United States General Accounting Office

GAO

Report to Congressional Requesters

November 2003

NATIONAL EMERGENCY GRANTS

Services to Dislocated Workers Hampered by Delays in Grant Awards, but Labor Is Initiating Actions to Improve Grant Award Process

GAO-04-222

Contents

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Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

November 14, 2003

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

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

Between 2000 and 2002, almost 60,000 mass layoffs of 50 or more workers occurred resulting in nearly 7 million workers losing their jobs. The Workforce Investment Act (WIA) of 1998 authorizes the Department of Labor to award national emergency grants to affected states and local areas to provide employment and training assistance to workers affected by major economic dislocations, such as plant closures, and major disasters, such as floods and hurricanes. Although national emergency grants are intended to be a timely response to unexpected events, questions arose during congressional hearings in April 2003 about whether national emergency grant funds were getting to state and local areas quickly enough to help workers when they needed it the most.

WIA specifies separate funding streams for each of the act's main client groups—adults, youths, and dislocated workers—and requires the Secretary of Labor to reserve 20 percent of dislocated worker funds for national emergency grants, demonstrations, and technical assistance. States and local areas apply to the Secretary for national emergency grants when they need additional funds to assist dislocated workers. These include regular grants, which provide employment and training assistance to workers who lost their jobs due to layoffs and plant closings; disaster grants, which provide temporary employment to workers affected by natural disasters and other catastrophic events; and dual enrollment grants to provide supplemental assistance to workers who have been certified by Labor to receive services under the Trade Adjustment Assistance Reform Act of 2002. Workers eligible under dual enrollment grants are typically workers who have lost their jobs because of increased imports from, or

shifts in production to, foreign countries. At least 85 percent of the Secretary's 20 percent funds must be used for national emergency grants, and these funds can only be awarded during the year the funds are allotted. From July 1, 2000 to June 30, 2003, Labor used these funds to award over $614 million in national emergency grants to 46 states and the District of Columbia, Guam, and the Federated States of Micronesia.

Because of your concern about whether national emergency grants were awarded to states and local areas quickly enough to provide services to workers when they are most needed, you asked us to (1) determine the length of time Labor takes to award national emergency grants, (2) determine the effect delays in grant awards have on the ability of states and local areas to provide workers with employment and training services, and (3) identify actions Labor is taking to improve the timeliness of grant awards. To respond to these issues, we interviewed Labor officials at both headquarters and regional offices, reviewed Labor files for all grants awarded between July 1, 2000 and June 30, 2003, and surveyed officials in the 39 states that had received at least one regular national emergency grant during that period. We received responses from 38 states. We conducted our work from March to October 2003 in accordance with generally accepted government auditing standards.

On November 5, 2003, we briefed your staffs on the interim results of our ongoing work. This report formally conveys the information provided during that briefing. Appendix I contains the briefing slides.

In summary, we found that Labor awards virtually all of the funds available each year for national emergency grants, but that it rarely awards regular national emergency grants within its goal of 30 days.[1] Nearly 90 percent of regular grant awards took longer than 30 days, and about 46 percent took 90 days or more. For regular grants, which represent about 64 percent of the grants and 58 percent of the funds awarded between July 1, 2000 and June 30, 2003, it took Labor an average of 92 days to send the notification of an award after receiving an application. The amount of time Labor took to award regular grants appeared to be related to the quarter in which the application was received. For example, regular

[1]Labor's goal measures the number of calendar days between the date a complete application is received and the date the grant award is approved by the Secretary. After approval, Labor notifies the appropriate congressional office and issues the award letter. We tracked the number of calendar days between the date the original application was received and the date of the award letter.

grant applications received in the first-quarter of a program year [2] averaged 111 days from the time the application was received to the time the grant was awarded, whereas applications received in the fourth-quarter averaged 58 days. Furthermore, nearly 60 percent of all regular grants were awarded in the fourth-quarter of the program year, representing nearly two-thirds of the regular grants funds awarded, and 40 percent during the final month, representing about one-half of the regular grant funds awarded. Labor took less time to award dual enrollment and disaster grants. Dual enrollment grants, which represent about one-third of the funds awarded, took an average of 20 days to award after the applications were received, and disaster grants, which represent less than 10 percent of the funds awarded, took an average of 48 days.

Thirty-three of the 39 states that received at least one regular grant between July 1, 2000, and June 30, 2003, said that the amount of time it takes to receive regular grant funds was a major problem. In fact, 25 of the states reported that because of the delays in receiving grant funds, they had to delay or deny services to dislocated workers. Twenty of these states reported that local areas had to delay training for dislocated workers because, while waiting for national emergency grant funds, they did not have funds available to enroll them in training. For example, in 1 state, workers were on waiting lists for 3 to 4 months before they received training. Officials in another state reported that a local area cancelled training for over 300 workers because of a delay in receiving grant funds.

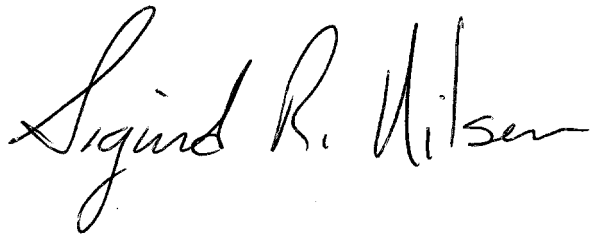
Labor has said it is taking steps to address the length of time it takes to approve and award national emergency grants. In particular, under proposed guidelines, Labor would commit to approving a grant application within 15 business days of receiving a complete application. Labor is also developing a Web-based, electronic system that would allow states to apply for grants on-line. The system is also intended to help Labor better manage the review process by automatically assigning applications to specific staff members, specifying the number of days that they have to complete their responsibilities, and tracking their completion dates. Labor expects that the new guidelines and electronic system will be finalized in December 2003. In addition, according to Labor officials, they are

[2]A program year begins on July 1 of a year and ends on June 30 of the following year. A program year is designated by the year in which it begins. Thus, program year 2000 began on July 1, 2000, and ended on June 30, 2001.

considering additional steps to enhance the award process, such as reviewing the entire grant award process and developing training for states and local areas on applying for national emergency grants. As part of our ongoing work, we will assess in more detail whether Labor's proposed actions are likely to improve the process for awarding national emergency grants.

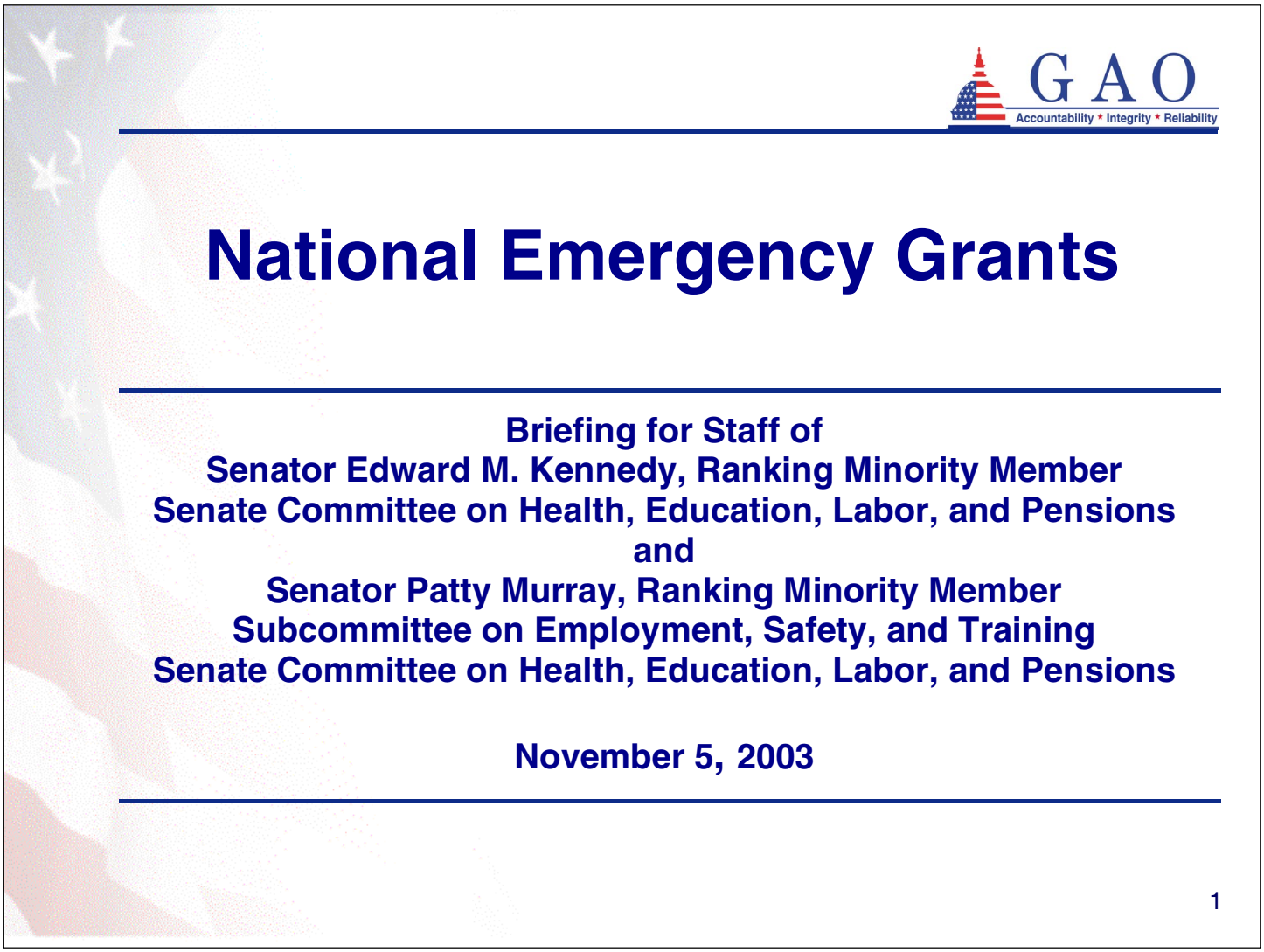
We provided a draft of this report to officials at Labor for their technical review and incorporated their comments where appropriate.

We are sending copies of this report to relevant congressional committees and other interested parties and will make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov. If you or your staffs have any questions about this report, please contact me at (202) 512-7215 or Joan Mahagan at (617) 788-0521. Wayne Sylvia and Yunsian Tai also made key contributions to this report.



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

Appendix I: Briefing Slides



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Objectives

Our objectives were to

- determine the length of time the Department of Labor takes to award national emergency grants,
- determine the effects delays in awards have on the ability of states and local areas to provide workers with employment and training services, and
- identify actions Labor is taking to improve the timeliness of grant awards.

2

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Scope and Methodology

To attain our objectives, we

- interviewed Labor officials at both headquarters and regional offices;
- reviewed Labor files for all national emergency grants awarded during program years[1] 2000 through 2002 (July 1, 2000 through June 30, 2003);
- surveyed officials in the 39 states that received at least one regular national emergency grant between program years 2000 through 2002 (see app. II). Thirty-eight states responded; and
- conducted the review from March to October 2003 in accordance with generally accepted government auditing standards.

[1] A program year begins on July 1 of a year and ends on June 30 of the following year and is designated by the year in which it begins.

3

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Summary of Results

We found that:

- Nearly 90 percent of regular grant awards took longer than Labor's goal of 30 days and 46 percent took 90 days or more.
  - Grant applications received in the first-quarter of program years 2000-2002, averaged 111 days to award; while applications received in the fourth-quarter averaged 58 days.
  - Forty percent of regular grant awards were made in the last month of the program year.
- Thirty-three states said delays in grant awards were a major or very major problem, and 25 states reported that they had to deny or delay services to workers due to delays in receiving funds.
- Labor said it is taking steps to improve the grant award process.

4

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Background

- Between 2000 and 2002, almost 60,000 mass layoffs occurred causing nearly 7 million workers to lose their jobs.
- The Workforce Investment Act (WIA) authorized Labor to award national emergency grants in a **timely manner** but did not specify a timeframe.
- In a program year, the Secretary can only award National Emergency Grants from funds available for that program year.
- Labor has a goal to approve grants within 30 calendar days of receiving an application.[2]
- During program years 2000 through 2002, Labor awarded about $614 million for national emergency grants to 46 states, the District of Columbia, Guam, and the Federated States of Micronesia (see app. III).

[2] Labor's goal measures the number of calendar days between the date a complete application is received and the date the grant award is approved. After approval, Labor notifies the appropriate congressional office and issues the award letter.

5

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Background (continued)

National emergency grants include:

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

6

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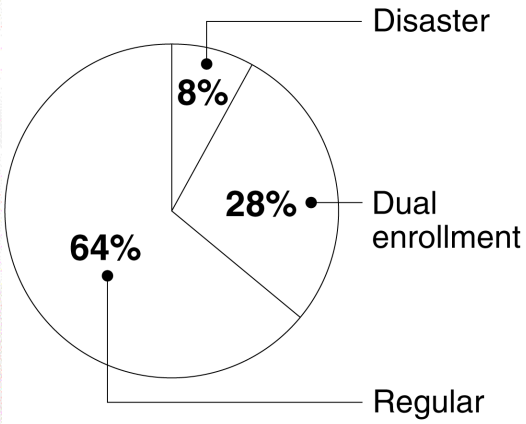
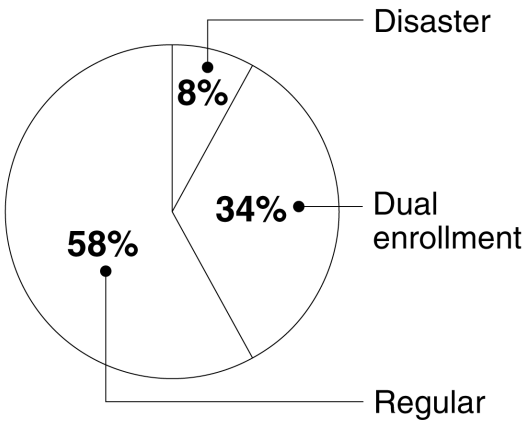
Background (continued)

Percentage of grants awarded for program years 2000 — 2002 by type of grant



Grants

Percentage of funds awarded for program years 2000 — 2002 by type of grant



Funds

Source: GAO analysis of Labor grants award data.

7

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Regular Grant Awards Take Longer than Labor's Goal

- Nearly 90 percent of the regular grants awarded during program years 2000 through 2002 took longer than Labor's goal of 30 days.
- About 46 percent of the regular grants took 90 days or more from the date Labor received the application.
- On average, regular grants were awarded 92 days after receiving the application (see app. IV for average number of days by state).
- Other grant types took less time to award:
  - Dual enrollment grants took, on average, 20 days.
  - Disaster grants took, on average, 48 days.

8

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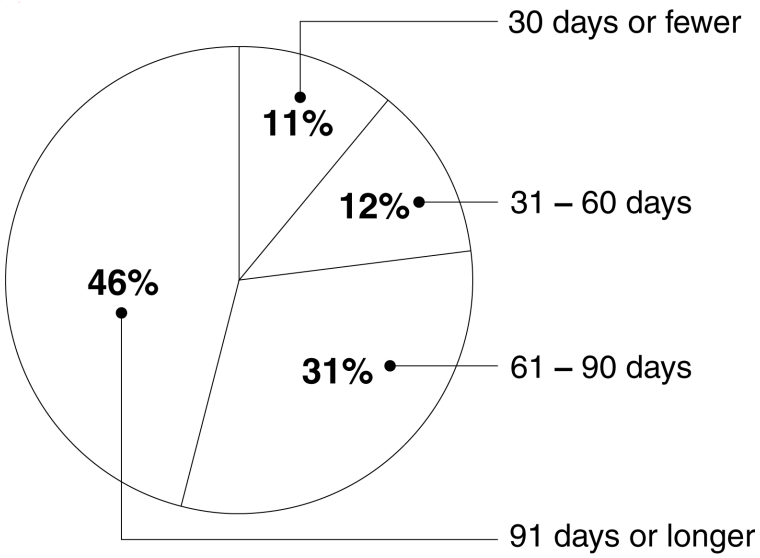
Percentage of Regular Grants Awarded within Specified Timeframes



Source: GAO analysis of Labor grant awards data.

9

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Regular Grant Applications Submitted Early in the Year Took Longer to Award

- Each year Labor awarded virtually all of the funds available for national emergency grants.
- On average, Labor took longer to approve regular grants when the applications were received earlier in the program year than when received later in the year. During program years 2000 to 2002, Labor's award process averaged
  - 111 days for applications received in the first-quarter,
  - 109 days for applications received in the second-quarter,
  - 100 days for applications received in the third-quarter, and
  - 58 days for applications received in the fourth-quarter.

10

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Most Regular Grant Awards Were Made Later in Year

- During program years 2000 through 2002, nearly 60 percent of regular grant awards were approved in the fourth-quarter of the year, representing about two-thirds of the regular grant funds awarded.
- Forty percent of these regular grant awards were approved in June, the last month of the program year, representing about one-half of the regular grant funds awarded.
- This trend is not reflective of when applications were submitted because nearly a third of the applications were submitted during the second-quarter and about 27 percent were submitted in each of the third- and fourth-quarters.

11

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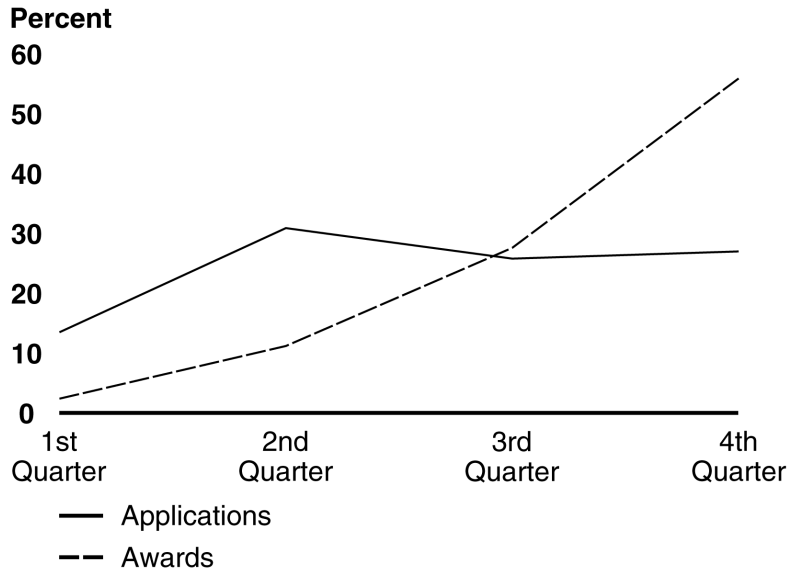
Percentage of Regular Grant Applications and Awards by Quarter



Source: GAO analysis of Labor grant awards data.

12

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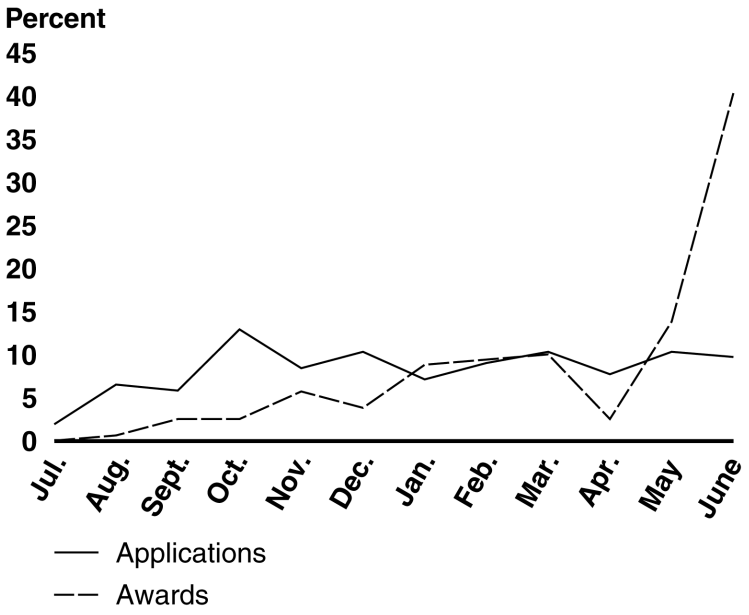
Percentage of Regular Grant Applications and Awards by Month



Source: GAO analysis of Labor grant awards data.

13

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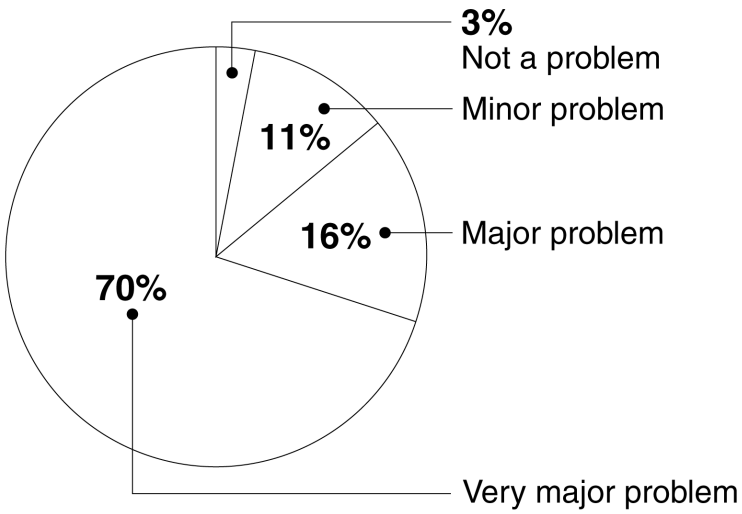
Most States Consider Amount of Time to Receive Regular Grants a Problem

Most states we surveyed responded that the amount of time Labor takes to award regular grants present a major or very major problem to the state.



Source: GAO analysis of data provided by 38 surveyed states.

14

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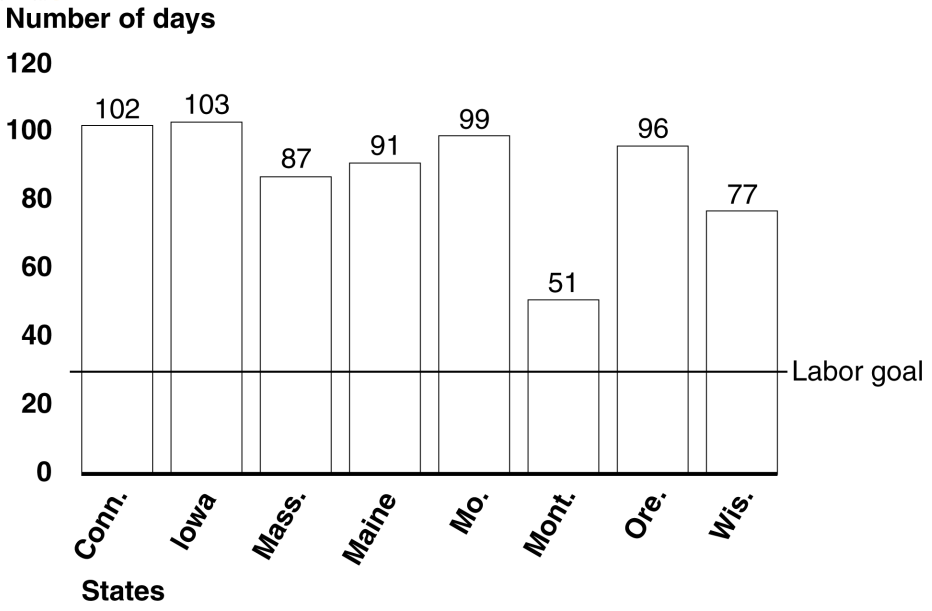
Average Number of Days to Award Regular Grants to States with at Least Five Grants



Source: GAO analysis of Labor grant awards data.

15

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Delays Hindered States' Abilities to Serve Dislocated Workers

- Twenty-five states reported that local areas had to delay or deny services to dislocated workers as a result of these delays. For example:
  - Local areas in 20 states delayed or cancelled training.
    - One local area placed workers on waiting lists for 3 to 4 months before training could be provided.
    - Another local area cancelled training for over 300 workers.
  - Local areas in 6 states could not provide intensive services, such as case management, to workers.

16

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Labor Is Taking Actions to Improve Timeliness of Grant Awards

- In guidelines under development, Labor is proposing to approve grant applications within 15 business days of receiving a complete application.
- Labor is developing a Web-based electronic system to
  - enable states to apply for grants on-line; and
  - improve Labor's management of the grant review process by automatically assigning applications to specific staff, specifying the number of days they have to complete their steps of the process and tracking their completion dates.
- Labor expects to finalize the guidelines and implement the electronic system in December 2003.

Note: A draft of the guidelines was made available for public comment in the May 16, 2003, issue of the *Federal Register*.

17

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Labor is Taking Actions to Improve Timeliness of Grant Awards (continued)

- According to officials, Labor is also considering
  - reviewing the entire process for awarding grants and
  - developing training for states and local areas on applying for national emergency grants.

18

Appendix II: Listing of Surveyed States Awarded a Regular Grant

Listing of 39 States Surveyed That Were Awarded a Regular National Emergency Grant during Program Years 2000 through 2002

Alabama	Kentucky	Ohio
Arkansas	Maine	Oklahoma
California	Maryland	Oregon
Colorado	Massachusetts	Pennsylvania
Connecticut	Michigan	Rhode Island
District of Columbia	Minnesota	South Carolina
Florida	Mississippi	South Dakota
Georgia	Missouri	Tennessee
Idaho	Montana	Texas
Illinois	Nebraska	Vermont
Indiana	Nevada	Virginia
Iowa	New Hampshire	Washington
Kansas	New Jersey	Wisconsin

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

Appendix III: Summary of Funds Awarded for Regular, Disaster, and Dual Enrollment National Emergency Grant

Program Years 2000 through 2002

State[a]	Program year 2000	Program year 2001	Program year 2002	Total
Alabama	$6,100,000	$3,461,359	$765,689	$10,327,048
Arizona	1,271,931	0	2,747,960	4,019,891
Arkansas	9,745,980	0	1,433,566	11,179,546
California	42,631,721	2,679,762	1,896,786	47,208,269
Colorado	0	3,700,000	3,509,933	7,209,933
Connecticut	1,202,002	1,534,400	3,203,075	5,939,477
District of Columbia	876,573	0	0	876,573
Federated States of Micronesia	0	0	1,150,000	1,150,000
Florida	212,346	8,602,272	8,603,858	17,418,476
Georgia	0	3,026,880	420,000	3,446,880
Guam	0	0	13,300,000	13,300,000
Idaho	1,072,489	1,800,000	3,373,185	6,245,674
Illinois	5,250,562	7,000,000	4,000,889	16,251,451
Indiana	0	3,505,274	3,769,867	7,275,141
Iowa	4,498,909	4,728,639	6,748,852	15,976,400
Kansas	620,226	0	5,792,029	6,412,255
Kentucky	0	0	10,935,804	10,935,804
Louisiana	3,280,000	0	1,500,000	4,780,000
Maine	1,200,000	6,425,441	10,488,317	18,113,758
Maryland	0	5,970,294	3,181,022	9,151,316
Massachusetts	0	15,697,403	15,938,190	31,635,593
Michigan	0	4,153,666	5,709,991	9,863,657
Minnesota	0	8,000,000	11,990,890	19,990,890
Mississippi	0	0	1,644,366	1,644,366
Missouri	2,070,883	1,913,322	11,449,938	15,434,143
Montana	9,576,978	2,876,534	2,114,478	14,567,990
Nebraska	1,121,474	2,168,931	236,054	3,526,459
Nevada	0	1,900,000	3,900,000	5,800,000
New Hampshire	0	5,004,456	470,403	5,474,859
New Jersey	6,245,346	270,000	3,442,318	9,957,664
New Mexico	0	0	560,842	560,842
New York	0	0	1,561,851	1,561,851
North Carolina	6,300,000	5,989,718	7,084,245	19,373,963

State[a]	Program year 2000	Program year 2001	Program year 2002	Total
North Dakota	378,793	0	99,000	477,793
Ohio	15,200,826	0	11,838,929	27,039,755
Oklahoma	0	1,175,155	5,609,778	6,784,933
Oregon	10,905,717	11,397,917	4,513,004	26,816,638
Pennsylvania	16,139,341	19,579,042	33,672,196	69,390,579
Rhode Island	2,827,470	0	268,236	3,095,706
South Carolina	0	0	3,414,658	3,414,658
South Dakota	1,088,725	250,000	1,093,540	2,432,265
Tennessee	375,000	1,352,774	3,988,873	5,716,647
Texas	7,732,972	16,943,771	2,111,738	26,788,481
Utah	0	0	740,230	740,230
Vermont	0	400,000	985,877	1,385,877
Virginia	15,000,000	4,715,000	5,938,031	25,653,031
Washington	6,068,668	5,000,000	14,361,486	25,430,154
West Virginia	0	9,499,990	3,000,000	12,499,990
Wisconsin	5,554,054	10,152,032	4,457,451	20,163,537
Total	**$184,548,986**	**$180,874,032**	**$249,017,425**	**$614,440,443**

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

[a]Alaska, Delaware, Hawaii, and Wyoming did not receive any regular, disaster, or dual enrollment national emergency grants.

Appendix IV: Number of Days to Award Regular Grants by State

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

State	Number of regular grants[a]	Average number of days from receipt of application to award
Virginia	2	106
Vermont	1	90
Wisconsin	5	77

[a]Represents the number of regular grants for which complete information was available. There were a total of 14 regular grants for which we did not have complete information.

Related GAO Products

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

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

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

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

Multiple Employment and Training Programs: Funding and Performance Measures for Major Programs. GAO-03-589. Washington, D.C.: April 18, 2003.

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

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

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

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

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

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