



# Michigan's Informal National Emergency Grant Guide (NWLB Practitioners' Update)

*On the heels of our recent \$38 million National Emergency Grant (NEG) awards to fund NWLB dislocated worker training, I am sharing a guide on the NEG application process and requirements. The intent of this guide is to provide information to help us align state and local efforts to pursue additional federal funding. The guide was developed by Jennifer Tebedo, our grants specialist, and it consolidates the Federal Register, *Training and Employment Guidance Letter* and other NEG guidance into a single document. Some of you have worked with Jennifer, but for those who haven't, she is charged with coordinating DELEG efforts to secure additional funding for our workforce strategy. I encourage you to connect with her to tap into her expertise. While the Michigan Works! Agencies may benefit most from this guide, staff of community colleges and other educational partners will also profit from this "insider's" look at how NEG's work.*

*-Andy Levin*

## National Emergency Grant Guide

**National Emergency Grants (NEGs)** are discretionary grants awarded by the U.S. Secretary of Labor. The purpose of the grant is to expand service capacity at the state and local levels by providing time-limited funding assistance in response to significant dislocation events which arise from the effects of economic globalization, business fluctuations and unexpected events (e.g., disasters). NEG funds are not intended to address shortfalls in Dislocated Worker Program formula funds. NEG funds are authorized by the Workforce Investment Act (WIA), Title I, and Section 173. To be effective, NEG funding actions must be timely in terms of the application for NEG funds, and the award process in relation to the need for assistance. A timely response to requests for NEG funds requires applications for funding which are based on (a) **reasonable and informed** estimates of the funds needed to respond to **eligible events and dislocated workers**, and (b) **responsive implementation plans** for assisting the affected workers.

### Informal Guide to the National Emergency Grant (NEG) Application Process

As you are aware, there has been a significant increase in both the volume and complexity of NEG activity with the addition of American Recovery and Reinvestment Act (ARRA) NEGs. Based on our experience with the application review process of our three successful Regional Economic Impact (REI) NEGs, we would like to share a few recommendations for improving the quality of the applications submitted, and hopefully minimizing the turnaround time for award decisions. Please be aware that we are only sharing informal advice which does not constitute official policy. Complete policy details are available online at [http://www.doleta.gov/NEG/apply\\_neg.cfm](http://www.doleta.gov/NEG/apply_neg.cfm) while specific ARRA NEG details are at <http://wdr.doleta.gov/directives/attach/TEGL/TEGL19-08.pdf>. For any questions regarding NEGs, Michigan partners are invited to contact Jennifer Tebedo, DELEG grant specialist via [tebedoj@michigan.gov](mailto:tebedoj@michigan.gov) or (517) 243-7882.

Through ARRA, two new types of NEGs were created: Regional Economic Impact (REI) NEGs and Dislocated Worker Formula Funds Replenishment NEGs. Michigan was awarded three of the REI NEGs totaling \$38M. All

together there are five Recovery Act-funded NEG: Regular, Dual Enrollment, Health Coverage Tax Credit, Regional Economic Impact, and Dislocated Worker Formula Funds Replenishment NEG. Meanwhile, Disaster and Base Realignment and Closure (BRAC) NEG continue to be funded with appropriated resources. Here is a brief overview of each type of ARRA NEG available:

**REGULAR:** As in the past, to benefit from these Regular NEG, states must identify one of these eligible events:

- Plant closures.
- Layoffs of 50 or more workers at a single company.
- Layoffs at multiple companies where at least one of the layoffs impacts 50 or more workers.
- Community impact layoffs where the employer base is primarily small employers, and multiple small dislocations over a six-month period have had a significant impact on the unemployment rate of the local workforce area.
- Industry-wide layoffs affecting companies in the same industry as determined by the three-digit North American Industrial Classification System (NAICS) code.

**DUAL ENROLLMENT:** These projects provide dislocated workers certified as eligible for Trade Adjustment Assistance with “wrap-around” services, including supportive services for which funds are not authorized and for which WIA Dislocated Worker formula funds are insufficient. Supportive services include transportation, dependent care, and income assistance.

**HEALTH COVERAGE TAX CREDIT (HCTC):** HCTC is a tax credit administered by the Internal Revenue Service equal to 80 percent of the amount paid by an eligible individual for qualified health coverage. Monthly payments are made directly to a health plan administrator on behalf of participants, allowing them to receive the benefit of the tax credit at the time of need.

**REGIONAL ECONOMIC IMPACT (REI):** REIs can provide both direct services and resources for regional strategic planning. Direct re-employment-related services to workers impacted by layoffs are a required part of this grant type, and grantees must make these services available to all participants regardless of where in the region services are provided. These services are the same as those provided by a Regular NEG, that is, core, intensive, and training services. REIs provide these services for one year from the date of the award. Under this grant you may continue to add eligible workers for one year after the award without having to submit a modification. Prior modifications will continue to be required for any financial changes or any changes to the scope of the originally defined regional economy. To qualify for a REI, an applicant must demonstrate that:

- The proposed project area is a regional economy.
- At least 50 workers were laid off in the region.
- There is a need for this type of regional response to layoffs, rather than some of type of NEG intervention.

**DISLOCATED WORKER FORMULA FUNDS REPLENISHMENT:** Based on the extraordinary effect that the recent downturn has had on the labor market and available re-employment resources, NEG requests will be considered to replenish Workforce Investment Act Dislocated Worker formula funds in limited circumstances, when 95 percent of formula funds (both Program Year 2008 regular appropriations and Recovery Act funding) have been disbursed.

## **Recommendation**

**1. Justifying the Need for NEG Funds:** In order to meet a growing demand for limited NEG resources, we note that DELEG is increasingly requesting detailed justification of the need for project funding. Accordingly, it is insufficient to make a general assertion that, “the local program operator has insufficient funds,” or that “the program operator is fully obligated.” To apply for a Recovery Act-funded NEG, an applicant must first have drawn down at least 70 percent of available Program Year 2008 Workforce Investment Act Dislocated Worker Formula Funds and at least 50 percent of WIA Recovery Act Program Year 2008 Dislocated Worker Formula Funds. The only exception is for Formula Funds Replenishment NEG, which require that states draw down 95 percent of their WIA appropriated and WIA Recovery Act Program Year 2008 Dislocated Worker Formula Funds. To demonstrate the need for NEG funds, we suggest that you provide more detailed information about local-level available resources.

At the local level, we suggest you include the following information:

- Total dislocated worker funding allocation for the current program year.
- Amount of local dislocated worker carry-in funds.
- Amount of local dislocated worker funds transferred to the adult funding stream, and/or and amount of local adult funds transferred to the dislocated worker funding stream.
- Amount of actual dislocated worker funding expenditures, as of the most recent period for which information is available.
- Amount of dislocated worker funding obligations for the remainder of the program year.
- Amount of other “soft” obligations required to maintain dislocated worker program operations for the remainder of the program year. This might include projected staffing costs, rent, amounts reserved (but not formally obligated) to complete participant service plans through the remainder of the program year, etc.

**2. Project Consistency with Local Policies:** DELEG’s general expectation is that services provided in an NEG project will be consistent with local policies governing the dislocated worker formula program. Any variances from local policies proposed for the NEG must be fully discussed in the application, and approved by the grant officer. For example, if local policy does not allow for the provision of needs-related payments, DELEG will usually disapprove of a budget request for such payments.

**3. Grant Modifications – Incremental Funding:** Grant modification requests for additional funding increments will generally be approved upon expenditure of 70 percent of the initial increment.

**4. Application Development:** We encourage you and your staff to involve Jennifer Tebedo, DELEG grant specialist in the development and review of draft applications. While we cannot promise that this will entirely eliminate delays in the funding decision, we believe that a well-crafted application is less likely to require subsequent withdrawal and resubmissions. Jennifer can be reached via [tebedoj@michigan.gov](mailto:tebedoj@michigan.gov) or (517) 243-7882.

## Application

**Eligibility: Dislocation Event, Grantee and Individual:** NEG funds are only awarded to eligible grantees to respond to eligible dislocation events where there is a verifiable target group that is both eligible for and in need of assistance. Therefore, NEG applications must reference a qualifying event as described in the National Emergency Grant Application Procedures, (Federal Register & TEGL 19-08).

**Early Intervention:** Information must document that **Rapid Response** has occurred where there has been an advanced notice of layoff through WARN or some other means. If early intervention through Rapid Response has not been feasible, the application must document the circumstances that prevented initiation of early intervention. The following must be addressed:

- (a) Information must detail actions during Rapid Response to initiate a comprehensive and timely assessment of the re-employment barriers experienced by the workers, the scope of assistance needed and the resources (state, local and NEG) needed to address the workers’ employment transition needs.
- (b) Information indicates that some effort has been made to contact affected workers and/or their representatives.
- (c) Information indicates that the affected workers are still in need of assistance.

The availability of the affected population for, and interest in, participating in the NEG project must be documented by survey results or other means especially where a layoff has occurred more than four months prior to the application for NEG funds.

**Reasonableness of Proposed Services and Costs:** Applications must demonstrate that the project has been designed to operate in accordance with the federal requirements and the state and local policies that apply to formula-funded Dislocated Worker programs in the proposed project area; **or**, if different, a full justification is provided in terms of the target group and reemployment barriers. The following must be addressed:

- (a) The planned average cost per participant for the project is within a reasonable range of the state’s actual average cost per participant reported for the prior program year.

(b) The planned provision of needs-related payments (NRPs) in the project is consistent with state/local policy for providing such assistance under the applicable Dislocated Worker Formula program. Exceptions to this policy must be justified.

(c) The indirect costs are justified by identifying (1) the approved indirect cost rate and base; (2) the cognizant approval agency; and (3) the date of the approval.

(d) “Other” expenditures that are included in the budget – at either the state or local level—are identified and justified in the narrative.

(e) The ratio of planned participants to affected workers is reasonable in light of prior experience with NEG projects and with the results of Rapid Response/early intervention activities. Historically, NEG-funded projects serve no more than an average of 50 percent of a laid-off population.

(f) Total administrative costs are within the cost limitations at both the state and local project levels, OR are explained and justified.

**Timeliness of Assistance:** Applications must ensure that project implementation reflects timely assistance to affected workers, consistent with the initiation of Rapid Response and other early intervention activities; and ensure that the rate of expenditures is consistent with rate of on-board participants by service type (e.g., core/intensive, training). The following must be addressed:

(a) All planned participants are enrolled in services in a timely manner and consistent with availability of funds to complete services.

(b) Rates of expenditure for core/intensive and support services are consistent with the rates of enrollment in those services quarter-to-quarter.

(c) Rates of expenditure for training services and NRPs (if applicable) are consistent with the rates of enrollment in those services quarter-to-quarter.

**Adequacy of Planned Performance:** Applications should document that planned performance on NEG projects is at least equal to the negotiated state levels for dislocated worker formula funds.

**Need for Funds:** Applicants must ensure that other funds are not available and/or have not been committed to meet the needs of the workers covered in the application. Applicants should be able to demonstrate:

(a) No other funding exists which provides the same services to the same target group.

(b) A state verification of the need for the requested funds is provided.

(c) Available information on expenditures of other dislocated worker funds in the state indicates the need for the requested funds.

## Documentation

These requirements will vary, depending on the type of NEG requested. However, for most NEG funding requests, the following is required:

- To engage the grant specialist we ask that you complete DELEG’s “Local Application-National Emergency Grants” and send it via email to [tebedoj@michigan.gov](mailto:tebedoj@michigan.gov). The first page will collect basic project information while the second page will be done for each employer event you would like to include. Upon receiving this information you will be contacted directly and work on the remaining documents together with DELEG’s grant specialist and the local MWA. Form is online at: [http://www.michigan.gov/documents/nwlb/Local\\_Application- National\\_Emergency\\_Grant\\_304335\\_7.pdf](http://www.michigan.gov/documents/nwlb/Local_Application- National_Emergency_Grant_304335_7.pdf)
- A completed SF-424, “Application for Federal Assistance” (required for all requests for federal funding assistance), signed by an authorized signatory.
- A synopsis of the project which summarizes the key aspects of the proposed project --- type of eligible event, key contact information, planned number of participants, performance measures, and an explanation of why the requested funds are needed.
- Employer data to validate the eligibility of the dislocation event(s) and the target group of workers. Data should include name(s) and location of employer(s), date(s) and type(s) of worker notification, date(s) of layoffs and number of workers affected, and date(s) of rapid response.
- Project operator data, including key contact and project scope information (e.g., number of participants, total budget, and service area) for each project operator.

- Planning information which includes cumulative quarterly estimates on the number of participants, design (mix of activities) and budget (costs by type of activity, and administrative costs). Pre-award costs will only be considered for funding to support direct participant costs, e.g., tuition, supportive services, etc.
- Narrative statement to address any explanations or justifications necessary.

## Implementation

The application process will be coordinated by DELEG's grant specialist and the local MWA. The Bureau of Workforce Transformation (BWT) and Rapid Response Unit will assist throughout the process. Once an application is completed and an award is received, the Rapid Response Unit and BWT will work directly with project operators on the implementation plan and launch. Policy issuance, spending authority, monitoring, reporting and other details will be outlined when an award is made by the U.S. Department of Labor.

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### ***References:***

2004 Federal Register, Vol. 69 pages 23052-23081, [http://www.doleta.gov/NEG/apply\\_neg.cfm](http://www.doleta.gov/NEG/apply_neg.cfm)

ETA Training & Employment Guidance Letter (TEGL) 19-08, <http://wdr.doleta.gov/directives/attach/TEGL/TEGL19-08.pdf>

NEG SF-424, <http://www.doleta.gov/NEG/pdf/form424.pdf>

Ohio Workforce Information Center, <http://jfs.ohio.gov/workforce/workforceprof/NEGs.stm>

Wisconsin Department of Workforce Development, <http://www.dwd.state.wi.us/>