

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



December 17, 2021

MEMORANDUM FOR: CAROLYN R. HANTZ
Assistant Inspector General for Audit

FROM: ANGELA HANKS **AH**
Acting Assistant Secretary

SUBJECT: Response to the Office of Inspector General Draft Report Number
19-22-XXX-03-391 – *COVID-19: Delays in Providing Disaster
Relief Jeopardize \$366 Million Disaster Worker Grant Program*

Thank you for the opportunity to respond to the above-referenced Office of Inspector General (OIG) draft report. The draft report provides the OIG's conclusions and recommendations regarding the Employment and Training Administration's (ETA) administration of Disaster National Dislocated Worker Grants (DWG) awarded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for training and employment services and other necessary expenses directly related to the consequences of the COVID-19 pandemic.

Prior to addressing the draft report's recommendations, ETA would like to provide feedback on several themes contained in the draft report that were discussed with the OIG during the course of the audit. ETA hopes that the OIG finds this feedback useful, and respectfully requests that appropriate additions and revisions be made prior to issuing the final report to more accurately characterize the program and the overall situation in which the grants were awarded.

- Appropriate context with regard to the circumstances of the pandemic and acknowledgement of the challenges experienced from the onset of these grants is important to acknowledge. Stay-at-home orders at the Federal and State (grant recipient) level, closures of businesses (employers) across the country, and other COVID-19-related restrictions impacted the grant recipients' ability to enroll participants and provide employment services for a significant period of time.
- ETA and COVID-19 DWG recipients worked to implement COVID-19 DWG programs in unprecedented conditions. Unlike a traditional disaster event, the COVID-19 pandemic is an ongoing and evolving event. Even as COVID-19 DWG recipients were trying to identify needs for disaster-relief employment and training activities, local conditions, as well as available science-based guidance to mitigate impacts, were changing constantly. Many jobs that were expected to be needed at the time of the COVID-19 DWG application were obsolete within a short time.
- While COVID-19 resulted in historically high unemployment, many affected individuals were not willing or able to participate in disaster-relief employment. There were many

justifiable reasons for this, including hesitancy to go to work and put themselves or family members at risk for contracting COVID-19, or an inability to take an employment opportunity due to child or eldercare responsibilities that initially impacted participation levels, which were reflected in the broader national unemployment situation as well. As schools and daycare centers reopened and vaccines became widely available, COVID-19 DWG enrollments increased dramatically.

- Many states experienced such a dramatic demand for unemployment insurance (UI) benefits that existing state staff were needed to support the UI claims process, leaving many other programs short-staffed. DWG projects in many states suffered from having fewer staff to develop contracts with service providers, conduct outreach, and otherwise manage grants, which led to slower implementation. As UI claims stabilized and began to decline, reallocated staff returned to their regular jobs and were able to support more effective operation of the COVID-19 DWGs and other programs.

As the country continues to recover and return to “normal,” these factors, which were outside the control of DWG recipients, have lessened. This is demonstrated by increases in COVID-19 DWG enrollments – 7,112 (for the quarter ending December 31, 2020) compared to 17,870 (for the quarter ending June 30, 2021).

Finally, ETA respectfully requests that the OIG reconsider the title of the report itself. As written, the title appears to infer that there was a delay in making disaster-relief funding available to eligible applicants. Under section 170 of the Workforce Innovation and Opportunity Act, DWGs must be approved by the Secretary within 45 days from receipt of a fundable application. ETA notes that the CARES Act (P.L. 116-136) was signed into law on March 27, 2020. Despite the pandemic, eligible applicants submitted, ETA reviewed, and the Secretary approved the award of the first 26 COVID-19 DWG applications on April 14, 2020, just 20 days after the CARES Act became law. ETA sustained this pace of expedited review and approval throughout the pandemic, with the elapsed time from receipt of emergency applications to approval averaging 20 days across all COVID-19 DWGs awarded. The OIG recognizes this fact in the “Briefly” section of the draft report, and discusses the fact that its concerns are with the length of time it took for some COVID-19 DWG recipients to begin providing services. The current title of the draft report does not convey this important distinction between ETA’s role in awarding COVID-19 DWGs and the grant recipients’ role in implementing and operating COVID-19 DWGs.

Please find below ETA’s responses to the OIG’s recommendations and proposed actions to address them.

OIG Recommendation 1: Provide dedicated technical assistance to the states of Florida, New York, Nevada, and Louisiana to assist them in attaining planned goals. If no specific plan of action is provided or is not being met by grantees, ETA should recoup any DWG funding where the states cannot demonstrate their ability to achieve their planned goals by the end of the grant period.

ETA Response: ETA agrees with this Recommendation and has provided a substantial amount of technical assistance to COVID-19 DWG recipients, including hosting a series of peer-to-peer sessions that allowed grant recipients the opportunity to share with one another their challenges with COVID-19 DWG implementation, as well as other possible solutions to attain planned goals. The technical assistance also included the development of COVID-19 DWG implementation podcasts; webinars highlighting different focus areas, including grant recipients demonstrating early successes; partnership recommendations; and participant outreach and engagement tools. This intensive technical assistance eliminated the need to recoup previously-awarded grant funds to COVID-19 DWG recipients, as the majority of the states are on track to achieve their planned goals. To ensure continued grant success, all grant recipients, including the four states listed in this Recommendation, will continue to receive technical assistance throughout the remainder of the period of performance.

In addition to the aforementioned technical assistance provided to all COVID-19 DWG recipients, the grant recipients specifically identified in this Recommendation also received dedicated technical assistance as described below. Based on this dedicated technical assistance, ETA has determined that recouping funds from these grant recipients is not necessary.

Florida: ETA's Atlanta regional office provided several technical assistance sessions and reviews weekly progress reports from this grant recipient. The weekly reports serve as a platform to discuss challenges and successes and allow ETA the opportunity to identify concerns. Additional technical assistance was provided to the grant recipient by ETA regional and national office staff in February 2021 to specifically advise Florida on enrollments and expenditures, and ETA closely monitors the grant recipient to assist in these areas. To date, the grant recipient has expended 60 percent of the awarded funds and enrolled 45 percent of planned participants, with three and a half months remaining in the period of performance.

New York: ETA's Boston/Philadelphia regional office conducted peer-to-peer technical assistance sessions for all COVID-19 DWG recipients on June 19, 2020; July 7, 2020; August 19, 2020; September 17, 2020; October 29, 2020; December 1, 2020; February 18, 2021; and April 22, 2021. In addition, the regional office held numerous calls with New York, providing individual technical assistance concerning grant implementation, potential modifications to their statement of work, and grant performance. ETA continues to monitor and provide technical assistance. To date, the grant recipient has expended 12 percent of its Disaster Recovery DWG award and 40 percent of its Employment Recovery DWG award. ETA expects to see the impact of new temporary employment opportunities in the December 31, 2021 fiscal reports.

Nevada: ETA's San Francisco regional office conducted a series of virtual technical assistance sessions for all of the region's states/territories and tribes that were awarded COVID-19 DWGs. The sessions focused on grant requirements; program and fiscal reporting; the ETA grant monitoring process; and best practices and other resources and tools to assist grant recipients in effectively implementing their COVID-19 DWGs. These sessions also provided an opportunity for sharing grant implementation challenges and success with their peers. Additionally, targeted technical assistance was frequently provided to Nevada on an on-going basis, on topics including performance, Conditions of Award, grant modifications, and overall progress towards grant goals and outcomes, including internal procurement policies that resulted in significant delays in

implementing and expending grant funds timely. To date, the grant recipient has expended 40 percent of its Disaster Recovery DWG award and 48 percent of its Employment Recovery DWG award.

Louisiana: ETA's Dallas regional office conducted a series of technical assistance sessions for Louisiana, which included weekly conference calls and meetings to provide guidance on DWG program requirements. To date, Louisiana has expended 16 percent of its COVID-19 DWG award, and enrolled 10 percent of its targeted 3,200 participants. In addition to the COVID-19 pandemic, a series of hurricanes made landfall in calendar years 2020 and 2021 (Hurricane Laura made landfall August 27, 2020; Hurricane Delta made landfall October 9, 2020; Hurricane Zeta made landfall October 29, 2020; and Hurricane Ida made landfall August 29, 2021), which further impacted Louisiana's ability to timely implement its COVID-19 DWGs. Most recently, between October and December 2021, ETA conducted virtual technical assistance forums on grants management, performance, and fiscal training for state and local staff. ETA will continue to monitor Louisiana's COVID-19 DWG implementation as the state continues its recovery from these additional disasters.

OIG Recommendation 2: Continue to closely monitor the remaining COVID-19 DWG awards to ensure attainment of performance goals and objectives and provide technical assistance as needed throughout the grant lifecycle. To the extent permitted by law, any of the remaining funds (determined not needed) should be returned to the Department of Treasury or recouped as soon as practicable so that these funds would become available for other allowable purposes.

ETA Response: ETA agrees with this recommendation and recognizes the importance of monitoring COVID-19 DWGs. ETA continues to monitor the remaining COVID-19 DWG awards to ensure attainment of goals, expenditure of funds, and overall grant performance. Technical assistance has been and will continue to be delivered throughout the period or performance of the grants to ensure adherence to standards for fiscal responsibility, thereby alleviating the need to return funds allocated to COVID-19 DWG recipients back to Treasury.

OIG Recommendation 3: Amend TEGL No. 12-19 to include timelines provisions for when disaster relief grantees should begin providing relief to those impacted by a disaster.

ETA Response: ETA agrees with the general concept conveyed by this Recommendation, but disagrees with the specific approach identified, as each circumstance is unique and strict timelines are not appropriate to include in guidance. Instead, ETA is currently finalizing a replacement to Training and Employment Guidance Letter (TEGL) No. 12-19 to provide a number of programmatic clarifications, including some of those identified by the OIG that arose as a result of the COVID-19 pandemic. For instance, as a part of this new DWG guidance, in order to help DWG recipients implement grants both timely and effectively, ETA will clarify which activities they may start during the period of an emergency application and which require prior approval.

OIG Recommendation 4: Amend TEGL No. 12-19 to include technical assistance provision for grantees that fail to meet the 60-day requirement for submitting full applications.

ETA Response: ETA agrees with the spirit of this recommendation, but not with the specific approach identified in this Recommendation. As a part of the new TEGL that will replace TEGL No. 12-19, discussed in the response to Recommendation 3, ETA will include language that informs DWG recipients of the requirement to submit a full application within 60 days of receipt of a grant awarded in response to an emergency application. As this timeframe is often challenging for states experiencing a disaster, the language will also remind DWG recipients to notify ETA if they are unlikely to meet the timeline and to request technical assistance as they work to complete a full application.

Additionally, ETA is planning a wide array of technical assistance for DWG recipients to accompany and follow the publication of the new TEGL. The technical assistance will address many areas where DWG recipients have experienced challenges or delays in meeting proposed goals or implementing projects, as well as adapt to emerging situations, such as the impact of the COVID-19 pandemic.

ETA appreciates the opportunity to respond to your draft report and its recommendations. If you have any questions, please contact Kimberly Vitelli, Administrator, Office of Workforce Investment, at (202) 693-3639.