

DEPARTMENT OF LABOR

- CFDA 17.207 EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED
ACTIVITIES**
- CFDA 17.801 DISABLED VETERANS' OUTREACH PROGRAM (DVOP)**
- CFDA 17.804 LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE (LVER)
PROGRAM**

I. PROGRAM OBJECTIVES**Wagner-Peyser Act Funded Workforce Preparation Services – General**

Wagner-Peyser Act-funded workforce preparation services are an integrated component of the nation's One-Stop Career Center system. They are coordinated with other adult programs under the Workforce Investment Act to ensure that job seekers, workers, and employers have convenient and comprehensive access to a full continuum of workforce-related services. The most distinguishing feature of the Wagner-Peyser Employment Service is that it is the only "universally accessible" public workforce program.

Wagner-Peyser funded services support the development of a competitive workforce for today's global economy. Under the Wagner-Peyser Act, unemployed individuals and other job seekers obtain critical job search, assessment, and career guidance services to support them in obtaining and retaining employment. In addition, Wagner-Peyser funded activities assist employers with building skilled, competitive workforces through recruitment assistance, employment referrals, and other workforce solutions. Activities funded under the Wagner-Peyser Act also include the development and dissemination of regional workforce information and related resources, which provide both job seekers and employers with comprehensive and accessible economic and industry data to inform workforce and economic development activities.

Disabled Veterans' Outreach Program (DVOP)

In accordance with 38 USC 4103A(a), as amended by the Jobs for Veterans Act (Public Law No. 107-288, November 7, 2002), the primary objective of the DVOP specialist is to provide intensive services to meet the employment needs of eligible veterans with the following order of priority in the provision of services: (1) special disabled veterans; (2) other disabled veterans; and (3) other eligible veterans. Maximum emphasis in meeting the employment needs of veterans shall be placed upon assisting economically and educationally disadvantaged veterans. Intensive services are provided using a case-management approach. Coordination and cooperation is maintained with Local Veterans' Employment Representatives (LVER) staff funded through the Workforce Investment Act (WIA) of 1998 and the Wagner-Peyser Act, and other One-Stop partners collocated in the One-Stop Career Center. Outreach and assistance are provided by DVOP specialists to individuals identified for participation in Homeless Veterans' Reintegration Projects, Vocational Rehabilitation, and other Federal and federally funded employment and training programs. Linkages are developed to assist appropriate grantees and other agencies to promote maximum employment opportunities for veterans.

Local Veterans' Employment Representative (LVER) Program

In accordance with 38 USC 4104(b), as amended by the Jobs for Veterans Act (Public Law No. 107-288, November 7, 2002), the objectives of the LVER program are to (1) conduct outreach to employers in the area to assist veterans in gaining employment, including conducting seminars for employers and, in conjunction with employers, conducting job search workshops and establishing job search groups; and (2) facilitate employment, training, and placement services furnished to veterans in a State under the applicable State employment service delivery systems; generally, the One-Stop Career Center System established by the Workforce Investment Act of 1998 (Public Law No. 105-220). Coordination and cooperation is maintained with DVOP specialists, staff funded through the Workforce Investment Act of 1998 and the Wagner-Peyser Act, and other One-Stop partners collocated in the One-Stop Career Center to ensure priority of service and compliance with Federal regulations, performance standards, and grant agreement provisions to provide veterans with the maximum employment and training opportunities.

II. PROGRAM PROCEDURES

Wagner-Peyser Act Funded Workforce Preparation Services

Federal funds are granted to the States for the delivery of employment and workforce information services through a national network of One-Stop Career Centers.

The State agency responsible for the provision of employment services, generically referred to as the State Workforce Agency (SWA), must submit a 5-year plan for providing services and activities authorized by Section 7(a) of the Act, through the Governor, to the Department of Labor (20 CFR section 652.211). This part of the State plan is submitted under Section 112 of WIA. The Governor has discretion to choose various approaches to planning the utilization of funds reserved by Section 7(b) of the Act.

Jobs for Veterans State Grants

In accordance with the Jobs for Veterans Act (Pub. L. Nos. 107-288 and 109-461) grant funds are provided to States for employing DVOP and LVER staff and deploying them as practicable as possible among One-Stop Career Centers and other suitable locations to carry out intensive services for veterans with employment barriers, assist businesses with their workforce needs and provide or facilitate employment and placement services to ensure that veterans, eligible persons, and transitioning service members receive maximum employment and training opportunities. Additional services are offered to transitioning service members and their spouses, as approved, under the Jobs for Veterans State Grant Plan through Transition Assistance Program (TAP) employment workshops (CFDA 17.807) conducted by DVOP Specialists and LVER staff trained to do so by the National Veterans' Training Institute (NVTI) authorized under 38 USC 4109. See Part IV of this supplement for additional information.

Source of Governing Requirements

These programs are authorized by the Wagner-Peyser Act, as amended by the Workforce Investment Act of 1998 (WIA), Pub L. No. 105-220 (29 USC 49 *et seq.*), and the Jobs for Veterans Act (Pub. L. Nos. 107-288 and 109-461); 38 USC chapters 41 and 42 (employment and training programs for veterans). Implementing regulations are found in 20 CFR part 652 and at 20 CFR part 1001 and 1010 *et seq.*

Availability of Other Program Information

Other program information is available on the Internet at <http://wdr.doleta.gov/directives/> and <http://www.dol.gov/vets/vpls/vpldirectory.html>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Labor Exchange* – Funds allotted to each State may be utilized by the SWA for a variety of activities, consistent with an approved plan pursuant to the Act and implementing regulations (20 CFR sections 652.5 and 652.8(d)). At a minimum, each SWA shall provide the basic labor exchange elements defined in 20 CFR section 652.3.
2. *Section 7(a)* – Services and activities provided for under Section 7(a) of the Act are:
 - a. To unemployed individuals and other job seekers: job search, job placement and job information services, including counseling, testing, occupational and labor market information, assessment, and referral to employers;
 - b. To employers: a source for recruitment of qualified job applicants, and technical assistance in resolving workforce problems; and
 - c. The following employment-related activities:
 - (1) Evaluation of programs;
 - (2) Developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;

- (3) Providing employment-related services for workers who have received notice of permanent or impending layoff, and reemployment services for workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures;
 - (4) Developing and providing State and local labor market and occupational information;
 - (5) Developing a management information system and compiling and analyzing reports there from; and
 - (6) Administering the work test for the State unemployment compensation system, and providing job finding and placement services for unemployment insurance claimants (29 USC 49f(a); 20 CFR section 652.210).
3. *Section 7(b)* – Services and activities provided for under Section 7(b) of the Act are:
 - a. Performance incentives for public employment service offices and programs, consistent with performance standards established by the Secretary;
 - b. Services for groups with special needs carried out pursuant to joint agreements between the Employment Service and the local workforce investment board and Chief Elected Official(s), or other public agencies or private non-profit organizations; and
 - c. Exemplary models for delivering Employment Service Program services which incorporate activities listed in Section 7(a) of the Act, including but not limited to reemployment services, evaluating programs, developing partnerships with related programs and entities, developing and distributing labor market and workforce information, compiling and analyzing reports, and administering the UI work test (services of the types described in Section 7(a) of the Act (29 USC 49f(b)).
4. *Section 7(d)* – In addition to the activities described under 2 and 3, above, Section 7(d) of the Act authorizes SWAs to perform such other activities as shall be specified in cost-reimbursement agreements with the Secretary of Labor or with any Federal, State, or local public agency, or WIA administrative entity, or private non-profit organization (29 USC 49f(d)).
5. *Section 7(e)* – Section 7 (e) provides that all services authorized under 7(a) shall be provided as part of a one-stop delivery system established by the State (29 USC 49f(e)).

6. *DVOP* – DVOP includes a wide variety of services directly related to meeting the employment needs of disabled and other eligible veterans as defined at 38 USC 4103A(a) and in Jobs for Veterans State Grant special provisions (based on Pub. L. No. 107-288). These services include, but are not limited to, the following:
 - a. Providing intensive services to meet the employment needs of eligible veterans with the following order of priority in the provision of services:
 - (1) Special disabled veterans;
 - (2) Other disabled veterans; and,
 - (3) Other eligible veterans.
 - b. Ensuring that maximum emphasis in meeting the employment needs of veterans is placed upon assisting economically and educationally disadvantaged veterans.
 - c. Providing intensive services using a case management approach.
 - d. Maintaining coordination and cooperation with Local Veterans' Employment Representatives, staff funded through the Workforce Investment Act of 1998, and the Wagner-Peyser Act, and other One-Stop partners collocated in the One-Stop Career Center.
 - e. Conduct outreach and assistance to individuals identified for participation in Homeless Veterans' Integration Projects, Vocational Rehabilitation and other Federal and federally funded employment and training programs.
 - f. Develop linkages to assist appropriate grantees and other agencies to promote maximum employment opportunities for veterans.
7. *LVER* – LVER staff provide outreach and assistance to employers and facilitate the provision of a variety of services to eligible veterans. These services include, but are not limited to the following (38 USC 4104):
 - a. Maintain regular contact with community leaders, employers, labor unions, training programs, and veterans' organizations for the purpose of
 - (1) keeping them advised of eligible veterans and eligible persons available for employment and training, and
 - (2) keeping eligible veterans and eligible persons advised of opportunities for employment and training;

- b. Provide directly, or facilitate the provision of, labor exchange services including intake and assessment, counseling, testing, job-search assistance, and referral and placement services for eligible veterans;
- c. Assist, through automated data processing, in securing and maintaining current information regarding available employment and training opportunities; and
- d. Conducting job search workshops for job-seeking veterans and Transition Assistance Program (TAP) employment workshops for transitioning service members and their spouses.

G. Matching, Level of Effort, Earmarking

- 1. Matching – Not Applicable**
- 2. Level of Effort – Not Applicable**
- 3. Earmarking**

Ten percent of each State's Wagner-Peyser Act allotment shall be reserved by the SWA to provide services and activities authorized by Section 7(b) of the Act (29 USC 49f(b)).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* –Applicable (CFDA numbers 17.801 and 17.804)
- d. ETA 9130, *Financial Report (OMB No. 1205-0461)* – DOL requires financial reports to be cumulative by fiscal year of appropriation. All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are required to be prepared using the specific format and instructions for the applicable program(s); in this case, *Employment Service and Unemployment Insurance Programs*. Reports are due 45 days after the end of the reporting quarter. Additional information can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Status Reporting.

- e. VETS-402 (A/B), *Expenditure Detail Report* – This expenditure and staff utilization report separately identifies by Jobs for Veterans’ State Grant-funded Program each category of expenditures each quarter and year-to-date as a supplement to the DVOP and LVER SF 425, *Federal Financial Reports.*”

2. Performance Reporting

- a. ETA 9002, *Quarterly Reports (OMB No. 1205-0240)* is used to report services, activities, and outcomes of service for all job seekers and veterans. This report is submitted quarterly.

Key line items – The following line items in ETA 9002 D (Performance Outcomes – Veterans, Eligible Persons, and TSMs) contain critical information:

- (1) Item 6 – *Entered Employment Rate*
- (2) Item 9 – *Employment Retention Rate at Six Months*
- (3) Item 13 – *Average Earnings*

- b. *The Veterans’ Employment and Training Service VETS 200 Quarterly Reports (OMB No. 1205-0240)* are a subset of the ETA 9002. The data reported contains the similar data elements as the ETA 9002, but only apply to the activities of LVER and DVOP staff. This report is submitted quarterly.

Key line items – The following line item in VETS-200 (C) contain critical information:

- (1) Item 19 – *Entered Employment Following S/A Services Rate*
- (2) Item 25 – *Employment Retention at Six Months Rate*
- (3) Item 26 – *Average Earnings*

The requirements and guidelines for Wagner-Peyser funded services and VETS-funded program reporting are contained in ETA Handbook No. 406 ETA 9002 and VETS 200 Data Preparation Handbook, (*OMB No. 1205-0240*) available on the Internet at <http://www.doleta.gov/performance/guidance/WIA/ET-406-Handbook-Expiration-022809.pdf>.

3. Special Reporting – Not Applicable

4. **Section 1512 ARRA Reporting** – Applicable under CFDA 17.207 for funds expended prior to July 1, 2011

5. Subaward Reporting under the Transparency Act – Not Applicable**IV. OTHER INFORMATION**

As a consequence of the passage and implementation of the Jobs for Veterans Act of 2002, since 2004, DVOP/LVER program funding has been provided under the umbrella of Jobs for Veterans State Grants. However, Jobs for Veterans State Grants is not a separate grant program and DVOP and LVER still should be identified by their individual CFDA numbers, 17.801 and 17.804, respectively, on the Schedule of Expenditures of Federal Awards. (Transition Assistance Program (CFDA 17.807), which is not part of this cluster, also is funded under that umbrella).

DEPARTMENT OF LABOR

CFDA 17.225 UNEMPLOYMENT INSURANCE (UI)

I. PROGRAM OBJECTIVES

The UI program, also referred to as Unemployment Compensation (UC), provides benefits to unemployed workers for periods of involuntary unemployment and helps stabilize the economy by maintaining the spending power of workers while they are between jobs. The UI program initially consisted of the regular State programs (20 CFR part 601). However, UC coverage was extended to Federal civilian employees in 1954 by the Unemployment Compensation for Federal Employees (UCFE) program (Pub. L. No. 83-767) and to ex-members of the Armed Forces in 1958 by the Unemployment Compensation for Ex-Service Members (UCX) program (5 USC 8501-8525; Pub. L. No. 85-848). UC programs now cover almost all wage and salaried workers.

The Federal-State Extended Unemployment Compensation Act (EUCA) of 1970 (Pub. L. No. 91-373; 26 USC 3304 note) provided for the Extended Benefit (EB) program (20 CFR part 615). During periods of high unemployment, that program pays extended benefits for an additional (or extended) period of time to eligible unemployed workers who have exhausted their entitlement to UC, UCFE, or UCX. The Supplemental Appropriations Act of 2008 (Pub. L. No. 110-252) created the Emergency Unemployment Compensation Act of 2008 (EUC08) providing additional weeks of benefits to eligible workers in all States.

II. PROGRAM PROCEDURES

The structure of the Federal-State UI Program partnership is based on Federal statute; however, it is implemented through State law. State UI program operations are conducted by the State Workforce Agency (SWA)—the generic name for the agency that has responsibility for the State’s Employment Security function. SWAs were previously referred to as State Employment Security Agencies (SESAs).

State responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of Federal laws and regulations; (2) determining the State UI tax structure; (3) collecting State UI contributions from employers (commonly called “unemployment taxes”); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program’s revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting State UC law that conforms with Federal UC law.

Unless otherwise noted, responsibilities of the U.S. Department of Labor (DOL) include: (1) allocating available administrative funds among States; (2) administering the Unemployment Trust Fund (UTF) through the U.S. Department of the Treasury and monitoring activities of the UTF; (3) establishing program performance measures; (4) monitoring State performance; (5) ensuring conformity and substantial compliance of State law and operations with Federal law; and (6) setting broad overall policy for program administration.

Note: Informal references are frequently made to eligibility for “weeks” of UC. The auditor is cautioned that eligibility is actually for a maximum dollar amount of UC, which is inaccurately referred to as receipt of UC for a given number of weeks.

Benefits payable under several additional programs also are administered by the SWAs, as agents for DOL; however, they are distinct programs with separate compliance requirements—the Trade Adjustment Assistance/Reemployment Trade Adjustment Assistance (TAA/RTAA) programs to workers adversely affected by foreign trade and the Disaster Unemployment Assistance (DUA) program to workers and self-employed individuals who are unemployed as a direct result of a presidentially declared major disaster, and are not eligible for regular UI benefits paid by States (CFDAs 17.245 and 97.034, respectively). For example, SWAs provide weekly trade readjustment allowances (TRA)/RTAA payments for eligible program participants consistent with the eligibility requirements of CFDA 17.245.

The Federal Emergency Management Agency (FEMA) has delegated to the Secretary of Labor the responsibility for administering those provisions of the Stafford Act that pertain to the DUA program and payment of DUA benefit assistance. Under DUA, the SWA is accountable to DOL and, through DOL, to FEMA. The SWA works in coordination with both agencies in preparing prompt announcements regarding the availability of DUA, submitting initial and supplemental funding requests, and accurately reporting funding and workload information on DUA monthly reports.

For each program administered under the UI program umbrella—UC, TRA/ATAA/RTAA, and DUA, States must ensure full payment of applicable benefits “when due,” and must deny payments when not due.

Program Funding

UC payments to claimants are funded primarily by State UI taxes on covered employers (three States also have provisions for employee taxes). Some employers make direct reimbursements to the State for UC payments made on their behalf rather than paying UI taxes. State governments, political subdivisions and instrumentalities of the States, federally recognized Indian tribes, and qualified non-profit organizations may reimburse the State for UI benefits paid by the SWA; however, they may elect to be contributory employers (i.e., remit State UI taxes) in lieu of reimbursing the State. Also, States are reimbursed from the UTF for UCFE and UCX paid by the SWA on behalf of various Federal entities. Program administration is funded by a Federal UI tax on covered employers (see below). Generally, the employment covered by State UI taxes and Federal UI taxes is the same; however, there are specific differences.

State UI taxes and reimbursements are used exclusively for the payment of regular UC and the State share of EB to eligible claimants. UI taxes and reimbursements remitted by employers to the States are deposited in State accounts in the UTF. SWAs periodically draw funds from their UTF accounts for the purpose of making UC payments.

The Federal Unemployment Tax Act (FUTA) imposes a Federal tax on covered employers. Effective July 1, 2011, the FUTA tax is 6 percent of the first \$7,000 of covered employee wages. Employers, however, receive two credits against the FUTA tax. One credit is equal to the

amount of State UI tax paid by the employer. A second credit is awarded to employers who pay less than the State's maximum tax rate. The employer receives these credits when the State UI law, and its application, conform and substantially comply with FUTA requirements. All States currently meet the Federal criteria for both credits to be applicable to the States' employers. The two credits combined cannot exceed 5.4 percent of taxable employee wages.

FUTA revenues from the remaining 0.6 percent are collected by the IRS and deposited into the general fund of the U.S. Treasury, which by statute are appropriated to the UTF. FUTA revenues are used primarily to finance Federal and SWA administrative expenses, the Federal share of EB, and advances to States whose UTF account balances are exhausted. DOL allocates available administrative grant funds (as appropriated by Congress) to States based on forecasted workload and costs, and is adjusted for increases or decreases in workload during the current year.

Section 903 of the Social Security Act requires the refunding of FUTA taxes to States when amounts in the individual Federal account in the UTF meet their statutory caps. Title IX funds are credited to the State accounts in the UTF and may be used to pay benefit payments under State law and, subject to certain requirements, may be used for administering the UI programs.

States annually compute an "experience rate" for contributing, or tax-remitting, employers. The experience rate is the dominant factor in the computation of an employer's State UI tax rate. While methods of computation differ, the key factor in most methodologies is the amount of UI benefits paid by the SWA within a time period specified by State UI law, to claimants who are former employees of the employer. Also, various methods are used by the SWAs to identify which one or more of the claimant's former employers will be "charged" with the UI benefits paid to the claimant.

Since FEMA has delegated to the Secretary of Labor the responsibility for administering the DUA program, FEMA transfers resources to the Employment and Training Administration (ETA), DOL to provide funding to the affected States. Funding for each disaster is provided separately for administrative costs and benefits. States are expected to report the cost of each disaster separately by administrative cost and benefits. The funding period for the majority of disasters covers a 26-week period after the declaration.

Synopsis of Regular Unemployment Compensation Program

The regular UC program provides UC coverage to most wage and salary workers in each State, the District of Columbia, Puerto Rico, and the Virgin Islands. Except for provisions necessary to comply with Federal law, the provisions of State UC laws vary greatly, including their qualifying requirements and methods used to compute UC amounts.

The period during which a claimant may receive UC is referred to as the "benefit year." In all but one State, a benefit year lasts one year from the effective date of the claim. The total regular UC that a claimant may receive in a benefit year is computed by the SWA in a dollar amount. A claimant may collect UC up to the maximum benefit amount allowable for the benefit year during periods of unemployment that occur during the benefit year. Under State UC laws, the total (maximum) UC a claimant is entitled to vary within certain limits according to the worker's

wages in the base period (see III.E, “Eligibility”). Reduced benefits may be paid for weeks of partial unemployment. In some States, the weekly UI benefit payment is augmented by a dependent’s allowance, which may be paid for each dependent up to a maximum number of dependents.

Synopsis of Extended Benefits (EB) Program

An interval of high unemployment at a certain level will “trigger on” a period of not less than 13 consecutive weeks during which the State will make EB payments to eligible unemployed workers who have exhausted their entitlement to regular compensation (20 CFR section 615.11). With certain exceptions, EB is payable at the same rate as the claimant’s regular compensation benefits (20 CFR section 615.6). The EB period is determined by the State in which the original claim was established (EUCA section 202(a)(2), 20 CFR section 615.2(k)(2)). A reduction in the unemployment rate will “trigger off” the period of EB, ending benefit payments. An alternate trigger is available in some States. For information on the triggers, see (Section 203, EUCA, 20 CFR sections 615.11 through 615.13).

A claimant may receive EB equal to the lesser of the following amounts: (1) one-half the total amount of regular compensation, including dependent’s allowances, (2) 13 times the weekly amount of regular compensation, or (3) 39 times the weekly amount of regular compensation reduced by the amount of regular compensation paid to the claimant (EUCA, section 202(a)(2), 20 CFR section 615.7(b)). However, the amount of EB benefits payable increases if the unemployment rate reaches a benchmark level established in EUCA. While EB are payable under the terms and conditions of State law, FUTA requires that State UC law conform to certain provisions of EUCA (26 USC 3304(a)(11)).

States are reimbursed with Federal funds for one-half the cost of EB paid to claimants by the SWAs, with the following exceptions: (1) EB paid to former UCFE and UCX claimants are 100 percent reimbursable from Federal funds; and (2) EB paid to former employees of the State government, and political subdivisions and instrumentalities of the State, and federally recognized Indian tribes are not reimbursable from Federal funds. Reimbursements will be prorated for claimants who had employment in both the private and public sectors during their “base periods.” The first week of EB is reimbursable to the State only if the State requires the first week in an individual’s benefit year be an unpaid “waiting week” (EUCA section 204; 20 CFR section 615.14). The auditor should refer to 20 CFR section 615.14 for a complete explanation of when EB is not reimbursed to the State.

Section 2005 of Division B, Title II, the Assistance for Unemployed Workers and Struggling Families Act, which is part of ARRA , made several temporary changes to the EB program provided for under the Federal-State Extended Unemployment Act of 1970 (EB law). The temporary changes have been extended subsequent to ARRA (Pub. L Nos. 111-92, 111-118, 111-144, 111-157, 111-205, and 111-312). One change provided that the Federal government will, in most cases, pay 100 percent of the benefit costs of shareable EB for a specified period (weeks beginning after February 17, 2009 and before January 4, 2012.) In addition, if a claim for EB has been established before the December 1, 2010 date, the Federal government will pay 100 percent of the shareable EB benefit costs based on claims during a phase-out period that ends June 11, 2012. ARRA and subsequent legislation also

continued, through weeks of unemployment ending prior to June 10, 2012, a temporary suspension of the prohibition on Federal sharing of benefit costs for the first week of EB if the State does not have a non-compensable waiting week. Pub. L. No. 111-312 permits States to temporarily modify their “on” and “off” triggers to “look back” 3 years (rather than 2) for weeks of unemployment beginning after December 17, 2010 (or later pursuant to state law), and ending on or before December 31, 2011.

Synopsis of Emergency Unemployment Compensation 2008 (EUC08) Program

The Supplemental Appropriations Act of 2008 (Pub. L. No. 110-252) provides for payment of Emergency Unemployment Compensation (EUC08). EUC08 is payable for weeks of unemployment beginning after the date an agreement is signed with the state and the Federal government will pay 100 percent of the benefit costs. The EUC08 benefits are payable to eligible unemployed workers who have exhausted their entitlement to regular compensation. EUC08 is payable at the same rate as the claimant’s regular compensation benefits. EUC08 benefits are not payable to individuals who have completed the Self-Employment Assistance (SEA) program.

Unlike EB, EUC08 includes a phase out period allowing individuals to claim benefits until their account is exhausted. EUC08 has been amended several times and includes eligibility for several “Tiers” of benefits (Pub. L. Nos. 110-449, 111-5, 111-92, 111-118, 111-144, 111-157, 111-205, and 111-312). All states are eligible for the first two Tiers of benefits (34 weeks). However, Tiers three and four require a high unemployment rate based on a “trigger” to be payable. Tier three provides 13 additional weeks and Tier four provides an additional 6 weeks of payable benefits. The last date to establish eligibility for any of the Tiers is the week ending December 31, 2011. A state in an extended benefit period may elect to pay EUC08 prior to EB.

Synopsis of UCFE and UCX Programs

For UCFE, the qualifying requirements, determination of UI benefit amounts, and duration of UC are generally determined under the applicable State law, which is generally the State in which the official duty station was located (5 USC 8501-8508; 20 CFR part 609).

The UCX program combines elements of the applicable State law and factors unique to the UCX program, such as “schedules of remuneration” (20 CFR section 614.12), which must be considered by the SWA in making its determinations of eligibility, UI benefit amounts and duration (20 CFR part 614).

States are reimbursed from the UTF for UC paid to UCFE and UCX claimants. On a quarterly basis, States report the amount of UCFE and UCX paid to the DOL, which is responsible for obtaining reimbursement to the UTF from the appropriate Federal agencies (20 CFR sections 609.14 and 614.15).

Synopsis of TRA/ATAA/RTAA Benefit Payments/Wage Subsidies

TRA is available as weekly income support to eligible workers who have exhausted UI benefits. The amendments enacted by the TAA Reform Act of 2002 provide an alternative trade adjustment assistance (ATAA) benefit. The ATAA is available in lieu of TRA to eligible

workers who are 50 years of age and older and elect to receive this benefit (20 CFR part 617; Training and Employment Guidance Letters (TEGLs) 11-02 and 2-03). The amendments enacted by Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA or the Trade Act of 2009), which also is part of ARRA, expanded the number of weeks of income support available and also provided a reemployment trade adjustment assistance (RTAA) benefit. The RTAA is available in lieu of TRA to eligible workers who are 50 years of age and older and elect to receive this benefit (20 CFR part 617; TEGL 22-08). TRA and RTAA benefits are available only to petitions filed for coverage under the TAA program on or after May 18, 2009. Previous petitions will continue to be served under the Trade Act of 2002. The Office of Trade Adjustment Assistance administers both programs concurrently.

Synopsis of DUA Benefit Payments

Based on a request by the Governor, the President declares a major disaster and authorizes the type(s) of Federal assistance to be made available and the geographic areas that have been adversely affected by the disaster. The Presidential declaration may authorize Individual Assistance (IA), which includes the provisions for DUA (20 CFR part 625).

FEMA furnishes funds to the Secretary of Labor, or to his/her designee, who makes funds available to the affected State(s) based on an agreement between the State and the Secretary of Labor for the State's DUA administrative costs and the payment of DUA to eligible individuals.

Source of Governing Requirements

The Federal-State UI program partnership is provided for by Titles III, IX, and XII of the Social Security Act of 1935 (SSA) (42 USC 501, 1101, 1321, *et seq.*) and the FUTA (26 USC 3301 *et seq.*). Program regulations are found in 20 CFR parts 601 through 616. The TAA/ATAA program is authorized by the Trade Act of 1974, as amended by the TAA Reform Act of 2002 (Pub. L. No. 107-210 (19 USC 2271 *et seq.*)). Implementing regulations are 29 CFR part 90, Subpart B, and 20 CFR part 617. Operating instructions for the TAA program are found in TEGL 11-02, and operating instructions for the ATAA program are found in TEGL 2-03. **The RTAA program is authorized by the Trade Act of 2009 (Division B, Title I, Subtitle I of ARRA), which further amended the Trade Act of 1974. Operating instructions for the TAA/RTAA program are found in TEGL 22-08.** Implementing regulations for the DUA program are found at 44 CFR sections 206.8 and 206.141 for FEMA, and 20 CFR part 625 for DOL.

Availability of Other Program Information

Additional information on the UI programs can be found on the Internet at <http://ows.doleta.gov/> and <http://www.ows.doleta.gov/unemploy/bqc.asp>. Additional information on TAA and ATAA program procedures is available at <http://www.doleta.gov/tradeact>. Additional information on DUA is available at <http://www.ows.doleta.gov/unemploy/disaster>.

Additional information on the UI program for EB can be found in Unemployment Insurance Program Letter (UIPL) Nos. 12-09 and Change 1, available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2712.

Additional information on the EUC08 program can be found in UIPL Nos. 23-08 and Changes 1, 2, 3, 4, 5, and 6, available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=26499; and UIPL 04-10 and Changes 1, 2, 3, 4, 5, 6, 7, and 8 available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2836.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. Administrative grant funds may be used only for the purposes and in the amounts necessary for proper and efficient administration of the UI program (20 CFR part 601; 20 CFR sections 609.14(d); and 614.15(d); 20 CFR section 617.59 (TRA/ATAA); 44 CFR section 206.8 (DUA)).
2. *Activities Allowed for TRA and ATAA/RTAA*
 - a. *TRA* – Allowable activities include payment of weekly TRA benefits to eligible participants (20 CFR sections 617.10 through 617.19).
 - b. *ATAA/RTAA* – Allowable activities include payment of ATAA wage subsidies to eligible participants (Section 246 of Pub. L. No. 107-210 and Pub L. No. 111-5)
3. *Activities Allowed for DUA*

Funds may be used only for the payment of DUA benefits and State administrative costs.

E. Eligibility

1. Eligibility for Individuals

- a. *Regular Unemployment Compensation Program* – Under State UI laws, a worker's benefit rights depend on the amount of the worker's wages and/or weeks of work in covered employment in a "base period." While most States define the base period as the first 4 of the last 5 completed calendar quarters prior to the filing of the claim, other base periods may be used. To qualify for benefits, a claimant must have earned a certain amount of wages, or have worked a certain number of weeks or calendar quarters within the base period, or meet some combination of wage and employment requirements. Some States require a waiting period of one week of total or partial unemployment before UC is payable. A "waiting

period” is a noncompensable period of unemployment in which the worker was otherwise eligible for benefits.

To be eligible to receive UC, all States provide that a claimant must have been involuntarily separated from suitable work, i.e., not because of such acts as leaving voluntarily without good cause, or discharge for misconduct connected with work. After separation, he or she must be able and available for work, in the labor force, legally authorized to work in the U.S., and not have refused an offer of suitable work (20 CFR section 603.2).

- b. *EB Program* – To qualify for EB, a claimant must have exhausted regular UC benefits (20 CFR section 615.4(a)). To be eligible for a week of EB, a claimant must apply for and be able and available to accept suitable work, if offered. What constitutes suitable work is dependent on a required SWA’s evaluation of the claimant’s employment prospects. An EB claimant must make a “systematic and sustained effort” to seek work and must provide “tangible evidence” to the SWA that he or she has done so (20 CFR section 615.8).
- c. *EUC08 Program* – To qualify for EUC08, a claimant (1) must have exhausted all rights to regular compensation with respect to a benefit year that ended on or after May 1, 2007; (2) must have no rights to regular compensation or EB; and (3) cannot be receiving compensation under the UC law of Canada. To qualify for EUC08, individuals must have had employment of 20 weeks of work, or the equivalent in wages, in their base periods (Pub. L. No. 110-252, Supplemental Appropriations Act of 2008, Title IV, Section 4001(b)).
- d. *UCFE and UCX Programs* – For UCFE, the claimant’s eligibility and benefit amount will generally be determined in accordance with the UI law of the State of the claimant’s last duty station (20 CFR section 609.8). For UCX, a claimant’s eligibility is determined in accordance with the UI law of the State in which the claimant files a first claim after separation from active military service (20 CFR section 614.8).
- e. *TRA and ATAA* – For weekly TRA payments, the worker must: (a) have been employed at wages of \$30 or more per week in adversely-affected employment with a single firm or subdivision of a firm for at least 26 of the previous 52 weeks ending with the week of the individual’s qualifying separation (up to seven weeks of employer-authorized leave, up to seven weeks as a full-time representative of a labor organization, or up to 26 weeks of disability compensation may be counted as qualifying weeks of employment); (b) have exhausted all UC to which he or she is entitled; and (c) be enrolled in or have completed an approved job training program, unless a waiver from the training requirement has been issued

after a determination is made that training is not feasible or appropriate (20 CFR section 617.11).

TRA becomes payable to eligible claimants only after they have exhausted their entitlement to regular UI benefits, including EB and EUC08, if applicable. Any UC, EB, and/or EUC08 benefit payments are to be deducted from the TRA entitlement (basic, additional (if applicable), and remedial TRA (if applicable)) and the maximum combined number of weeks for receipt of UC, EB, EUC and TRA cannot exceed 52 weeks, except that up to 52 additional weeks of TRA may be paid to program participants enrolled in approved training and an additional 26 weeks may be paid to program participants enrolled in remedial training (20 CFR sections 617.14 and 617.15; Pub. L. No. 107-210, section 116(a)).

In those States where the combination of UC, EB, and EUC08 exceeds the amount of the basic TRA level of 52 weeks, basic TRA would not be payable. For TRA eligibility derived from petitions filed before May 18, 2009 (2002 program), the enrollment in TAA training must have occurred by the end of the 8th week after the certification or the end of the 16th week of the most recent qualifying separation, unless the requirement is waived. For TRA eligibility derived from petitions filed on or after May 18, 2009 (2009 program), the enrollment in TAA training must have occurred by the end of the 26th week after the certification or the end of the 26th week of the most recent qualifying separation, unless the requirement is waived.

To be eligible to receive ATAA payments, an individual must be an adversely affected worker covered under a DOL certification of eligibility for TRA and ATAA, and have a qualifying separation which occurred (i) on or after the impact date specified in the certification as the beginning of the import caused unemployment or underemployment and (ii) before the expiration of the 2-year period beginning on the date on which the Secretary of Labor issued the certification for his or her group or, if earlier, before the termination date, if any, specified in the certification, and meet the following conditions at the time of reemployment (19 USC 2318 and TEGLs 11-02 and 2-03):

- (1) Be at least age 50 at time of reemployment.
- (2) Obtain reemployment by the last day of the 26th week after the worker's qualifying separation from the TRA/ATAA certified employment.
- (3) Must not be expected to earn more than \$50,000 annually in gross wages (excluding overtime pay) from the reemployment.
- (4) Be reemployed full-time as defined by the State law where the worker is employed.

- (5) Cannot return to work to the employment from which the worker was separated.
- f. *TRA and RTAA* – For weekly TRA payments, the worker must: (1) have been employed at wages of \$30 or more per week in adversely affected employment with a single firm or subdivision of a firm for at least 26 of the previous 52 weeks ending with the week of the individual’s qualifying separation (up to 7 weeks of employer-authorized leave, up to 7 weeks as a full-time representative of a labor organization, or up to 26 weeks of disability compensation may be counted as qualifying weeks of employment); (2) have exhausted all UC to which he or she is entitled; and (3) be enrolled in or have completed an approved job training program, unless a waiver from the training requirement has been issued after a determination is made that training is not feasible or appropriate (20 CFR section 617.11).

TRA becomes payable to eligible claimants only after they have exhausted their entitlement to regular UI benefits, including EB and EUC08, if applicable. The maximum combined number of weeks for receipt of UC, EB, EUC08, and TRA cannot exceed 52 weeks, except that up to 52 additional weeks of TRA may be paid to program participants enrolled in approved training and an additional 26 weeks may be paid to program participants enrolled in remedial/pre-requisite training (20 CFR sections 617.14 and 617.15; 19 USC 2293(a)).

To be eligible to receive RTAA payments, an individual must be an adversely affected worker covered under a DOL certification of eligibility for TRA, and have a qualifying separation which occurred (1) on or after the impact date specified in the certification as the beginning of the import-caused unemployment or underemployment and (2) before the expiration of the 2-year period beginning on the date on which the Secretary of Labor issued the certification for his or her group or, if earlier, before the termination date, if any, specified in the certification, if he/she meets the following conditions at the time of reemployment (19 USC 2318 and TEGL 22-08):

- (1) **Is at least 50 years of age.**
- (2) **Earns not more than \$55,000 each year in wages from reemployment.**
- (3) **Is employed on a full-time basis as defined by the law of the State in which the worker is employed and is not enrolled in a training program or is employed at least 20 hours per week and is enrolled in a TRA-approved training program.**

(4) Is not employed at the firm from which the worker was separated.

- g. *DUA* – To be eligible for *DUA*, individuals must be unable to work at their ongoing employment or self-employment due to the disaster or must be prevented from commencing employment or self-employment. This includes individuals who reside in the major disaster area but are unable to reach their place of employment or self-employment outside of the major disaster area, and individuals who must travel through a major disaster area to their employment or self-employment, but who are unable to do so as a direct result of the major disaster (20 CFR sections 625.4 and 625.5).

DUA weekly benefits and re-employment assistance services are provided to individuals who are unemployed as a direct result of a presidentially declared major disaster and who are not eligible for unemployment compensation but meet the *DUA* qualifying requirements.

Generally, an applicant is eligible for *DUA* for a week of unemployment if he or she meets the following conditions (20 CFR section 625.4):

- (1) Each week of unemployment claimed begins during the disaster assistance period;
- (2) The individual is an unemployed worker or an unemployed, self-employed individual whose unemployment (total or partial) has been found to be the direct result of a major disaster in the major disaster area;
- (3) The applicant is able to work and available for work, within the meaning of the applicable State law, except an applicant will be deemed to meet this requirement if any injury directly caused by the major disaster is the reason for inability to work; and
- (4) The individual is not eligible for compensation (as defined in 20 CFR section 625.2(d)) or for waiting-period credit for such week under any other Federal or State law; except that an individual determined ineligible because of the receipt of disqualifying income shall be considered eligible for such compensation or waiting period credit.
- (5) Claimants eligible for UI are not eligible for *DUA*. *DUA* may not be paid as a supplement to unemployment compensation for the same week of unemployment. *DUA* also is not payable for any unemployment compensation waiting period required under State UC law (20 CFR section 625.4(i)).

- (6) The individual files an initial application for DUA within 30 days after the announcement date of the major disaster. An initial application filed later than 30 days after the announcement date shall be considered timely filed if the State finds that there is good cause for the late filing. At the request of the State, the Administrator of the Office of Unemployment Insurance may authorize extension of the 30-day filing requirement for all DUA applicants. In no case will initial applications be accepted if filed after the expiration of the disaster assistance period, including any authorized extensions (20 CFR section 625.8).
 - h. Aliens must show proof that they are authorized to work by the U.S. Citizenship and Immigration Services (USCIS) in order to be eligible to receive a federal public benefit (42 USC 1302b-7(d) and (e)).
2. **Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable**
3. **Eligibility for Subrecipients – Not Applicable**

G. **Matching, Level of Effort, Earmarking**

1. **Matching –**

a. *Shareable Compensation Program (EB)*

From its UI tax revenues, the State is required to pay zero percent (UCFE, UCX), 50 percent (EB), or 100 percent (regular compensation) of the UC paid by the SWA to eligible claimants.

The State is required to provide 50 percent of the amounts paid to the majority of eligible EB claimants (those not covered by Federal law or special provisions of State law) (20 CFR sections 615.2 and 615.14(a)). Those EB amounts paid by the SWA, and that are not the responsibility of the State, are reimbursable to the State from the UTF (20 CFR section 615.14). The first week of EB is reimbursable to the State only if, in addition to other requirements, the State requires the first week of an individual's benefit year to be an "unpaid waiting week" (EUCA section 204; 20 CFR section 615.14).

The 50 percent share of EB for which the State is responsible is prorated for those claimants whose base period includes wages from both public and private sector employment.

For weeks of EB paid by a State that begin after February 17, 2009 and before January 4, 2012, the Federal government will reimburse the State at 100 percent of eligible costs. Also if an EB claim is established prior to January 4, 2012 (week ending January 7, 2012),

the Federal government will reimburse the State at 100 percent of eligible costs based on claims paid during a phase-out period that ends June 11, 2012 (week ending June 9, 2012).

b. *Emergency Unemployment Compensation*

The State is required to pay zero of the EUC08 paid by the SWA to eligible claimants, i.e., EUC08 funds are not required to be matched.

2. Level of Effort – Not Applicable

3. Earmarking – Not Applicable

H. Period of Availability of Federal Funds

1. *TRA/ATAA/RTAA* – Funds allotted to a State for any fiscal year are available for expenditure by the State during the year of award and the two succeeding fiscal years (Section 130 of Pub. L. No. 107-210, 116 Stat. 942; 19 USC 2317).
2. *DUA* – Funding for each disaster is provided separately for administrative costs and benefits. States are expected to report the cost of each disaster separately by administrative cost and benefits. The funding period for the majority of disasters covers a 26-week period after declaration. Immediately after all payment activity has been concluded for a particular disaster, which may be less than 26 weeks after declaration, the DUA program should be closed out by the State.
3. *EUC08* – EUC08 is payable in a State for weeks of unemployment beginning with the first week after the date an agreement is signed with the State and DOL. An EUC08 claim must be established by the week ending November 27, 2010. The last date for EUC08 payments is May 1, 2011 or the week ending April 30, 2011.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable
- d. Instructions for reporting financial and program activities are contained in ET Handbook 336, 18th Edition, *State Quality Service Plans for Unemployment Insurance Operations*, ET Handbook 401, 3rd Edition, *Unemployment Insurance Reports Handbook 401*, and ET Handbook 356,

Disaster Unemployment Assistance (DUA). The SWA may file certain reports electronically.

ETA 9130, *Financial Status Report, UI Programs* – This report is used to report program and administrative expenditures. All ETA grantees are required to submit quarterly financial reports for each grant award which they operate, including standard program and pilot, demonstration, and evaluation projects. Additional information on the following forms under *OMB Number 1205-046108* can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Status Reporting. A separate ETA 9130 is submitted for each of the following: UI Administration, Regular UI Benefits, DUA, TRA/ATAA, and UA Projects (administration and benefits).

- e. ETA 2112, *UI Financial Transaction Summary (OMB No. 1205-0154)* – A monthly summary of transactions, which account for all funds received in, passed through, or paid out of the State unemployment fund (ET Handbook 401).
- f. ETA 581, *Contribution Operations (OMB No. 1205-0178)* – Quarterly report on volume of SWA work, performance in determining the taxable status of employers, and other information pertinent to the overall effectiveness of the tax program (ET Handbook 401).
- g. ETA 191, *Financial Status of UCFE/UCX (OMB No. 1205-0162)* – Quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific Federal agencies (ET Handbook 401).
- h. ETA 227, *Overpayment Detection and Recovery Activities (OMB No. 1205-0173)* – Quarterly report on results of SWA activities in principal detection areas of benefit payment control (ET Handbook 401).
- i. ETA 902, *DUA Activities Under the Stafford Act (OMB No. 1205-0051)* – This report provides monthly data on DUA activities when a major disaster is declared by the President. Its workload items are also used with fiscal reports to estimate the cost of administering this Stafford Act program. (ET Handbook 356).

2. Performance Reporting

Trade Act Participant Report (TAPR) FY2010 (OMB No. 1205-0392) – SWAs are required to submit quarterly reports on participant characteristics, services and benefits received, and outcomes achieved on a rolling four quarter basis (TEGL 6-09).

Key Line Items – The following line items contain critical information:

- (1) Section A.01: Identifying Data – Individual Identifier
- (2) Section D.01: Employment and Job Retention Information – Employed in first full quarter after exit.
- (3) Section D.01: Employment and Job Retention Information – Employed in second full quarter after exit.
- (4) Section D.01: Employment and Job Retention Information – Employed in third full quarter after exit.
- (5) Section D.01: Employment and Job Retention Information – Employed in fourth full quarter after exit.

Total Earnings from Wage Records:

- (6) Section D. 02 Wage Record Data – Wages third quarter prior to participant quarter
- (7) Section D. 02 Wage Record Data – Wages second quarter prior to participant quarter
- (8) Section D. 02 Wage Record Data – Wages first quarter prior to participant quarter
- (9) Section D. 02 Wage Record Data – Wages first quarter after exit quarter
- (10) Section D. 02 Wage Record Data – Wages second quarter after exit quarter
- (11) Section D. 02 Wage Record Data – Wages third quarter after exit quarter
- (12) Section D. 02 Wage Record Data – Wages fourth quarter after exit quarter

3. Special Reporting

ETA 2208A, *Quarterly UI Contingency Report (OMB No. 1205-0132)* – Quarterly report of staff years worked and paid by program category. Key line items are 1 through 7 of Section A. The auditor is not expected to test Sections B through E.

4. Section 1512 ARRA Reporting – Not Applicable

5. Subaward Reporting under the Transparency Act – Not Applicable

N. Special Tests and Provisions

1. Employer Experience Rating

Compliance Requirement – Certain benefits accrue to States and employers when the State has a federally approved experience-rated UI tax system. All States currently have an approved system. For the purpose of proper administration of the system, the SWA maintains accounts, or subsidiary ledgers, on State UI taxes received or due from individual employers, and the UC benefits charged to the employer.

The employer's "experience" with the unemployment of former employees is the dominant factor in the SWA computation of the employer's annual State UI tax rate. The computation of the employer's annual tax rate is based on State UI law (26 USC 3303).

Audit Objective – To verify the accuracy of the employer's annual State UI tax rate and to determine if the tax rate was properly applied by the State.

Suggested Audit Procedures

- a. Experience rating systems are generally highly automated systems. These systems could contain errors that are material in the aggregate, but which are not susceptible to detection solely by sampling. If errors are detected, sampling may not be the most effective and efficient means to quantify the extent of such errors. For this reason, the auditor should have a thorough understanding of the operation of these systems, and is strongly encouraged to consider the use of computer-assisted auditing techniques (CAATs) to test these systems.
- b. On a test basis, reconcile the subsidiary employer accounts with the State's UI general ledger control accounts.
- c. Trace a sample of taxes received and benefits paid to postings to the applicable employer accounts. Verify the propriety of any non-charging of benefits paid to an employer account.
- d. Trace a sample of postings to employer accounts to documentation of taxes received and benefits paid.
- e. On a test basis, recompute employer experience-related tax rates.

2. UI Benefit Payments

Compliance Requirement – Due to the complexity of the UI benefit payment operations, it is unlikely the auditor will be able to support an opinion that UI benefit payments are in compliance with applicable laws and regulations without relying on the SWA's systems and internal controls.

SWAs are required by 20 CFR section 602.11(d) to operate a Benefits Accuracy Measurement (BAM) program to assess the accuracy of UI benefit payments and denied claims, unless the SWA is excepted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied and dollar amounts of benefits improperly paid or denied by projecting the results from investigations of small random samples to the universe of all claims paid and denied in a State. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims, review the records, and contact the claimant, employers, and third parties (either in-person, by telephone, or by fax) to verify all the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to State law and policy. For claims that were overpaid, underpaid, or erroneously denied, the BAM investigator determines the amount of payment error or, for erroneously denied claims, the potential eligibility of the claimant; the cause of and the responsibility for any payment error; the point in the UI claims process at which the error was detected; and actions taken by the agency and employer prior to the payment or denial decision that is in error. Federal regional office staff members review a sub-sample of completed cases each year in each State. BAM covers State UC, UCFE, and UCX.

Additional information on BAM procedures, historical data, and a State contacts list can be obtained at <http://www.ows.doleta.gov/unemploy/bqc.asp>.

The auditor also should review the requirements relating to the investigative process and data collection in ET Handbook No. 395, 5th Edition, Benefit Accuracy Measurement State Operations Handbook, Chapters IV, V, VI, VII, and Appendix C (Investigative Guide Source, Action, and Documentation), pertinent UI Program Letters and other sources of information including Question and Answer series on the Employment and Training Web site (see above).

Audit Objective – To verify that States operate a BAM program in accordance with Federal requirements to assess the accuracy of UI benefit payments and denied claims.

Suggested Audit Procedures

- a. Review State BAM case investigative procedures and methodology to assess the SWA's adherence to BAM requirements.
- b. Determine whether BAM samples of UI weeks paid and disqualifying eligibility determinations (monetary, separation, and non-separation) are selected for investigation and verification once a week by the State agency's BAM unit.
- c. Determine whether BAM case sampling and case assignment for paid and denied claims were reviewed for compliance with State law and policy.
- d. Determine whether the State agency is meeting its completion requirements and identify any impediments to the State BAM unit's efforts to complete cases timely.

- e. Conduct reviews of a representative sub-sample of completed cases to ensure that established procedures were followed (e.g., each completed case has undergone supervisory review) and information is accurately recorded. The auditor should not attempt to conduct a new investigation, or new fact finding.

3. Match with IRS 940 FUTA Tax Form

Compliance Requirement – States are required to annually certify for each taxpayer the total amount of contributions required to be paid under the State law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the FUTA tax (26 CFR section 31.3302(a)-3(a)). In order to accomplish this certification, States annually perform a match of employer tax payments with credit claimed for these payments on the employer’s IRS 940 FUTA tax form.

Audit Objective – Determine whether the State properly performed the match to support its certification of State FUTA tax credits.

Suggested Audit Procedures

- a. Ascertain the State’s procedures for conducting the annual match.
- b. Obtain and examine documentation supporting the annual match process from the group of employers’ State unemployment tax payments used by the State in its match process.
- c. For a sample of employer payments:
 - (1) Verify that the tax payments met the stated criteria for FUTA tax credits allowance (e.g., timely State unemployment tax filings and payments).
 - (2) Compare the audit results to the States’ reported annual match results.

4. EUC Benefit Payments

Compliance Requirement – Under section 4005 of the Supplemental Appropriations Act, 2008 (Pub. L. No. 110-252), each State must require repayment from individuals who have received any overpayment of EUC08 (whether fraudulent or non-fraudulent), unless the State, under the optional language of Section 4005(b), elects to waive recovery. The option to waive recovery applies only to non-fraudulent overpayments.

To the extent allowed by the State law, an EUC08 overpayment may be recovered by offset. However, no single offset may exceed 50 percent of the amount otherwise payable to the individual for a week.

Audit Objective – To verify that States operate a EUC08 program in accordance with Federal requirements and to assess the accuracy of EUC08 payments.

Suggested Audit Procedures

- a. Verify that the State has entered into an agreement with the Secretary of Labor allowing it to carry out the EUC08 program.
- b. Determine if individuals are receiving EUC08.
- c. Determine if the State is using the regular UI weekly benefit amount and making any adjustments in accordance with the applicable State law to account for any earnings and any other deductions (e.g., severance, or retirement/pension payments).
- d. Determine whether the State is properly offsetting all debts resulting from an overpayment of the individual's unemployment compensation, i.e., EUC08 benefits can be used to offset any State compensation overpayments, but the EUC08 benefit offset is limited to 50 percent of the weekly benefit payment.

IV. OTHER INFORMATION

State unemployment tax revenues and the governmental, tribal, and non-profit reimbursements in lieu of State taxes (State UI funds) must be deposited to the UTF in the U.S. Treasury, primarily to be used to pay benefits under the federally approved State unemployment law. This program supplement includes several compliance requirements that must be tested with regard to these State UI funds. Consequently, State UI funds, as well as Federal funds for benefit payments under UCFE, UCX, EB, TRA/ATAA/RTAA, DUA, and EUC08 shall be included in the total expenditures of CFDA 17.225 when determining Type A programs. State UI funds should be included with Federal funds on the Schedule of Expenditures of Federal Awards. A footnote to the Schedule to indicate the individual State and Federal portions of the total expenditures for CFDA 17.225 is encouraged.

DEPARTMENT OF LABOR

CFDA 17.235 SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

I. PROGRAM OBJECTIVES

The purpose of the Senior Community Service Employment Program (SCSEP) program is to provide, foster, and promote useful part-time work opportunities (usually 20 hours per week) in community service employment activities for low-income persons who are 55 years of age and older. To the extent feasible, SCSEP assists and promotes the transition of program participants into unsubsidized employment.

II. PROGRAM PROCEDURES

To allot program funds for use in each State, the Department of Labor (DOL) utilizes a statutory formula based on Fiscal Year 2000 level of activities, the number of persons aged 55 and over, per capita income, and hold-harmless considerations. Program grants are awarded to eligible applicants, which include States, U.S. Territories, and public and private non-profit entities other than political parties (Section 506 of the Act). The relative amount of funding for each type of eligible applicant has historically occurred at proportions of 22 percent to State and Territorial agencies and 78 percent to national grantees. As a result of a competition conducted in 2006, there are now 18 national grantees. Each one-year grant period may be extended through a grant modification. The program year is July 1 to June 30.

Source of Governing Requirements

SCSEP is authorized by the Older Americans Act (OAA) of 1965, as amended by Pub. L. No. 109-365 (42 USC 3056 *et seq.*). Implementing regulations are published at 20 CFR part 641 (<http://webapps.dol.gov/FederalRegister/HtmlDisplay.aspx?DocId=24198&AgencyId=15&DocumentType=2>)

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Allowable activities include, but are not limited to: outreach, orientation, assessment, counseling, classroom training, job development, community service assignments, payment of wages and fringe benefits, training, supportive services, and placement in unsubsidized employment.

- b. Costs of participating as a required partner in the One-Stop Delivery System established in accordance with section 134(c) of the Workforce Investment Act (WIA) of 1998 are allowable, as long as SCSEP services and funding are provided in accordance with the Memorandum of Understanding required by WIA and section 502(b)(1)(O) of the OAA (20 CFR section 641.850(d)).
- c. SCSEP funds may be used to meet a recipient's or subrecipient's obligations under section 504 of the Rehabilitation Act of 1973, as amended, the Americans with Disabilities Act of 1990, and any other applicable Federal disability nondiscrimination laws to provide accessibility for individuals with disabilities (20 CFR section 641.850(f)).

2. *Activities Unallowed*

- a. Legal expenses for the prosecution of claims against the Federal Government, including appeals to an Administrative Law Judge, are unallowable (20 CFR section 641.850(b))
- b. In addition to the prohibition contained in 29 CFR part 93, SCSEP funds cannot be used to pay any salaries or expenses related to any activity designed to influence legislation or appropriations pending before the U.S. Congress of any State legislature (29 CFR section 641.850(c)).
- c. SCSEP funds may not be used for the purchase, construction, or renovation of any building except for the labor involved in minor remodeling of a public building to make it suitable for use for project purposes; minor repair and rehabilitation of publicly used facilities for the general benefit of the community; and minor repair and rehabilitation by participants of housing occupied by persons with low incomes who are declared eligible for such services by authorized local agencies (20 CFR section 641.850(e)).

E. Eligibility

1. Eligibility for Individuals

Persons 55 years or older whose family is low-income (i.e., income does not exceed the low-income standards defined in 20 CFR section 641.507) are eligible for enrollment (20 CFR section 641.500). Low-income means an income of the family which, during the preceding 6 months on an annualized basis or the actual income during the preceding 12 months (whichever method is more favorable to the individual) is not more than 125 percent of the poverty levels established and periodically updated by the U.S. Department of Health and Human Services (42 USC 3056p(a)(4)). The poverty guidelines are issued each year in the *Federal Register* and the Department of Health and Human Services maintains a page on the Internet which provides the poverty guidelines

(<http://www.aspe.hhs.gov/poverty/index.shtml>). Enrollee eligibility is redetermined on an annual basis (20 CFR section 641.505).

2. **Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable**
3. **Eligibility for Subrecipients – Not Applicable**

G. Matching, Level of Effort, Earmarking

1. Matching

The grantee must contribute matching, in cash or in-kind, not less than 10 percent of the total cost of the project, except that the Federal Government may pay all costs of any project which is:

- a. An emergency or disaster project;
- b. A project located in an economically depressed area as determined by the Secretary of Labor in consultation with the Secretary of Commerce and the Director of the Office of Community Services of the Department of Health and Human Services;
- c. A project which is exempt by law (42 USC 3056(c)).

2.1 Level of Effort – *Maintenance of Effort* – Not Applicable

2.2 Level of Effort – *Supplement Not Supplant*

Employment of an enrollee shall be only in addition to budgeted employment which would otherwise be funded by the grantee, subgrantee(s), or host agency(ies) without assistance from the Act, and shall not result in employee displacement (including persons in lay-off status) or substitute project jobs for contracted work or other Federal jobs (20 CFR section 641.844).

3. Earmarking

The amount of Federal funds expended for enrollee wages and fringe benefits shall be no less than 75 percent of the grant (20 CFR section 641.873) except in those instances in which a grantee has requested, and DOL has approved such request, to use not less than 65 percent of the grant funds to pay for participant wage and fringe benefits so as to use up to an additional 10 percent of grant funds for participant training and supportive services (42 USC 3056(c)(6)(C)(i))

The amount of Federal funds expended for the costs of administration during the program year shall be no more than 13.5 percent of the grant (20 CFR section 641.867(a)). A waiver of this requirement to increase administrative expenditures to 15 percent may be granted by the Secretary (20 CFR section 641.867(b)).

L. Reporting**1. Financial Reporting**

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. ETA 9130, *Financial Report, (OMB No. 1205-0461)* – DOL requires financial reports to be cumulative by fiscal year of appropriation. All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are required to be prepared using the specific format and instructions for the applicable program(s); in this case, *Older Worker Program*. Reports are due 45 days after the end of the reporting quarter. Additional information can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Status Reporting.

2. Performance Reporting – Not Applicable**3. Special Reporting** – Not Applicable**4. Section 1512 ARRA Reporting** – Applicable for funds expended prior to July 1, 2011**5. Subaward Reporting under the Transparency Act** – Applicable to non-ARRA funds

DEPARTMENT OF LABOR

CFDA 17.245 TRADE ADJUSTMENT ASSISTANCE

I. PROGRAM OBJECTIVES

The purpose of the Trade Adjustment Assistance (TAA) program is to provide assistance to workers adversely affected by foreign trade. Services provided under the TAA program enable workers to return as quickly as possible to work that will use the highest skill levels and pay the highest wages, given the workers' preexisting skill and educational levels, as well as the condition of the labor market.

The Trade Act of 1974, as amended by the Trade Adjustment Assistance Reform Act of 2002 (Pub. L. No. 107-210) (TAA or Trade Act of 2002), and further amended by the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA or Trade Act of 2009) (Division B, Title I, Subtitle I of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5). The Trade Act of 2009 expanded eligibility of the TAA program and replaced Alternative Trade Adjustment Assistance (ATAA) with Reemployment Trade Adjustment Assistance (RTAA). The RTAA program expands the ATAA program for workers 50 years of age and over for petitions filed under the 2009 amendments. The TGAAA extended the TAA program through December 31, 2010, and the Omnibus Trade Act of 2010 further extended TAA through February 12, 2011. However, this law expired on February 12, 2011, and the Omnibus Trade Act of 2010 reauthorized the program through February 12, 2012 at the benefit and service levels in place prior to the enactment of the 2009 Amendments. Therefore, the TAA program is now operating under the Trade Act of 1974, as amended by the TAA Reform Act of 2002.

II. PROGRAM PROCEDURES

Funds are provided to State Workforce Agencies (SWAs) which serve as agents of the U.S. Department of Labor (DOL) for administering the worker adjustment assistance provisions of the TAA Program. Funds are awarded for the costs of training, job search and relocation allowances, and administrative costs, and are available for workers covered by both the 2002 and 2009 amendments.

Through their One-Stop Career Centers and other local offices, SWAs arrange for eligible program participants to receive training, job search assistance, relocation allowances, and transportation and/or subsistence allowances for the purpose of attending approved training outside the normal commuting distance of their place of residence (20 CFR part 617). SWAs also serve as agents of DOL for identifying potentially eligible participants and assisting them in applying for the Health Coverage Tax Credit (HCTC) program.

The weekly trade readjustment assistance (TRA) and ATAA/RTAA (depending upon the applicable amendment) subsistence payments and wages subsidies are administered under the UI program (see CFDA 17.225 in this Supplement). The Trade Act of 2002 applies to petitions with TA-W Numbers less than 69,999 with a petition institution date prior to May 18, 2009 and petitions with TA-W Numbers greater than 80,000 with a petition institution date of February 15, 2011 and beyond. The Trade Act of 2009 applies to petitions with TA-W Numbers greater than 70,000 with a petition institution date of May 18, 2009 through February 14, 2011.

Source of Governing Requirements

This program is authorized by the Trade Act of 1974 (19 USC 2271 *et seq.*), as amended by the Trade Adjustment Assistance Reform Act of 2002 (Pub. L. No. 107-210) and the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA) (Division B, Title I, Subtitle I of ARRA). Implementing regulations are 29 CFR part 90, subpart B, and 20 CFR part 617. Operating instructions for the TAA/RTAA programs are found in Training and Employment Guidance Letter (TEGL) 22-08, implementing the 2009 amendments, and operating instructions for the ATAA program are found in TEGL 11-02, implementing the 2002 amendments.

Availability of Other Program Information

Additional information on TAA and ATAA/RTAA program procedures may be obtained through the agency web site at <http://www.doleta.gov/tradeact>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

The following requirements apply to TRA and ATAA/RTAA.

1. *Activities Allowed under the Trade Act of 2002*

Allowable activities include job search assistance, relocation allowance, and training (including payments for transportation and subsistence where required for training) to eligible participants (20 CFR sections 617.10 through .19).

2. *Activities Allowed only under the Trade Act of 2009*

Allowable activities include job search assistance, relocation allowance, and training (including payments for transportation and subsistence where required for training) to eligible participants (20 CFR sections 617.10 through .19). Additional allowable case management activities include vocational testing, counseling, and job placement services; however, TRA participants may also receive these services through other programs such as the Workforce Investment Act (WIA) (20 CFR part 617).

E. Eligibility

1. Eligibility for Individuals

a. Department of Labor Certification and Qualifying Separations

TAA – In order to be eligible for training and other reemployment services under the TAA program, an individual must be an adversely affected worker covered under a DOL certification, and have a qualifying separation which occurred (i) on or after the impact date specified in the certification as the beginning of the import caused unemployment or underemployment and (ii) before the expiration of the two-year period beginning on the date on which the Secretary of Labor issued the certification for his or her group or, if earlier, before the termination date, if any, specified in the certification (19 USC 2272; 29 CFR section 90.16).

b. Training

Under the Trade Act of 2002, workers must be enrolled in their approved training within 8 weeks of the issuance of the certification or within 16 weeks of their most recent qualifying separation, whichever is later, unless this requirement is waived prior to reaching those deadlines (19 USC 2291(a)(5)(A) and (c)).

Under the Trade Act of 2009, workers must be enrolled in their approved training within 26 weeks of the issuance of the certification or their most recent qualifying separation, whichever is later, unless this requirement is waived prior to reaching those deadlines (19 USC 2291(a)(5)(A)(II) and (c)), as amended by Section 1801(a), ARRA, 123 Stat 375 and 376)

c. Maximum Number of Weeks for Receipt of Approved Training

Under the Trade Act of 2002, the maximum duration for any approvable training program is 130 weeks, and no individual shall be entitled to more than one training program under a single certification (19 USC 2293(a)).

Under the Trade Act of 2009, the maximum duration for any approvable training program is 156 weeks and no individual shall be entitled to more than one training program under a single certification (19 USC 2293(a), as amended by Section 1823, ARRA, 123 Stat 377 and 378).

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients – Not Applicable

H. Period of Availability of Federal Funds

Funds allotted to a State for any fiscal year are available for expenditure by the State during the year of award and the two succeeding fiscal years (19 USC 2317(b)).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. ETA-9130, *Financial Report (OMB No. 1205-0461)* – All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are due 45 days after the end of the reporting quarter. Additional information can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Status Reporting.
- e. ETA-9117, *Trade Adjustment Assistance (TAA) Program Reserve Funding Request Form (OMB No. 1205-0275)* – SWAs are required to furnish this form to ETA, in conjunction with the SF-424, with each request for TAA program reserve training funds and/or job search and relocation allowances (20 CFR section 617.61; 29 CFR section 97.41).

2. Performance Reporting

Trade Act Participant Report (TAPR) FY2010 (OMB No. 1205-0392) – SWAs are required to submit quarterly reports on participant characteristics, services and benefits received, and outcomes achieved on a rolling four quarter basis (TEGL 6-09).

Key Line Items – The following line items contain critical information:

- (1) Section A.01: Identifying Data – *Individual Identifier*
- (2) Section D.01: Employment and Job Retention Information – *Employed in second full quarter after exit*
- (3) Section D.01: Employment and Job Retention Information – *Employed in third full quarter after exit*
- (4) Section D.01: Employment and Job Retention Information – *Employed in fourth full quarter after exit*

Total Earnings from Wage Records:

- (5) Section D. 02 Wage Record Data – *Third quarter following exit*
- (6) Section D. 02 Wage Record Data – *Fourth quarter following exit*

- 3. **Special Reporting** – Not Applicable
- 4. **Section 1512 ARRA Reporting** – Not Applicable
- 5. **Subaward Reporting under the Transparency Act** – Applicable

DEPARTMENT OF LABOR

CFDA 17.258 WIA ADULT PROGRAM
CFDA 17.259 WIA YOUTH ACTIVITIES
CFDA 17.278 WIA DISLOCATED WORKERS

I. PROGRAM OBJECTIVES

The Workforce Investment Act of 1998 (WIA) programs help prepare workers for good jobs through formula grants to States. Using a variety of methods, States provide employment and training services through a network of One-Stop Career Centers. The WIA Adult and Dislocated Worker programs provide core, intensive and training services, and help jobseekers achieve gainful employment. The WIA Adult program focuses more on low-skilled, low-income workers, whereas the Dislocated Worker program supports the reemployment of laid-off workers. The Youth program provides employment and educational services to eligible low-income youth, ages 14 to 21 that face barriers to employment. The program serves in-school as well as out-of-school youth, youth with disabilities and low literacy rates, and others who may require additional assistance to complete an educational program and acquire an industry-recognized credential, or enter employment.

II. PROGRAM PROCEDURES

Subtitle B Statewide and Local Workforce Investment Programs

This provides the framework for delivery of workforce investment activities at the State and local levels to individuals who need those services, including job seekers, dislocated workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. Each State's Governor is required to establish a State Board; develop a State Workforce Investment Plan (WIA section 112; 29 USC 2822); designate local workforce investment areas; and oversee the creation of Local Boards and One-Stop service delivery systems in the State.

The Local Workforce Investment Board (Local Board) is appointed by the chief elected official in each local area in accordance with State criteria established under WIA section 117(b), and is certified by the Governor every two years. The Local Board, in cooperation with the chief elected official, appoints a youth council as a subgroup of the Local Board and coordinates workforce and youth plans and activities with the youth council, in accordance with WIA section 117(h). With the chief elected official, the Local Board sets policy for the portion of the Statewide workforce investment system within the local area (29 USC 2832).

Each Local Board, in partnership with the appropriate chief elected officials, develops and submits a comprehensive five-year plan to the Governor which identifies and describes certain policies, procedures and local activities that are carried out in the local area, and that is consistent with the State Workforce Investment Plan and WIA section 118(b) (29 USC 2833(b)). The plan must include a description of the One-Stop delivery system to be established or designated in the local area, including: a copy of the local Memorandums of Understanding (MOU) between the Local Board and each of the One-Stop partners describing the operation of the local One-Stop delivery system; identification of the One-Stop operator or entity responsible for the disbursement of

grant funds; and a description of the competitive process to be used to award grants and contracts for activities carried out under this subtitle I of WIA, including the process to be used to procure training services that are made as exceptions to the Individual Training Account process (WIA section 134(d)(4)(G); 29 USC 2864).

The agreement (20 CFR section 662.400(c)) between the Local Board and the One-Stop operator shall specify the operator's role. That role may range between simply coordinating service providers within the center, to being the primary provider of services within the center, to coordinating activities throughout the local One-Stop system. The types of entities that may be selected to be the One-Stop operator include: a postsecondary educational institution; an Employment Service agency established under the Wagner-Peyser Act on behalf of the local office of the agency; a private, non-profit organization (including a community-based organization); a private for-profit entity; a government agency; and another interested organization or entity. The One-Stop operator may be a single entity or a consortium of entities and may operate one or more One-Stop centers. In addition, there may be more than one One-Stop operator in a local area.

The following Federal programs are required by WIA section 121(b)(1) to be partners in the local One-Stop system: programs authorized under Title I of WIA; public labor exchange programs authorized under the Wagner-Peyser Act (29 USC 49 *et seq.*); adult education and literacy activities authorized under title II of WIA; programs authorized under parts A and B of title I of the Rehabilitation Act (29 USC 720 *et seq.*); welfare-to-work programs authorized under sec. 403(a)(5) of the Social Security Act (42 USC 603(a)(5) *et seq.*); senior community service employment activities authorized under title V of the Older Americans Act of 1965 (42 USC 3056 *et seq.*); postsecondary vocational education activities under the Carl D. Perkins Vocational and Applied Technology Education Act (20 USC 2301 *et seq.*); Trade Adjustment Assistance and NAFTA Transitional Adjustment Assistance activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 USC 2271 *et seq.*); activities authorized under chapter 41 of title 38, USC (local veterans' employment representatives and disabled veterans outreach programs); employment and training activities carried out under the Community Services Block Grant (42 USC 9901 *et seq.*); employment and training activities carried out by the Department of Housing and Urban Development (WIA sec. 121(b)(1)(B)(xi)); and programs authorized under State unemployment compensation laws (in accordance with applicable Federal law).

WIA also provides that other entities that carry out human resource programs, including Federal, State, or local programs and programs in the private sector, may serve as additional partners in the One-Stop system if the Local Board and chief elected official(s) approve the entity's participation. Additional partners may include: Temporary Assistance for Needy Families programs authorized under part A of title IV of the Social Security Act (42 USC 601 *et seq.*); employment and training programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 USC 2015(d)(4)) and work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 USC 2015(o)); programs authorized under the National and Community Service Act of 1990 (42 USC 12501 *et seq.*); and other appropriate Federal, State or local programs, including programs related to transportation and housing and programs in the private sector (WIA sec. 121(b)(2); 29 USC 2841(b)(2)).

All required programs must: make available to participants through the One-Stop delivery system the core services that are applicable to the partner's programs (WIA sec. 121(b)(1)(A)); use a portion of funds made available to the partner's program, to the extent not inconsistent with the Federal law authorizing the partner's program, to create and maintain the One-Stop delivery system and provide core services (WIA sec. 134(d)(1)(B)); enter into a memorandum of understanding (MOU) with the Local Board relating to the operation of the One-Stop system, including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods for referrals (WIA sec. 121(c)); participate in the operation of the One-Stop system consistent with the terms of the MOU and requirements of authorizing laws (WIA sec. 121(b)(1)(B)); and provide representation on the Local Workforce Investment Board (WIA sec. 117(b)(2)(A)(vi); 20 CFR section 662.230).

The applicable core services may be made available by the provision of appropriate technology at the comprehensive One-Stop center, by co-locating personnel at the center, cross-training of staff, or through a cost-reimbursement or other agreement between service providers at the comprehensive One-Stop center and the partner programs, as described in the State Workforce Investment Plan and the local MOU. Core services may also be made available through the networks of affiliated sites and One-Stop partners described in WIA section 134(c)(2) (20 CFR section 662.250).

The workforce investment system established under WIA emphasizes informed customer choice, system performance, and continuous improvement. The eligible provider process is part of the strategy for achieving these goals. A Local Board may not itself provide training services to adults and dislocated workers unless it receives a waiver from the Governor and meets the requirements of WIA section 117(f)(1) (29 USC 2832(f)(1)). Instead, Local Boards, in partnership with the State, identify training providers and programs whose performance qualifies them to receive WIA funds to train adults and dislocated workers. After receiving core and intensive services and in consultation with case managers, eligible participants who need training use the list of these eligible providers, which contains performance and cost information on eligible providers, to make an informed choice (20 CFR section 663.440).

Individual Training Accounts (ITAs) are established for eligible individuals to finance training through these eligible providers. Payments from ITAs may be made in a variety of ways, including the electronic transfer of funds through financial institutions, vouchers, or other appropriate methods. Payments may also be made through payment of a portion of the costs at different points in the training course (20 CFR section 663.410). Exceptions to the use of ITAs are permissible only where the services provided are for on-the-job or customized training; where the Local Board determines that there is an insufficient number of eligible providers available locally; or in the case of programs of demonstrated effectiveness serving participant populations which face multiple barriers to employment (20 CFR section 663.430).

The ability of providers to successfully perform, the procedures State and Local Boards use to establish training provider eligibility, and the degree to which information, including performance information, on those providers is made available to customers eligible for training services, are key factors affecting the successful implementation of the Statewide workforce investment system (20 CFR section 663.500).

Source of Governing Requirements

The WIA program is authorized by: Title I of the Workforce Investment Act of 1998 (Pub. L. No. 105-220, 112 Stat. 936-1059; 29 USC 2811 *et seq.*). **Additional funding and associated requirements are included in Title VIII of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (ARRA).** The regulations are at 20 CFR parts 660-671.

Availability of Other Program Information

Additional information on programs authorized under the Workforce Investment Act can be found on the Internet at http://www.doleta.gov/programs/adult_program.cfm#wia. The *Planning and Policy Guidance* section is a particularly useful source of information on compliance issues.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable, and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Waivers and Work-Flex*

- a. The Secretary of Labor may waive statutory or regulatory requirements of the adult and youth provisions of the Act and of the Wagner-Peyser Act (29 USC 2939(i)(4); 20 CFR sections 661.400 through .420).
- b. Under an approved Workforce Flexibility plan, a Governor may be granted authority to approve requests for waivers of statutory or regulatory provisions of Title I submitted by local workforce areas (29 USC 2942; 20 CFR sections 661.430 and .440)).

2. *Statewide Activities*

Statewide workforce investment activities include (20 CFR sections 665.200 and .210):

- a. State administration of the adult, dislocated worker, and youth workforce investment activities.
- b. Providing capacity building and technical assistance to local areas, including Local Boards, One-Stop operators, One-Stop partners, and eligible providers.
- c. Conducting research and demonstrations.

- d. Establishing and implementing innovative incumbent worker training programs, which may include an employer loan program to assist in skills upgrading, and programs targeted to empowerment zones and enterprise communities.
- e. Providing support to local areas for the identification of eligible training providers.
- f. Implementing innovative programs for displaced homemakers, and programs to increase the number of individuals trained for and placed in non-traditional employment.
- g. Carrying out adult and dislocated worker employment and training activities as the State determines are necessary to assist local areas in carrying out local employment and training activities.
- h. Carrying out youth activities Statewide.
- i. Preparing the annual performance progress report and submitting it to the Secretary of Labor, as described in 20 CFR section 667.300(e).
- j. Carrying out required rapid response activities.
- k. Disseminating:
 - (1) The State list of eligible providers of training services, for adults and dislocated workers.
 - (2) Information identifying eligible providers of on-the-job training and customized training.
 - (3) Performance and program cost information about these providers.
 - (4) A list of eligible providers of youth activities.
- l. Conducting evaluations, under WIA section 136(e), of workforce investment activities for adults, dislocated workers and youth, in order to establish and promote methods for continuously improving such activities to achieve high-level performance within, and high-level outcomes from, the Statewide workforce investment system.
- m. Providing incentive grants.
- n. Providing technical assistance to local areas that fail to meet local performance measures.

- o. Assisting in the establishment and operation of One-Stop delivery systems, in accordance with the strategy described in the State Workforce Investment Plan.
 - p. Providing additional assistance to local areas that have high concentrations of eligible youth.
 - q. Operating a fiscal and management accountability information system.
3. *Local Activities – Subtitle B Adult and Dislocated Worker Programs*
- a. Funds may be used at the local level to pay for core One-Stop system costs as well as for intensive services and training services for program participants.
 - b. *Core Services* – The following are core services (20 CFR section 662.240):
 - (1) Eligibility determination for WIA services.
 - (2) Outreach, intake, and orientation to available information and services.
 - (3) Initial assessment of skill levels, aptitudes, abilities and supportive services needs.
 - (4) Career counseling.
 - (5) Job search and placement assistance.
 - (6) Provision of employment statistics and job information.
 - (7) Provision of performance information on eligible providers of training services, youth activities, and adult education.
 - (8) Provision of information on local area performance.
 - (9) Provision of information on availability of supportive services.
 - (10) Provision of information regarding filing Unemployment Insurance (UI) claims.
 - (11) Assistance in establishing eligibility for welfare to work activities and programs of financial assistance for training and education programs.
 - (12) Follow-up services including counseling for individual placed into unsubsidized employment for at least 12 months following placement (20 CFR section 663.150).

- c. *Intensive Services* – The following are intensive services (29 USC 2864(d)(3); 20 CFR section 663.200):
- (1) Specialized assessments including diagnostic testing, in-depth interviewing, and evaluation.
 - (2) Development of employment plan.
 - (3) Group counseling.
 - (4) Individual counseling and career planning.
 - (5) Case management.
 - (6) Pre-vocational services, including workplace behavior skills training.
- d. *Training Services* – The following are training services (29 USC 2864(d)(4); 20 CFR section 663.300):
- (1) Occupational training.
 - (2) On-the-Job-Training (OJT) (Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT. The employer is not required to document its extraordinary costs (20 CFR section 663.710)).
 - (3) Skill upgrading.
 - (4) Entrepreneurial training.
 - (5) Job readiness training.
 - (6) Adult literacy.
 - (7) Customized training (Customized training is designed to meet the special needs of an employer. Such employers are required to pay at least fifty percent of the training (20 CFR section 663.715)).
- e. At the discretion of the State and Local Boards the following services may be provided (29 USC 2864(e)):
- (1) Customized screening and referral.
 - (2) Supportive services, including needs related payments.

4. *Local Activities – Subtitle B Youth Activities*
- a. Youth activities can provide a wide array of activities relating to employment, education and youth development. With the exception of the design framework component (e.g., services for intake, objective assessment, and the development of individual service strategy), these activities must be obtained by grant or contract with a service provider. The activities include but are not limited to the following (29 USC 2843 and 2854(c)(2); 20 CFR sections 664.405(a)(4) and .410):
- (1) Tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies.
 - (2) Alternative secondary school services.
 - (3) Summer employment opportunities that are directly linked to academic and occupational learning.
 - (4) Paid and unpaid work experience, including internships and job shadowing.
 - (5) Occupational skills training.
 - (6) Leadership development opportunities, including community service and peer-centered activities encouraging responsibility and other positive social behaviors.
 - (7) Supportive services.
 - (8) Adult mentoring for a period of participation and a subsequent period, for a total of not less than 12 months.
 - (9) Follow-up services.
 - (10) Comprehensive guidance and counseling, including drug and alcohol abuse counseling and referral.
- b. Funds allocated to a local area for eligible youth shall be used for programs that (20 CFR section 664.405):
- (1) Objectively assess academic levels, occupational skills levels, service needs (i.e., occupational, prior work experience, employability, interests, aptitudes), and supportive service needs of each participant;

- (2) Develop service strategies that identify an employment goals, achievement objectives, and the appropriate services needed to achieve the goals and objectives for each participant; and
- (3) Provide post-secondary education preparation, linkages between academic and occupational learning, preparation for unsubsidized employment opportunities, and effective connections to intermediaries with strong links to the job market and local and regional employers.

5. *Activities Unallowed – All WIA Programs*

WIA title I funds may not be used for the following activities:

- a. Construction or purchase of facilities or buildings (20 CFR section 667.260), with the following exceptions:
 - (1) Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR section 667.260(a)).
 - (2) Repairs, renovations, alterations and capital improvements of SESA real property and JTPA-owned property which is transferred to WIA title I programs (20 CFR section 667.260(b)).
 - (3) Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area (WIA section 173(d); 29 USC 2918(d); 20 CFR section 667.260(d)).
- b. Employment-generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities, unless they directly relate to training for eligible individuals. Employer outreach and job development activities are considered directly related to training for eligible individuals (WIA section 181(e); 29 USC 2931(e); 20 CFR section 667.262).
- c. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants. (WIA section 188(a)(3); 29 USC 2938(a)(3); 20 CFR section 667.266).

- d. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR section 667.268).
 - e. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR section 667.268(a)).
 - f. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (WIA section 181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
 - g. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA sec. 195(10); 29 USC 2945(10); 20 CFR section 667.264(a)(2)).
6. *Activities Unallowed – All Subtitle B Statewide and Local Programs*

Funds available to States and local areas under subtitle B may not be used for foreign travel (29 USC 2931(e)).

B. Allowable Costs/Cost Principles

1. *One-Stop Centers*

The Department of Labor (DOL), in a collaborative effort with other Federal agencies, published in the *Federal Register* dated May 31, 2001 (66 FR 29637) a notice that provides guidance on resource sharing methodologies for the shared costs of a One-Stop service delivery system.

2. *All Subtitle B Statewide and Local Programs*

For those selected items of cost requiring prior approval, the authority to grant or deny approval is delegated to the Governor for youth, adult, and dislocated worker programs (20 CFR section 667.200(c)).

E. Eligibility

1. Eligibility for Individuals

a. All Programs

Selective Service – No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).

b. All Subtitle B Statewide and Local Programs

- (1) An adult must be 18 years of age or older.
- (2) A dislocated worker means an individual who meets the definition in 29 USC 2801(9).
- (3) A dislocated homemaker means an individual who meets the definition in 29 USC 2801(10).
- (4) Before receiving training services, an adult or dislocated worker must have received at least one intensive service, been determined to be unable to obtain or retain employment through intensive services, and met all of the following requirements (20 CFR sections 663.240 and 663.310):
 - (a) Had an interview, evaluation, or assessment and determined to be in need of training services and have the skills and qualifications to successfully complete the selected training program.
 - (b) Selected a training service linked to the employment opportunities.
 - (c) Was unable to obtain grant assistance from other sources, including other Federal programs, to pay the costs of the training.

c. Subtitle B Youth Activities

A person is eligible to receive services under Youth Activities if they are between the ages of 14 and 21 at the time of enrollment (20 CFR section 664.200) and demonstrate at least one of the following barriers to employment: deficient in basic literacy skills; a school dropout; homeless; a runaway; a foster child; pregnant or parenting; offender; or an individual who requires additional assistance to complete an educational program, or to secure and hold employment (20 CFR sections 664.200, .205, and .210).

Age eligibility for youth services funded by ARRA is increased from 21 to 24 years of age. (ARRA Title VIII(2), 123 Stat 173).

See III.G.3.d.(2), “Matching, Level of Effort, Earmarking – Earmarking,” for the requirement that at least 95 percent of eligible youth participants be disadvantaged low-income youth as defined in 29 USC 2801(25).

2. **Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable**
3. **Eligibility for Subrecipients – Not Applicable**

F. Equipment and Real Property Management

Recipients and subrecipients may permit employers to use WIA-funded, local area services, facilities, or equipment on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(13); 20 CFR section 667.200(a)(8)).

G. Matching, Level of Effort, Earmarking

1. **Matching – Not Applicable**
2. **Level of Effort – Not Applicable**
3. **Earmarking**

Subtitle B Statewide and Local Programs

a. ***Statewide Activities***

- (1) ***State Reserve*** – A State may reserve up to 15 percent of the amounts allotted for Adult, Dislocated Worker, and Youth Activities. The amounts reserved may be combined and expended on activities described in 20 CFR sections 665.200 and .210 without regard to funding source (20 CFR section 667.130).
- (2) ***Administrative Cost Limits*** – A State may spend up to five percent of the amount allotted for the State’s administrative costs (i.e., one-third of the 15 percent State Reserve described in the preceding paragraph) (20 CFR section 667.210). The term “administrative costs” is defined at 20 CFR section 667.220. The funds provided for administrative costs by one of the three funding sources (Adult, Dislocated Worker, and Youth Activities) can be used for administrative costs of the other two sources.

b. *Dislocated Worker Activities – Rapid Response*

Statewide Rapid Response – The State must reserve for rapid response activities a portion of funds, up to 25 percent, allotted for dislocated workers. The funds are used to plan and deliver services to enable dislocated workers to transition to new employment as quickly as possible, following either a permanent closure or mass layoff, or a natural or other disaster resulting in a mass job relocation (20 CFR section 667.130(b)).

c. *Local Areas*

Administrative Cost Limits – A local area may expend no more than ten percent of the Adult, Dislocated Worker, and Youth Activities funds allocated to the local area under sections 128(b) and 133(b) of the Act for administrative costs. The funds provided for administrative costs by one of the three fund sources (Adult, Dislocated Worker, Youth Activities) can be used for administrative costs of the other two sources (20 CFR section 667.210(a)(2)).

d. *Youth Activities*

(1) *Out-of-School Youth* – Thirty percent of the Youth Activity funds allocated to the local areas, except for the local area expenditures for administration, must be used to provide services to out-of-school youth (20 CFR section 664.320).

(2) *Low-Income Youth* – A minimum of 95 percent of eligible participants in Youth Activities must meet the criteria of disadvantaged low-income youth as defined in 29 USC 2801(25) (20 CFR section 664.220).

e. *Adult and Dislocated Workers Funds*

Transfers of Funds – Section 133(b)(4) of the WIA authorizes workforce investment areas, with the approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Workers Activities, and up to 20 percent of Dislocated Workers Activities funds to Adult Activities. The transfer limits are 30 percent (Pub. L. No. 112-10).

H. Period of Availability of Federal Funds

1. *Statewide Activities*

Funds allotted to a State for any program year are available for expenditure by the State during that program year and the two succeeding program years (29 USC 2939(g)(2); 20 CFR section 667.107(a)).

2. *Local Areas*

Funds allocated by a State to a local area for any program year are available for expenditure only during that program year and the succeeding program year. Funds which are not expended by a local area in this two-year period must be returned to the State, which can use the funds for Statewide projects during the third program year of availability, or distribute the funds to local areas which had fully expended their allocation of funds for the same program year within the two-year period (29 USC 2939(g)(2); 20 CFR section 667.107(b)).

I. Procurement and Suspension and Debarment

1. *All Subtitle B Statewide and Local Programs*

All procurement contracts and other transactions between Local Boards and units of State or local governments must be conducted only on a cost-reimbursement basis. No provision for profit is allowed (20 CFR section 667.200(a)(3)).

2. *Subtitle B Youth Activities*

The Local Board for each local such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council and on the criteria contained in the State plan (WIA section 123; 29 USC 2843).

J. Program Income

1. The addition method is required for use on all program income earned under WIA grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the WIA program (20 CFR section 667.200(a)(5)).
2. WIA specifically includes as program income: (a) receipts from goods and services, including conferences; (b) funds provided to a service provider in excess of the costs associated with the services provided; and (c) interest income earned on funds received under WIA. Any excess of revenue over costs incurred for services provided by a governmental or non-profit entity must be included in program income earned (29 USC 2945(7)(B) and 20 CFR section 667.200(a)(6)).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable

- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. ETA-9130, *Financial Report (OMB No. 1205-0461)* – All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are required to be prepared using the specific format and instructions for the applicable program(s); in this case, *Workforce Investment Act* instructions for the following: *Statewide Adult; Workforce Statewide Youth; Statewide Dislocated Worker; Local Adult; Local Youth; and Local Dislocated Worker*. A separate ETA 9130 is submitted for each of these categories. Reports are due 45 days after the end of the reporting quarter. Additional information can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Status Reporting.

2. Performance Reporting

ETA-9091, *WIA Annual Report (OMB Number 1205-0420)* – Sanctions related to State performance or failure to submit these reports timely can result in a total grant reduction of not more than five percent as provided in WIA Section 136 (g)(1)(B). This report is accessible on the Internet at:

<http://www.doleta.gov/Performance/reporting/>

- (1) *WIA Tables in Annual Report* – The actual performance level information in the following tables contain critical information.
 - (a) Table B – *Adult Program Results At-A-Glance*
 - (b) Table E – *Dislocated Worker Program Results At-A-Glance*
 - (c) Table H – *Older Youth Program Results At-A-Glance*
 - (d) Table J – *Younger Youth Program Results At-A-Glance*
- (2) *Standardized Record Data (WIASRD)* – The WIASRD data records contain relevant data on individual participants’ characteristics, activities and outcomes. They are submitted to DOL in support of the Tables in the Annual Report as required at WIA Section 185(d).

WIASRD Key Line Items – The following line items contain critical information:

- (a) Item 101 – *Individual identifier*
- (b) Item 601 – *Employed in quarter after exit quarter*

- (c) Item 608 – *Employed in third quarter after exit quarter*
- (d) Item 610 – *Employed in fifth quarter after exit quarter*

Total earnings from wage records for the: (Items 612–618)

- (e) Item 612 – *Third quarter prior to registration*
- (f) Item 613 – *Third quarter prior to dislocation*
- (g) Item 614 – *Second quarter prior to registration*
- (h) Item 615 – *Second quarter prior to dislocation*
- (i) Item 617 – *Second quarter following the exit quarter*
- (j) Item 618 – *Third quarter following the exit quarter*
- (k) Item 621 – *Type of recognized education/occupational certificate/credential/diploma/degree attained*
- (l) Item 622 – *Other reasons for exit*
- (m) Item 623 – *In postsecondary education or advanced training in quarter after exit*
- (n) Item 624 – *In postsecondary education or advanced training in the third quarter after exit*

3. Special Reporting

Subtitle B Youth Activities

A new supplemental monthly reporting form, (ETA-9149, OMB Control Number 1205-0474) separate from current data collection instruments, is required to track youth served with Recovery Act funds (ARRA Title VIII (2)).

4. Section 1512 ARRA Reporting – Applicable

5. Subaward Reporting under the Transparency Act – Applicable (non-ARRA funding only)

M. Subrecipient Monitoring

1. Recipients and Subrecipients

- a. Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate (20 CFR section 667.400(c)).
- b. Commercial organizations which are subrecipients under WIA title I and which expend more than the minimum level specified in OMB Circular A-133 must have either an organization-wide audit conducted in accordance with OMB Circular A-133 or a program specific financial and compliance audit (20 CFR section 667.200(b)(2)(ii)).

2. States

- a. Each State must have a monitoring system which:
 - (1) Provides for annual on-site monitoring reviews of local areas' compliance with DOL uniform administrative requirements, as required by WIA section 184(a)(4);
 - (2) Ensures that established policies to achieve program quality and outcomes meet the Act's objectives, including policies relating to the provision of services by One-Stop Centers, eligible providers of training services, and eligible providers of youth activities;
 - (3) Enables the Governor to determine if subrecipients and contractors are in substantial compliance with WIA requirements;
 - (4) Enables the Governor to determine whether a local plan will be disapproved for failure to make acceptable progress in addressing deficiencies; and
 - (5) Enables the Governor to ensure compliance with WIA nondiscrimination and equal opportunity requirements (20 CFR section 667.410(b)).
- b. Each State must conduct an annual on-site monitoring review of each local area's compliance with DOL uniform administrative requirements, including the appropriate administrative requirements and cost principles for subrecipients and other entities receiving WIA funds. The State must require that prompt corrective action be taken if any substantial violations are identified and must impose the sanctions provided in WIA section 184(b) and (c) if a subrecipient fails to take required corrective action.

The State may issue additional requirements and instructions to subrecipients on monitoring activities (20 CFR section 667.410(b)).

IV. OTHER INFORMATION

CFDA 17.260, which included WIA Dislocated Worker formula grants and National Emergency Grants (NEGs), has been removed from the CFDA. The new CFDA for the WIA Dislocated Worker program is 17.278 and is included as part of the WIA Cluster. The new CFDA number for the NEG program is 17.277. For awards made on or after July 1, 2011, CFDA 17.277 should be audited under Part 7 of the Supplement and not as part of the WIA cluster.

DEPARTMENT OF LABOR

CFDA 17.264 NATIONAL FARMWORKER JOBS PROGRAM

I. PROGRAM OBJECTIVES

The Workforce Investment Act of 1998 (WIA) programs help prepare workers for good jobs through formula grants to the States. Through a variety of methods, States use the funds to provide employment and training services through a network of One-Stop Career Centers. Programs under Subtitle D of Title I of WIA (National programs) serve population segments which typically experience more severe workforce problems. Accordingly, the National Farmworker Jobs Program seeks to assist eligible migrant and seasonal farmworkers and their families to achieve economic self-sufficiency.

II. PROGRAM PROCEDURES

The National Farmworker Jobs Program (NFJP) provides funding to assist migrant and seasonal farmworkers and their families achieve economic self-sufficiency by providing supportive services to them while they work in agriculture or by assisting them to acquire new job skills in occupations offering better pay and a more stable employment outlook. The Department of Labor (DOL) awards grants competitively to eligible applicants that submit two-year strategic plans for operating the NFJP in State, substate and multi-State service areas (20 CFR sections 669.200 through 669.210). Awards are for a two-year period, with provision for an additional two-year period without competition when performance is satisfactory.

The NFJP is a required One-Stop partner. Grantees must therefore negotiate Memorandums of Understanding (MOUs) with the local workforce investment boards in the areas of the State where the program operates (20 CFR section 669.220(a)).

Source of Governing Requirements

The WIA program is authorized by: Title I of the Workforce Investment Act of 1998 (Pub. L. No. 105-220, 112 Stat. 936-1059; 29 USC 2811 *et seq.*). The regulations are at 20 CFR parts 660-671.

Availability of Other Program Information

Additional information on programs authorized under the WIA can be found on the Internet at <http://www.usworkforce.org> and <http://www.doleta.gov>. The *Questions and Answers* and *Policy-Related Information* sections are particularly useful sources of information on compliance issues.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable, and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Activities Allowed*

Activities allowed are in accordance with a service delivery strategy described in the grantee's approved two-year grant plan (20 CFR section 669.300). The services available from the NFJP for assisting migrant and seasonal farmworkers are organized as Core Services, Intensive Services, Training Services, and Related Assistance Services (20 CFR section 669.310).

- a. *Core Services* include skills assessment, job search, WIA program eligibility determination, and access to the other core services of the Local One-Stop Center (20 CFR sections 669.340 and 350).
- b. *Intensive Services* include objective assessment, employment development planning, basic education, dropout prevention, allowance payments, work experience, and Literacy and English-as-a-Second language (20 CFR section 669.370).
- c. *Training Services* include occupational skills and job training (which includes On-The-Job Training (OJT)), and classroom training (20 CFR section 669.410).
- d. *Related Assistance Services* are short-term forms of direct assistance that support farmworkers and their families to retain or stabilize their agricultural employment or participation in an Intensive or Training Services activity (20 CFR section 669.430).

2. *Activities Unallowed*

WIA title I funds may not be used for the following activities:

- a. Construction or purchase of facilities or buildings (20 CFR section 667.260), with the following exceptions:
 - (1) Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR section 667.260(a)).
 - (2) Repairs, renovations, alterations and capital improvements of SWA real property and JTPA-owned property which is transferred to WIA title I programs (20 CFR section 667.260(b)).
 - (3) Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area (WIA Section 173(d); 29 USC 2918(d); 20 CFR section 667.260(d)).

- b. Employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities not directly related to training for eligible individuals, with the exception of employer outreach and job development activities, which are considered directly related to training for eligible individuals (WIA Section 181(e); 29 USC 2931(e); 20 CFR section 667.262).
- c. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants. (WIA Section 188(a)(3); 29 USC 2938(a)(3); 20 CFR section 667.266).
- d. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR section 667.268).
- e. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR section 667.268(a)).
- f. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (WIA Section 181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
- g. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA Section 195(10); 29 USC 2945(10); 20 CFR section 667.264(a)(2)).

E. Eligibility

1. Eligibility for Individuals

- a. *Selective Service* – No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).

- b. To be eligible for participation in the NFJP, individuals must (20 CFR section 669.320):
 - (1) Have been a migrant or seasonal farmworker whose family was disadvantaged (see definition of “disadvantaged” as defined in 20 CFR section 669.110) during any consecutive 12-month period within the 24-month period preceding application for enrollment.
 - (a) A “seasonal farmworker” is a person who, for 12 consecutive months out of the 24 months prior to application for the program, has been primarily employed in agricultural labor that is characterized by chronic unemployment or underemployment (29 USC 2912(h)(4)).
 - (b) A “migrant farmworker” is a seasonal farmworker as described in (a) above whose agricultural labor requires travel to a job site such that the farmworker is unable to return to a permanent place of residence within the same day (29 USC 2912(h)(3)).
 - (2) Be a dependent of the seasonal or migrant farmworker in (1)(a) or (1)(b) above.

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients – Not Applicable

F. Equipment and Real Property Management

Recipients and subrecipients may permit employers to use WIA-funded, local area services, facilities, or equipment on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(13); 20 CFR section 667.200(a)(8)).

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2. Level of Effort – Not Applicable

3. Earmarking

Administrative Cost Limits – The percentage of grant funds which may be expended on administrative costs is specified in the grant or contract award document (20 CFR section 667.210(b)). The term “administrative cost” is defined at 20 CFR section 667.220.

H. Period of Availability of Federal Funds

The period of availability for expenditures is set out in the terms and conditions of the award document (20 CFR section 667.107(e)).

I. Procurement and Suspension and Debarment

All procurement contracts and other transactions between Local Boards and units of State or local governments must be conducted only on a cost-reimbursement basis. No provision for profit is allowed (20 CFR section 667.200(a)(3)).

J. Program Income

1. The addition method is required for use on all program income earned under WIA grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the WIA program (20 CFR section 667.200(a)(5)).
2. WIA specifically includes as program income: (a) receipts from goods and services, including conferences; (b) funds provided to a service provider in excess of the costs associated with the services provided; and (c) interest income earned on funds received under WIA. Any excess of revenue over costs incurred for services provided by a governmental or non-profit entity must be included in program income earned (29 USC 2945(7)(B) and 20 CFR section 667.200(a)(6)).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. ETA 9130, *Financial Report (OMB 1205-0461)* – DOL requires financial reports to be cumulative by fiscal year of appropriation. All ETA grantees are required to submit quarterly financial reports for each grant award which they receive. Reports are required to be prepared using the specific instructions for the applicable program(s); in this case, *National Farmworkers Jobs Program*. Reports are due 45 days after the end of the reporting quarter. Additional information can be accessed on the Internet at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Reporting.

2. Performance Reporting

ETA 9095 – *NFJP Program Status Summary (OMB No. 1205-0425)* – Grantees report cumulative data on participants on a quarterly and annual basis. This data is used to determine the levels of program service and accomplishments for the program year.

Key Line Items – The following line items contain critical information:

- a. Line II A – *Placed in Unsubsidized Employment*
- b. Line II B – *Completed Training Services*

3. Special Reporting – Not Applicable**4. Section 1512 ARRA Reporting – Not Applicable****5. Subaward Reporting under the Transparency Act – Applicable****M. Subrecipient Monitoring**

Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate (20 CFR section 667.400(c)).

DEPARTMENT OF LABOR

CFDA 17.265 NATIVE AMERICAN EMPLOYMENT AND TRAINING

I. PROGRAM OBJECTIVES

The Workforce Investment Act of 1998 (WIA) Section 166 make funds available to Indian tribes, tribal organizations, Alaska Native entities, Indian controlled organizations serving Indians, or Native Hawaiian organizations to support employment and training activities in order to: (1) develop more fully the academic, occupational, and literacy skills; (2) make individuals more competitive in the workforce; and (3) promote economic and social development in accordance with the goals and values of such communities. Programs under Subtitle D of Title I of WIA (National programs) serve population segments which typically experience more severe workforce problems.

II. PROGRAM PROCEDURES

The Division of Native American Program (DINAP), Department of Labor (DOL), awards formula grants to Native American Employment and Training grants to federally recognized Indian tribes, tribal organizations, Alaskan Native entities, Indian-controlled organizations, and Native Hawaiian organizations (20 CFR Subpart B, sections 668.200 through 668.294). Funds are made available for comprehensive workforce investment activities for Indians, Alaskan Natives, and Native Hawaiians (29 USC 2911(d)(2)(A)(i)). Supplemental Youth Services funding is made available to entities serving Native American youth “on or near Indian reservations and in Oklahoma, Alaska, or Hawaii” (29 USC 2911(d)(2)(A)(ii)) through formula grants to American Indian, Native American, and Native Hawaiian organizations. Section 166 of WIA, grantees are required to submit a Comprehensive Services Plan for DOL approval. The Plan must identify program emphasis areas, designate a specific target population to be served by the grant, select appropriate performance measures and standards, establish specific plans for serving youth (if they receive Supplemental Youth Services funding), develop a budget and identify the level of administrative costs needed for the two-year plan, and identify appropriate program linkages with other agencies (20 CFR section 668.720). Services provided under the Plan may include any of the core services (20 CFR section 668.340(b)), intensive services (20 CFR section 668.340(c)), training services (20 CFR section 668.340(d)), and youth services (20 CFR section 668.340(e)) which other Title I grantees may provide, as well as tribal job development, outreach, and related services (20 CFR section 668.340(f)). Grantees are required to negotiate Memorandums of Understanding (MOUs) with the local workforce investment board(s) which operate in whole or in part within the grantee’s service area (29 USC 2841(c)).

Source of Governing Requirements

This program is authorized by Title I of the Workforce Investment Act of 1998 (Pub. L. 105-220, 112 Stat. 936-1059; 29 USC 2811 *et seq.*). The regulations are at 20 CFR parts 660-671.

Availability of Other Program Information

Additional information on programs authorized under the Workforce Investment Act can be found on the Internet at <http://www.usworkforce.org> and <http://www.doleta.gov>. The *Questions and Answers* and *Policy-Related Information* sections are particularly useful sources of information on compliance issues.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable, and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Indian and Native American Employment and Training Grantees can provide a wide array of activities relating to employment, training, education, supportive and community services, and youth development as outlined in 20 CFR section 668.340.
- b. *Core Services* include skills assessment, job search, WIA program eligibility determination, and access to the other core services of the Local One-Stop Center (20 CFR section 668.340(b)).
- c. *Intensive Services* include objective assessment, employment development planning, basic education, dropout prevention, allowance payments, work experience, and Literacy and English-as-a-Second language (20 CFR section 668.340(c)).
- d. *Training Services* include, but are not limited to, occupational skills and job training, including On-The-Job Training (OJT), and classroom training (20 CFR section 668.340(d)).
- e. *Youth Activities* include, but are not limited to, improving educational and skill competencies, adult mentoring, training opportunities, supportive services, incentive programs, opportunities for leadership development, preparation for post-secondary education, tutoring, alternative secondary school services, summer employment opportunities, work-experiences, occupational skill training, follow-up services, and comprehensive guidance and counseling (20 CFR section 668.340(e)).
- f. *Job Development Activities* include, but are not limited to, support of the Tribal Employment Rights Office (TERO) program, job development contacts with employers, and linkages with education and training programs and other service providers (20 CFR section 668.340(f)).

2. *Activities Unallowed*

WIA title I funds may not be used for the following activities:

- a. Construction or purchase of facilities or buildings (20 CFR section 667.260), with the following exceptions:
 - (1) Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR section 667.260(a)).
 - (2) Repairs, renovations, alterations and capital improvements of SESA real property and JTPA-owned property which is transferred to WIA title I programs (20 CFR section 667.260(b)).
 - (3) Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area (WIA sec.173(d); 29 USC 2918(d); 20 CFR section 667.260(d)).
- b. Employment-generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities are prohibited, unless they directly relate to training for eligible individuals. Employer outreach and job development activities are considered directly related to training for eligible individuals. (WIA section 181(e); 29 USC 2931(e); 20 CFR section 667.262):
- c. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants (WIA section 188(a)(3); 29 USC 2938(a)(3); 20 CFR section 667.266).
- d. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR section 667.268).
- e. Providing customized training, skill training, or on-the-job training or company-specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120

days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR section 667.268(a)).

- f. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (WIA sec.181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
- g. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA sec. 195(10); 29 USC 2945(10); 20 CFR section 667.264(a)(2)).

E. Eligibility

1. Eligibility for Individuals

- a. *Selective Service* – No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).
- b. A person is eligible to receive services under the INA program if they meet the definition of an Indian, as determined by a policy of the Native American grantee, and are also one of the following (20 CFR section 668.300).
 - (1) Unemployed.
 - (2) Underemployed as defined in 20 CFR section 668.150.
 - (3) Low-income individual as defined in 29 USC 2801(25). (See III.G.3.b, “Matching, Level of Effort, Earmarking – Earmarking,” for requirement that at least 95 percent of eligible participants in supplemental youth services be disadvantaged low-income youth.)
 - (4) The recipient of a bona fide lay-off notice which has taken effect in the last six months or will take effect in the following six month period, who is unlikely to return to a previous industry or occupation, and who is in need of retraining for either employment with another employer or for job retention with the current employer.
 - (5) An individual who is employed, but is determined by the grantee to be in need of employment and training services to obtain or retain employment that allows for self-sufficiency.

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients – Not Applicable

F. Equipment and Real Property Management

Recipients and subrecipients may permit employers to use WIA-funded, local area services, facilities, or equipment on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(13); 20 CFR section 667.200(a)(8)).

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2. Level of Effort – Not Applicable

3. Earmarking

- a. *Administrative Cost Limits* – The percentage of grant funds which may be expended on administrative costs is specified in the grant or contract award document (20 CFR section 667.210(b)). The term “administrative costs” is defined at 20 CFR section 667.220.
- b. *Supplemental Youth Services* – A minimum of 95 percent of eligible participants in supplemental youth services activities must meet the low-income criteria as defined in 29 USC 2801(25) to participate in the program (20 CFR sections 668.300 and 668.430(b)).

H. Period of Availability of Federal Funds

The period of availability for expenditures is set out in the terms and conditions of the award document (20 CFR section 667.107(e)).

J. Program Income

1. The addition method is required for use on all program income earned under WIA grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the WIA program (20 CFR section 667.200(a)(5)).
2. WIA specifically includes as program income: (a) receipts from goods and services, including conferences; (b) funds provided to a service provider in excess of the costs associated with the services provided; and (c) interest income earned on funds received under WIA. Any excess of revenue over costs incurred for

services provided by a governmental or non-profit entity must be included in program income earned (29 USC 2945(7)(B) and 20 CFR section 667.200(a)(6)).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. ETA-9130, *Indian and Native American Programs-Workforce Investment Act-Grantee Activities (OMB No.1205-0461)* – This electronic reporting format, based on the ETA 9130, Financial Report, is used to report accrued income, cash on hand, and program and administrative expenditures funded by grants under WIA section 166. Tribes participating in the “477” program authorized by the Indian Employment, Training, and Related Services Demonstration Act of 1992 (Pub. L. No. 102-477) are required to submit a single financial report covering all Federal formula programs that are part of their 477 plan to the Bureau of Indian Affairs.

2. Performance Reporting

- a. ETA-9084, *Indian and Native American Comprehensive Services Report (OMB No. 1205-0422)* – Reports cumulative data on participation, termination, performance measures outcomes, and the socio-economic characteristics of all terminees on a semi-annual and annual basis. The information is used to determine the levels of program service and program accomplishments for the Program Year. Grantees receiving these funds are required to submit a semi-annual and annual report except federally recognized Indian tribes participating in the demonstration under Pub. L. No. 102-477 (as is the case for ETA-9080 and ETA-9085).

Key Line Items – The following line items contain critical information:

- (1) Line B.1. – *Total Exiters*
- (2) Line B. 3. – *Total Participants Served*
- (3) Line D.1. – *Entered Employment Rate*
- (4) Line D. 2. – *Retention Rate*
- (5) Line D. 3. – *Average Earnings*

- b. ETA-9085, *Indian and Native American Supplemental Youth Services Program Report (OMB No. 1205-0422)* – Reports cumulative data on participation, termination, performance outcomes, and socio-economic characteristics of participants. Grantees receiving these funds are required to submit a semi-annual and annual report except federally recognized Indian tribes participating in the demonstration under Pub. L. No. 102-477 (as is the case for ETA-9080 and ETA-9084).

Key Line Items – The following line items contain critical information:

- (1) Line 1 – *Total Participants*
 - (2) Line 2 – *Total Terminations*
 - (3) Line 3 – *Total Current Participants*
 - (4) Line 18 – *Entered Unsubsidized Employment*
 - (5) Line 23 – *Attained High School Diploma*
 - (6) Line 24 – *Attained GED*
 - (7) Line 28 – *Total Participants who Attained 2 or More Goals*
3. **Special Reporting** – Not Applicable
 4. **Section 1512 ARRA Reporting** – Not Applicable
 5. **Subaward Reporting under the Transparency Act** – Applicable

M. Subrecipient Monitoring

1. Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate (20 CFR section 667.400(c)).
2. Commercial organizations which are subrecipients under WIA title I and which expend more than the minimum level specified in OMB Circular A-133 must have either an organization-wide audit conducted in accordance with OMB Circular A-133 or a program specific financial and compliance audit (20 CFR section 667.200(b)(2)(ii)).