

## **NATIONAL EMERGENCY GRANT (NEG) MODIFICATION CHECKLIST GUIDEBOOK**

This Guidebook is intended to serve as a supplemental tool to the Modification Checklist. It provides additional information to reviewers, as necessary, on each of the elements listed in the Checklist.

One of the first items to be determined when reviewing a request for a modification to an awarded NEG is the type of modification the Grantee is requesting. There are various types of modifications; some are financial actions (e.g., increments or supplements) and others are non-financial action actions (e.g., period of performance extensions - a.k.a. no cost extensions, adding participants, etc.) In many cases, grantees explicitly or implicitly request more than one type of modification in a single submission. It is critical for reviewers to identify all of the requests being sought in a modification submission to ensure that the appropriate Checklist sections are used to evaluate the request, as well as to ensure it is executed by the appropriate Grant Officer. Information on the types of modifications that may be processed by Regional Grant Officers and the guidelines for processing those types of modifications will be provided in a separate document.

### **MODIFICATION EXPLANATION/PURPOSE OF MODIFICATION**

Through the NEG electronic application system (eSystem), in the *Modification Explanation* section, grantees are to provide a description and explanation of the modification request(s) being sought. Since modification requests are really revised/amended applications, at times, language from the initial application or previous modification requests are sometimes inadvertently kept. It is important that all explanations and narrative statements unrelated to the current modification request are removed and that the explanation contain statements *relevant* to the current modification request. These explanations should be clear enough to enable the reviewer to determine the *type* of modification request(s) being sought and the *reason* the modification is needed. If this is not clear, then the reviewer should request that the Grantee clarify the request.

### **TERMS AND CONDITIONS**

The reviewer should ensure that any special terms and conditions that were issued as a part of the initial award of the NEG, or in any previous modifications, have been addressed. When determining whether a Grantee has addressed all of the prior terms and conditions, the reviewer should refer to the Notice of Obligation (NOO) containing the original terms and conditions and use that as their guiding document in making the determination. A copy of the NOO can be accessed through eGrants. If the reviewer finds there are terms and conditions that are not addressed in the current modification request, the reviewer should request the Grantee make the required revisions and resubmit the modification request.

## **CHECKLIST ITEMS FOR INDIVIDUAL TYPES OF MODIFICATIONS**

### **PERIOD OF PERFORMANCE EXTENSION**

A Period of Performance (a.k.a. No Cost Extension) is a request by a Grantee to extend the approved period of performance. No additional funds are requested in this type of modification request. In most instances, the Grantee requests a Period of Performance Extension to expend all of the funds previously awarded. This type of modification request is typically simple; however, the following key items should be considered when evaluating a request to extend the period of performance:

#### **Life of Funds**

NEG project funds generally have a three-year lifespan. Three years is defined as the Program Year (PY) in which the **most recent** funds were obligated, plus two subsequent PYs. For example, an award made in April 2011 will have funds available through June 30, 2013. A reviewer should identify the most recent financial action (initial award, increment, or supplement) to determine whether the extension requested in the current modification request falls within the lifespan of the NEG funds.

#### **Example**

*A Grantee submits a well-justified draft modification request to extend its grant period until September 30, 2011. The performance period was scheduled to end on June 30, 2011. The Federal Project Officer (FPO) reviews the grant file and determines that this fully-funded grant was awarded on June 30, 2009 (PY 2008). The FPO determines that since PY 2008 funds are only available for the PY of obligation and two consecutive PYs, the funds would not be available for expenditure after June 30, 2011. The FPO informs the Grantee that the grant cannot be extended.*

#### **Timeframes and Justification for Extension Request Enrollment and Expenditure Plan**

Although Period of Performance Extension modification requests are typically simple, reviewers should ensure that requests to extend the Grant Period are made within a reasonable timeframe. Generally, the Grant Officer entertains extension requests closer to the end of the performance period, so reviewers should advise grantees to request an extension 2-3 months before the NEG is scheduled to expire. This is to ensure that the Grantee has had the opportunity to employ allowable methods that would help the Grantee meet its goals.

In addition to ensuring the request is made within a reasonable timeframe, reviewers also need to ensure that the Grantee adequately explains the reason the extension is needed, including the reason the current period of performance is not sufficient to allow the Grantee to meet its goals. Grantees will also need to show there is a reasonable plan in place to enable them to meet their targeted levels. For example, a Grantee with a history of low expenditure rates from quarter to quarter that is requesting a one-year extension

and is showing significant increases in expenditures from one quarter to the next on the Planning Form, must explain the changes it will make to its project to bring this to fruition. Note: For Disaster NEG, extensions may be granted; however, no individual participant may be enrolled in the temporary jobs component for more than 6 months or 1,040 hours, whichever is longer.

### Example

*The Grantee submits a draft modification request to extend the project. The Grantee states that the reason for the extension request is to allow the Grantee to continue grant-related activities. The FPO determines that this does not adequately explain the need for an extension and requests that the Grantee resubmit the draft modification and provide the following: 1) the reason that the Grantee was unable to complete grant-related activities within the original approved performance period; and, 2) a clear listing of all the activities the Grantee plans to continue during the extension period that will allow the Grantee to meet its goals.*

## **REQUEST TO INCREASE THE NUMBER OF PARTICIPANTS**

Grantees may submit a modification request to increase the number of participants they indicated would previously be served under the project. While increasing the number of participants is generally considered positive, there are some pitfalls which reviewers should be aware of before recommending this type of modification request for approval.

### **Adding Participants**

The reviewer should confirm that the participants the Grantee is requesting to add were dislocated from an employer(s) that were either included in the original application, or had been added in a previously approved modification. If any of the participants to be added were not dislocated from a previously approved employer, then the reviewer should recognize this not only as a request to add participants, but also as a request to add an employer. The reviewer should complete the *Request to Add Employer* section of the Modification Checklist. The Grantee must also provide a revised Employer Data Form that reflects the additional layoffs. When adding layoffs from the **original employer(s)**, unlike the requirement in the *Request to Add an Employer* section of this Guidebook, there is no requirement that this be done within the same PY as the award, or most recent increment or supplement.

### Example

*Sixty days after a NEG is awarded in response to a large layoff, the Grantee submits a well-written draft modification request to increase the number of participants by 80. As part of its request, the Grantee states that another 200 employees were laid off a couple of weeks ago from a company included in the initial NEG award. The Grantee states that Rapid Response information collected shows that 80 of the individuals laid off are interested in receiving services. The Grantee indicates that it plans to submit a request for supplemental funds in the future. The FPO reviews the modification request, and after determining that all the criteria have been met, gives the Grantee the “thumbs up” for official submission. The FPO reminds the Grantee that*

*request for additional funds can be made once the Grantee has expended 70% of its previously awarded amount.*

### **Dual Enrollment Projects**

If the NEG is a dual enrollment project, reviewers should conduct research to ascertain whether: 1) the petition includes the additional participants being requested; 2) the modification request includes the most recent status of previously pending Trade Adjustment Assistance (TAA) petition(s); 3) The Planning Form reflects a reasonable number of participants enrolled in NEG funded-training, based on the number of TAA-certified participants included in the project. In determining reasonableness, reviewers should look at the number of participants who are TAA-certified, and compare that with the number of TAA-certified individuals receiving training under the project. For example, in cases where all TAA individuals have been certified, the Planning Form would not normally reflect NEG expenditures for training, since, typically, this is covered by TAA. If the modification request reflects that training that may be paid for by TAA for certified TAA participants is being paid for by the NEG and this is not explained in the request, the reviewer should ask the Grantee to provide a reason for this, and if the reviewer believes the explanation is sufficient, have the Grantee include it in the modification request.

### **REQUEST TO DECREASE THE NUMBER OF PARTICIPANTS**

Grantees may request a modification to decrease the number of participants they previously indicated would be served under the project. This type of modification request usually occurs when the Grantee is unable to enroll the number of individuals previously planned to be served under the project and is concerned about meeting its planned enrollment and expenditure goals.

### **Reducing Participant Numbers and Good Faith Effort**

The reviewer should ensure that the Grantee provides an adequate reason for requesting the participant numbers be reduced and demonstrates that it made a good faith effort to enroll eligible participants in the project by describing the activities it conducted to increase enrollment.

### **Additional Layoff Events**

Before requesting that the participant numbers be reduced, grantees should ensure that other layoff events are not eligible to be included. For example, if there is another round of layoffs from an employer approved in the NEG, or from subcontractors of the employer(s), the Grantee may request that those participants be added to the project. If there are eligible layoff events, but the Grantee chooses not to include them, the reviewer should request that the Grantee explain the reason these layoffs are not being included.

Example

*Ninety days after a NEG is awarded, a Grantee submits a request to decrease the number of participants it had originally planned to serve by 30. The Grantee states that the reason for the decrease is due to the fact that 50 of the people it had originally planned to serve under the project were either recalled by their previous employer, or had obtained jobs elsewhere. The Grantee indicated that they were not requesting to reduce the number of participants by the full 50, because there was a sudden layoff a month ago from another employer approved in the original grant which resulted in 20 new participants from that employer being included in the project. In addition, it had explored several avenues (which the Grantee described) to try to reduce the amount of the decrease even further, to no avail. The FPO determines that the Grantee has provided enough information about the request to decrease the number of participants and after ensuring that the modification request meets the other criteria, recommends approval.*

**REQUEST TO ADD AN EMPLOYER**

A Grantee may request to add an employer not listed in the initial NEG application or any previous modification requests. This typically occurs when the additional layoffs occur from a related employer in the area and the Grantee wishes to serve those affected workers with NEG funds. In these instances, the reviewer should complete not only the *Request to Add an Employer* portion of the Checklist, but also the *Request to Increase the Number of Participants* portion of the Checklist.

**Timing of Modification Request Submission**

Modifications to a NEG that substantively change the scope, such as the addition of new employers to an existing grant, must be made within the same PY as the initial funds were awarded. A reviewer who has received a modification request for adding employers outside of the PY of award should notify the Grantee that the modification cannot be processed.

**Dislocation Event Relationship and Dates**

Reviewers should determine whether the dislocation event falls within the same parameters as the other dislocation events under the project and whether there is some evidence of a relationship among the events. For example, if the previous dislocation event approved under the project involved employers within the manufacturing industry and the Grantee requested to add an employer who had layoffs in the retail industry, this would generally not be appropriate because that dislocation event falls outside the parameters of the approved manufacturing industry scope. In addition to ensuring an appropriate relationship exists among events, the reviewer should also ensure that the modification was submitted within 120 days of the dislocation/layoff event.

If the reviewer determines that adding a new employer is allowable after reviewing the modification request, or if the Grantee wishes to add additional layoff locations, the Grantee must submit a new Employer Data Form to reflect these changes.

Example

*On November 3, 2011, a Grantee submits a well-written draft modification request to add an employer to a NEG. Layoffs from the new employer occurred sixty days ago. The NEG was awarded on June 15, 2011. The FPO informs the Grantee that since the request to add the employer is being made outside the PY of award, this request cannot be approved.*

### **REQUEST TO ADD OR CHANGE A PROJECT OPERATOR OR AFFECTED AREAS**

A Grantee may wish to add a new Project Operator or affected area to the project. The Grantee should explain the need for the new Project Operator or area in its modification request. If the Grantee is adding a Project Operator, then a new Project Operator Data Form must be completed. If the Grantee is adding a new geographic area, then, with the exception of Disaster NEGs, the Grantee should include that area on the Project Synopsis Form and item 14 on the SF-424. In the case of Disaster NEGs, if the new area is declared by the Federal Emergency Management Agency (FEMA) as eligible for public assistance, Grantees are not required to submit a modification request to begin providing services in that new area. However, they are required to submit a modification request to add a new Project Operator and should update the modification documents to reflect all of the areas being served as a part of its next modification request.

Example

*After discussing this with the FPO, a Grantee submits a well-written modification request to add a Project Operator on a Disaster NEG. The Grantee explained that the reason it needs a new Project Operator is due to the fact that a new area was declared eligible for public assistance by FEMA that is outside the geographic area for which the current Project Operator is responsible. The Project Operator is a local entity that has a long history of effectively managing NEG Disaster projects. The FPO reviews the application, and after determining that all of the required criteria have been sufficiently addressed, recommends approval.*

### **REQUEST FOR INCREMENTS OR SUPPLEMENTS**

With a few exceptions, NEG awards are funded incrementally. In these cases, a maximum (“up to”) funding level is approved by the Secretary, but a lesser amount is initially funded. The Grantee will be required to submit, at a later date, a request(s) for the balance of the funds, as supported by enrollments and expenditures. The decision regarding the amount of funds that is released with each request will be based on factors including, but not limited to, the NEG’s performance and expenditure rate. Grantees may not request an increment that will cause them to exceed the total “up to” amount approved by the Secretary. Any funds in excess of the “up to” amount approved are considered a request for supplemental funding.

## **Expenditure/Drawdown Percentage Requirement**

Generally, in order to receive an increment or supplement, the Grantee must demonstrate that it has expended or drawn down at least 70 percent of the funds awarded to date. The source document that should be used to determine the percentage of funds expended is the ETA 9130. If this report shows that less than 70 percent of the funds have been expended, then the reviewer should determine the amount of funds drawn down to date in order to determine if it meets the 70 percent threshold. Drawdown information can be obtained from the Payment Management System (PMS).

## **Description of Activities**

In order to obtain an increment or a supplement, the Grantee must demonstrate the need for additional funds. In the case of an increment, this may seem to be redundant, since the Grantee would have provided an explanation/justification for the *total* funding amount when it submitted its initial application. However, as stated in the *Workforce Investment Act: National Emergency Grants-Application Procedures* “experience with worker dislocations has consistently demonstrated that actual project requirements often vary from initial planning assumptions (i.e., on factors such as participation levels and intensity of reemployment assistance needs).” Unlike Dislocated Worker formula funds, NEG funds cannot be transferred to other programs or projects. At the end of the grant period, unexpended NEG funds revert back to the Treasury. A sound explanation of the need for additional funds helps ensure proper allocation and distribution of funds to maximize their effectiveness in reaching dislocated workers.

### Example

*A Grantee was approved for an “up to” amount of \$2,000,000. The Grantee has received \$1,500,000 to date, and submits an official request for \$1,000,000 without consulting with the FPO. The Grantee provided a well-written modification request explaining that the increment was needed due to an increase in planned participants as a result of unexpected layoffs that occurred from employers approved in the original grant award and provides a detailed explanation about this new population and its barriers. In its explanation, the Grantee indicates that this group needs more basic skills training and supportive services than the original target population. The FPO believes the explanation provided adequately conveys the need for the funds requested and after looking at the last Quarterly Performance Report (QPR), confirms that the Grantee has spent 80 percent of the funds awarded to date. However, because the Grantee’s remaining increment cannot exceed \$500,000, the FPO advises the Grantee to withdraw and resubmit the request to adjust the application package and documents to reflect the request for \$500,000. The FPO advises the Grantee that once it expends 70 percent of that increment, if awarded, it can then request supplemental funds.*

## **REQUEST TO DEOBLIGATE FUNDS**

A Grantee may request to deobligate or return funds that it does not believe can be spent within the performance period. However, requests to deobligate funds are generally not approved by the Grant Officer until close to the end of the performance period. This is to ensure that the Grantee has had the opportunity to employ allowable methods to expend

the funds and serve as many eligible individuals as possible and to hedge against the possibility of future unanticipated events causing the Grantee to need some of the funds that were deobligated. If a Grantee does request to deobligate funds, it is critical that it provide a good rationale for doing so and demonstrate that it has made a good faith effort to spend the award. Reviewers should ensure that Grantees who wish to deobligate funds submit the modification request 2-3 months prior to the grant's expiration date.

### Example

*One year before a project is scheduled to expire, a Grantee who was awarded \$1,000,000 submits a draft modification request to deobligate half of that amount. The Grantee indicated that most of the participants that it had planned to serve had been recalled by their previous employer and were not interested in receiving services from the NEG. The FPO asks the Grantee whether there are other individuals that can be served under the project, and the Grantee indicated that there was nothing it could do to increase enrollment. The FPO indicates that given the fact this request is being made one year before the grant expires, it is unlikely the Grant Officer would approve it and suggests other methods the Grantee could utilize to possibly increase enrollments.*

## **BUDGET REALIGNMENT AND GENERAL QUESTIONS**

All modification requests listed in the Modification Checklist will require some type of budget realignment. This means that the Grantee will need to make revisions to the Planning Form. Reviewers should pay close attention when reviewing the Planning Form to ensure that these revisions do not result in unallowable costs.

### **Administrative Costs**

According to the *Workforce Investment Act: National Emergency Grants-Application Procedures*, p. 23061, "in general, a limit of ten percent of total costs, excluding the costs of needs-related payments (and, as applicable, health insurance coverage payments) will apply to all NEG projects." This applies to projects in which the Grantee is also the project operator, which is not typically the case. More often than not, the Grantee provides a local entity with the bulk of the NEG funding to operate the project. In those cases, the *Workforce Investment Act: National Emergency Grants-Application Procedures*, p. 23061 states: "...On projects where services are being provided through one or more local area project operators, the ten percent cost limit will apply to project operator expenditures. In these projects, the Grantee may retain an additional amount... [that] should not exceed 1.5 percent of the total funding provided to project operators, excluding the cost of needs-related payments." This 1.5 percent limit does not apply to the temporary employment component of Disaster NEG projects. Grantees that wish to exceed the allowable 10 percent, 1.5 percent, or any previously approved administrative cost limit, must provide a justification to the Grant Officer in their submission and request approval. In addition, even if the administrative costs fall within the allowable limits, any significant changes (more than 2 percent) to the administrative costs from those shown in the initial application or a previous modification should be explained by the Grantee.

### **Cost Per Participant**

In evaluating the modification request, as is the case with administrative costs, significant changes (more than 10 percent variance) to the cost per participant for core and intensive, supportive, and training services, or the overall cost per participant, must be sufficiently explained.

### **Indirect Cost Rate**

If the modification request indicates that there has been a change in the Grantee's approved indirect cost rate, the reviewer should ensure that the new approved indirect cost rate documentation has been submitted. The Grantee does not need to upload the entire agreement, just the pages showing the approval. In addition, if the methodology in the indirect cost rate documentation is missing or unclear, then the reviewers should ensure that the Grantee explains the methodology in the Narrative Statements section of the modification request. The explanation should reflect: the base rate used, the items included in the base, and the calculation showing how the Grantee arrived at the figure on the *Indirect* line item on the Planning Form.

### **Enrollments**

Full enrollment of participants must be completed within six months of the grant award, unless justified by other circumstances applicable to the layoff event that the Grantee must sufficiently explain. If more than six months have passed, reviewers should assess whether the number of enrollments is within a reasonable range of the project enrollment goals proposed in the initial application, or the most recently approved modification. If it appears that the Grantee is significantly off target, the reason for this should be explained in the modification and the reviewer should provide technical assistance, when appropriate.

### **Accuracy, Consistency, and Reasonability of Information Provided**

Reviewers should ensure that information provided is accurate, reasonable, and if it is repeated in various places within the modification request, consistent. The following is a list of common errors seen in modification requests:

- The Planning Form does not reflect all of the quarters within the proposed period of performance;
- The figures on the Planning Form do not seem reasonable. For example, participants are shown as being enrolled in various services for several quarters, but there are no corresponding expenditures and the Grantee has failed to provide a reason for this discrepancy;
- The SF-424 and Project Operator Data Forms do not reflect the proposed period of performance. Note: If there is more than one Project Operator, at least one

- Project Operator's start date should be within a reasonable range (approximately 1 week) of the grant's start date and at least one Project Operator's end date should coincide with the grant's end date. In no case should any Project Operator show an end date later than the project's end date;
- The correct total number of planned participants is not reflected consistently across the following forms: Project Synopsis, Employer Data, Project Operator, and Planning. The information in the forms is also not consistent with that provided in attachments. Note: If there is more than one employer, then the figures reflected on each Employer Data Form should be added together to arrive at the total number of participants. Likewise, if there is more than one Project Operator, then the participant figures reflected on each Project Operator Data Form should be added together to arrive at the total number of participants;
  - The *Total Planned Participants* and number of *Exits* shown in the last quarter of the Planning Form is not the same as the *Planned Number of Participants* on the Project Synopsis Form;
  - **For fully-funded projects:** The Planning Form does not reflect the total funding request distributed across the Grant Period;
  - **For incrementally-funded projects:** The Planning Form does not reflect the initial increment amount distributed across the quarters it is expected to cover (contained in the NOO) and does not repeat those figures across the remaining quarters;
  - The amount on the line item *Total Expenditures: Grantee and Project Operator Level* in the last quarter of the Planning Form does not match the requested funding amount shown on the SF-424 and Project Synopsis Form and the total expenditures on the SF-424A;
  - There is no narrative explaining each of the items in the SF-424A or the narrative provided does not support all of the items on the SF-424A. For example, if the Grantee is showing travel costs, then the corresponding narrative information should indicate the travel locations and number of anticipated trips, positions of the staff that will be traveling and the approximate number, and the reason for the trips.
  - Information (including calculations) in the narrative is inconsistent with the data in the SF-424A;
  - The figure for *Total Expenditures: Project Operator Level* shown in the last quarter of the Planning Form is different from the *Funding Level* shown on the Project Operator Data Form. If there is more than one Project Operator, then the sum of the *Funding Levels* reflected on each Project Operator Data Form should be equivalent to the *Total Expenditures: Project Operator Level*;

- There is no explanation or cost breakout of the *Other* costs shown on the Planning Form. This should be included in the budget narrative;
- In instances where the cost breakout is provided, they do not add up to the total for the *Other* cost item;
- The *Other* costs provided are not justifiable and reasonable. An example of this would be a Grantee requesting to spend \$100,000 on airfare, but no rationale is provided for spending that amount of money on airfare;
- The figures on the Planning Form for the past quarters do not match the QPRs for the same quarters;
- The figures on the QPRs and Planning Form match, but do not appear to be accurate. For example, the forms show enrollments increasing, but no change in expenditures;
- The estimates for the remaining quarters were not adjusted appropriately. Since the Grantee has actual data for past quarters, this actual information should be used as the baseline to project enrollment and expenditure information for the remaining quarters.

The above items should not be considered an all-inclusive list that reviewers should check. Reviewers are expected to verify all information listed on the forms to the extent feasible to ensure that the modification request, once officially submitted, does not contain errors that would either require the Grantee to have to withdraw the modification request for correction, or require the submission of a future modification request to correct the error(s).

### **RECOMMENDATION OF APPROVAL**

- I recommend this modification request be approved.

By checking this box, reviewers are recommending approval and indicating that the modification request meets all requirements and is ready to be processed.

### **SCOPE OF AUTHORITY**

- This modification request contains only items that fall within the scope of Regional Grant Officer authority, per the delegation of Grant Officer Authority memorandum issued by the Office of Grants Management, and will be executed by the Regional Grant Officer.

By checking this box, reviewers are certifying that the modification request contains only items identified as appropriate for processing by the Regional Grant Officer, and the modification will be executed by the Region according to the modification protocol.