements to summit data to the WIASRD database, we identified states that received national emergency grants in programs years 2002, 2003, and 2004, and, therefore, were likely to have participants that left projects in program year 2004. We examined the WIASRD database to see if it contained program year 2004 data for these states. We compared the percentage of grantees that provided national emergency grant data to the database in 2004 with the percentage that provided data in 2000, based on the sample of grantees that were selected for our previous analysis in 2004.

Assessment of Data Quality

To assess the reliability of data about award processing times, we interviewed officials responsible for compiling these data. We verified the accuracy of the application dates that Labor gave us by comparing them with dates on the actual applications and dates on the electronic application system. Also, we drew a 10-percent random sample of all grants awarded in program year 2004 and the first 2 quarters of 2005 and verified information in the electronic system with information in the official hard copy grant files. To assess the reliability of information in the electronic quarterly progress report system, we examined materials related to data entry and examined the completeness of data submissions. Also, we interviewed state and local officials regarding their data collection procedures and verification processes. We determined the data were sufficiently reliable for the purposes of our report.

Interviews with Labor Officials

We interviewed officials in the Office of National Response and the Office of Grant and Contract Management in Labor's Employment and Training Administration to obtain information on application processing, program polices, and grants management. We also interviewed key staff in the Office of Field Operations and officials in four regional offices where we conducted site visits. They are in charge of monitoring and oversight to obtain information on data reporting, oversight requirements, and

monitoring procedures. In addition, we interviewed officials representing Labor's contractor to obtain technical information on the electronic application system.

Site Visits

To learn more about the application system, data requirements, and oversight from the grantees', service providers', and dislocated workers' points of view, we conducted site visits to four states—Florida, Maine, Oregon, and Texas. We selected these states because they each received a substantial amount of national emergency grant funding and, together, represented different geographical regions, had received a diversified mix of regular, BRAC, disaster, and dual enrollment grants. (See table 5.) On these site visits, we conducted in-depth interviews with state workforce officials, representatives of local workforce investment boards, and service providers. In addition, we visited four work sites that provided temporary employment to individuals who had lost their jobs as a result of Hurricanes Katrina and Wilma.

Table 6: Number of Grants Received during Program Year 2004 and the First 2 Quarters of Program Year 2005

State	Total	Regular	Disaster	Dual enrollment	BRAC
Florida	4		3		1
Maine	4	3			1
Oregon	6	2		4	
Texas	3	1	1		1

Source: GAO analysis.

Our work was conducted between September 2005 and July 2006 in accordance with generally accepted government auditing standards.

Appendix II: Summary of Funds Awarded for Regular, Disaster, and Dual Enrollment Grants during Program Year 2004

	Regular				
State	**BRAC**	**Non-BRAC**	**Disaster**	**Dual enrollment**	**Total**
Alabama	$1,000,000	$235,619	$2,500,000		**$3,735,619**
Alaska	615,000				**615,000**
Arkansas	1,000,000		400,000		**1,400,000**
California	1,370,000	7,285,457	11,665,000		**20,320,457**
Commonwealth of the Northern Mariana Islands			2,000,000		**2,000,000**
Colorado		2,500,000			**2,500,000**
Connecticut	1,000,000	753,775			**1,753,775**
District of Columbia	950,000				**950,000**
Federated States of Micronesia			2,288,320		**2,288,320**
Florida	1,000,000		75,000,000		**76,000,000**
Georgia	1,000,000	3,030,218			**4,030,218**
Guam	475,000				**475,000**
Hawaii	45,000				**45,000**
Idaho		1,817,046			**1,817,046**
Illinois	1,500,000				**1,500,000**
Indiana	1,500,000				**1,500,000**
Iowa	382,000	658,519			**1,040,519**
Kansas	850,000	324,031			**1,174,031**
Kentucky	300,000				**300,000**
Louisiana	1,000,000		392,288		**1,392,288**
Maine	1,273,628	5,163,228			**6,436,856**
Maryland	1,237,500			$378,000	**1,615,500**
Massachusetts	1,000,000	6,656,568			**7,656,568**
Michigan	221,778				**221,778**
Minnesota	500,000				**500,000**
Mississippi	250,000				**250,000**
Missouri	1,000,000	2,753,652			**3,753,652**
Montana	76,690	1,654,649			**1,731,339**
Nebraska	75,000				**75,000**
Nevada	528,500				**528,500**
New Hampshire		347,967			**347,967**
New Mexico	1,000,000				**1,000,000**
New York	730,000	615,750			**1,345,750**

	Regular				
State	**BRAC**	**Non-BRAC**	**Disaster**	**Dual enrollment**	**Total**
North Carolina	1,000,000	10,014,637	7,000,000		**18,014,637**
North Dakota	1,000,000				**1,000,000**
Ohio	1,000,000	285,516	19,570,845		**20,856,361**
Oklahoma	250,000	1,294,351			**1,544,351**
Oregon		1,807,462		374,007	**2,181,469**
Pennsylvania	1,000,000	217,540		10,407,984	**11,625,524**
Rhode Island		472,499			**472,499**
South Carolina	500,000	1,984,638			**2,484,638**
South Dakota	1,000,000	795,000			**1,795,000**
Tennessee		670,000			**670,000**
Texas	235,000	4,595,931			**4,830,931**
Virginia	1,000,000	3,924,493			**4,924,493**
West Virginia	616,764	1,924,604	2,000,000		**4,541,368**
Wisconsin	75,000	5,911,645		369,902	**6,356,547**
Total	**$29,556,860**	**$67,694,795**	**$122,816,453**	**$11,529,893**	**$231,598,001**

Source: GAO analysis.

Appendix III Comments from the Department of Labor

U.S. Department of Labor

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

AUG 3 2006

Mr. Sigurd R. Nilsen
Director
Education, Workforce and Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Nilsen:

We appreciate the opportunity to review the draft of the Government Accountability Office (GAO) report regarding National Emergency Grants (NEGs) entitled, "Labor Has Improved Its Award Timeliness and Data Collection, but Further Steps Can Improve Process" (GAO Report 06-870).

We are gratified that the report recognizes the efforts the Department has made to improve the administration of the NEG program. Though we have made a number of improvements, we believe that more can be done. The Department believes that it has made substantial efforts to improve the management and administration of the NEG program including the timeliness of grant awards and is pleased that these efforts have been recognized in this report.

To update you on our progress, the Department just recently implemented version three of the NEG electronic application process. In each version substantial improvements have been made to the system's capacity to process NEGs, as well as in grantee usability. This includes improving the system's ability to process grant modifications by, among other things, adding the grant officer functions. As each phase has been implemented, the Department has conducted a user test by selected grantees and has solicited grantee comments.

Recommendations: The GAO made four recommendations in its report. They are identified below followed by the Department's responses--

1. **"Extend its electronic application system and its own timeliness measurement process to capture the entirety of the award process from the perspective of grant applicants, specifically through final approval and issuance of award letters by the Secretary."**

   The electronic application system has been designed for the purpose of electronic management of the National Emergency Grant program including

the application process through award and subsequent administrative functions. This includes grant modifications and project reporting as well as linkages to grant monitoring activities, as reflected in the Grant Electronic Management System (GEMS).

The Department manages the timeliness with a view to the total time required from application to award and, within that context, has made substantial improvements in the overall processing time since the prior GAO report (04-496). We made these improvements by focusing attention on the area that provided the greatest opportunity for improvement—management of the review and recommendation processes. In managing against the standard for overall timeliness, the Department has the capacity to look at each key element of the process and can and will monitor each.

2. **"Solicit information from users of the application system to guide future refinements to this system."**

   The Department has conducted user tests with selected grantees prior to the implementation of each version of the NEG e-application system. These user tests have been helpful in identifying refinements that can be made to the functionality of the system. In addition, we have offered several training opportunities for grantees that have provided an opportunity for questions as well as an exchange of ideas on system operation. Finally, we are in constant communication with grantees concerning the operation of the system and to gain ideas and insights for system improvement. For example, as the result of working with grantees, we are working to streamline the planning forms by integrating duplicative data elements for regular and disaster projects. These opportunities for grantee input are more timely and contextual than a survey or solicitation that might require a formal paperwork clearance process.

3. **"Distribute more complete guidance and tools for monitoring grant projects."**

   The Department has developed a formal core monitoring guide for which a supplement has been drafted and field-tested to reflect specific NEG monitoring issues. This guide was being field-tested in two regions at the time of the GAO review, and comments are now being incorporated into a final guide that will be released to all regions no later than September 30, 2006. This guide will provide clarification of the Department's expectations for the operation of NEG projects.

4. **"Explore cost -effective ways to disseminate information to states and local areas to help them learn about promising practices for managing national grant processes."**

   We will explore cost-effective mechanisms for grantees to share promising practices for managing national grant processes. Currently, we utilize national forums to facilitate the sharing of information among states and local areas. Additionally, workshops on promising practices utilized by successful grantees and/or service providers were held at the Rapid Response Summit in May 2006 and the Department's annual Workforce Innovations conference.

If you would like additional information, please don't hesitate to call me at (202) 693-2700 or Erica R. Cantor, Acting Administrator, Office of National Response, at (202) 693-3500.

Sincerely,

for Douglas F. Small/ESD

Emily Stover DeRocco

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Sigurd R. Nilsen, Director (202) 512-7215

Acknowledgments

Jeremy D. Cox, Assistant Director; Kathleen D. White, Analyst-in-Charge; Carolyn S. Blocker; and Daniel C. Cain served as team members and made major contributions to all aspects of this report. In addition, Catherine Hurley and Jean McSween advised on methodological and analytic aspects of this report; Susan Bernstein advised on report preparation; Jessica Botsford advised on legal issues; Yunsian Tai helped conduct data analyses; Robert Alarapon provided graphic design assistance; and Katharine Leavitt verified our findings.

Related GAO Products

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