

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Federal Bonding Grants
	CORRESPONDENCE SYMBOL OWI/DYS
	DATE December 21, 2020

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 10-20

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE ADMINISTRATORS WAGNER-PEYSER

FROM: JOHN PALLASCH 
Assistant Secretary

SUBJECT: Fidelity Bonding Demonstration Grants to State Workforce Agencies to Support Employment Opportunities for Ex-Offenders, Including Ex-Offenders Recovering from Opioid and Other Drug Addictions

1. **Purpose.** To announce the availability of up to \$3.3 million for Fidelity Bonding Demonstration Grants for Program Year 2020. These grants will enable states to expand their use of fidelity bonds to help persons with criminal records, including ex-offenders recovering from opioid and other drug addictions, obtain employment.
2. **Action Requested.** The Employment and Training Administration (ETA), U.S. Department of Labor (DOL, or the Department) encourages State Workforce Agencies to consider applying for the grants described in this TEGL. The application deadline is February 02, 2021.
3. **Summary and Background.**
 - a. Summary - The Department is committed to helping those involved in the criminal justice system, including ex-offenders recovering from opioid and other drug addictions, obtain employment in family-sustaining jobs; better informing employers about the knowledge, skills, and abilities of this population; and advancing strategies to address the barriers to reemployment. Through the Federal Bonding Program (FBP), ETA provides fidelity bonds to employers to help reduce the risks of hiring individuals whose criminal backgrounds pose barriers to securing employment.
 - b. Background - FBP is authorized under Section 169 of the Workforce Innovation and Opportunity Act (WIOA). Over the years, FBP remained a small program, but in June 2019, the Department awarded \$2,234,122 for Fidelity Bonding Demonstration Grants to 23 states and one outlying area to expand their use of fidelity bonds to help persons with criminal records get employment. The Department now wishes to further increase the use of fidelity bonds by offering funds to the states and outlying areas that did not receive grants last year.

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State Workforce Agencies apply for the grant on behalf of their respective states and states will operate this grant through their current FBP. States that do not currently operate a FBP must designate a staff person to serve as the state bonding coordinator for this grant. States will use their own procurement policies and procedures to select an insurance provider to purchase bonds or may continue to purchase fidelity bonds through the Department of Labor's FBP contractor, as long as they comply with state contracting procedures. State bonding coordinators may certify bonds or delegate the authority to certify bonds to other staff.

4. Grant Competition Details.

a. Demonstration Goals. The goals of this demonstration include the following:

- Improving employment outcomes, which in turn decreases recidivism, for persons with criminal records by encouraging states and workforce development partners to provide fidelity bonds to employers as a hiring tool for persons with criminal records;
- Educating employers and the public on the availability and benefits of fidelity bonds for persons with criminal records; and
- Providing outreach to employers to encourage them to hire persons with criminal records.

b. Funds Availability. ETA is making up to \$3.3 million in funding available under this TEGL for demonstration grants as authorized by Section 169(b) of WIOA. ETA anticipates awarding up to 33 grants, with an anticipated funding amount of up to \$100,000 per grant. The maximum amount of funding each state can receive under this demonstration is \$100,000.

c. Eligible Applicants. Eligible applicants for funding under this opportunity are the State Workforce Agencies for the states and outlying areas that did not receive grants last year. These include the State Workforce Agencies for Arkansas, Georgia, Hawaii, Idaho, Indiana, Kansas, Louisiana, Maryland, Minnesota, Montana, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, West Virginia, Wyoming, Puerto Rico, the District of Columbia, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau.

d. Eligible Participants. The funds for this demonstration come from an appropriation designated for serving persons with criminal records. Therefore, only persons with criminal records, including those involved with the criminal justice system by virtue of their history of opioid or other drug addictions, are eligible for coverage under the bonds purchased with these funds. States that wish to provide bonds for at-risk individuals who are not ex-offenders must purchase bonds with funds other than those provided in this demonstration project.

e. Allowable Activities.

- The grant's principal allowable activity is purchasing fidelity bonds to assist persons with criminal records, including individuals recovering from opioid and other drug addictions, obtain employment. A minimum of 85 percent of grant funds must be used specifically for the purchase of bonds.

- In selecting an insurance provider for the bonds, states must follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including 2 CFR 200.317, which states: “When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from non-Federal funds.” States may choose any insurance company, broker, or agency, including the FBP provider contracted by the Department, consistent with the state’s procurement policies and procedures.
- At a minimum, the specifications of bonds purchased with these grant funds must include the following:
 - Bonds must reimburse employers for losses due to the illegal acts of their employees, such as theft, forgery, and embezzlement;
 - Bonds must provide at least \$5,000 of coverage;
 - Bonds must be allowed to be used in multiples to cover an individual employee, totaling up to \$25,000 of coverage per employee; and
 - Bonds must provide coverage for at least six months.

States may require additional specifications, such as increasing the dollar amount of coverage or lengthening the duration of coverage.

- States that do not currently operate a FBP must designate a staff person to serve as the state bonding coordinator for this grant. The state bonding coordinator implementing this demonstration in the state may have other responsibilities beyond operating this demonstration; this does not need to be a full-time position. A primary function of this position will be to certify bonds with the insurance provider. State bonding coordinators may also delegate the authority to certify bonds to local staff.
- Grant funds may be spent on educating employers and the public about the benefits of fidelity bonds for persons with criminal records, including individuals recovering from opioid and other drug addictions. Employer and public education may include, but is not limited to, the development and distribution of written materials, virtual and in-person information sharing, and meetings.
- Grant funds may be spent on administrative costs associated with operating this demonstration.

f. Use of Funds.

The following cost limitations apply:

- At least 85 percent of grant funds must be used specifically for the purchase of bonds;
- The remaining grant funds may be used for education, outreach, and administrative costs; and
- These demonstration grants are subject to the Uniform Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 and OMB’s approved exceptions for the Department at 2 CFR Part 2900.

ETA expects to execute grant awards on or before April 01, 2021, and grant funds will be

available for expenditure during a four-year period of performance.

g. Instructions for Submitting Applications.

Application Narrative. Applicants must submit an Application Narrative not longer than four double-spaced pages. The Narrative must be divided into three components, and the requirements for each are outlined below under the following headings: (1) Impact/Need Statement; (2) Project Implementation; and (3) Fiscal Integrity.

1. **Impact/Need Statement:** Describe the need in your state for the grant. Identify the number of ex-offenders your state expects to serve in its Employment Services (ES) and WIOA adult formula program over the next four years. That number may be higher or lower than the number shown for your state in the table in Attachment 1, which provides the estimated number of ex-offenders served by each state's ES and WIOA adult formula programs over four years based on Program Year 2018 data. This information will be used to verify that there are enough individuals in your service area to meet the participation level you are requesting in your application. The use of this data does not mean that all workers bonded under this demonstration project must be enrolled in WIOA or ES services. Identify the total amount of the request.
2. **Project Implementation:** Describe how your state currently administers FBP and what adjustments, if any, will be made to your state's current FBP to operate this grant. If your state does not currently participate in FBP, describe how your state will administer the fidelity bonding demonstration. Identify the costs to educate employers and the public about fidelity bonding for ex-offenders, including individuals recovering from opioid and other drug addictions, and administrative costs that will be charged to the grant. Describe your plan to expend the funds requested within four years.
3. **Fiscal Integrity:** Describe the procedures you will implement to ensure the fiscal integrity of the project, track funding, and ensure a clear and concise audit trail.

Applicants are not expected to identify an insurance provider in their application.

Application Procedures, Requirements, and Timeline. In an effort to achieve greater efficiency and as part of ETA's on-going effort to streamline the grant award process, grantees are required to submit the following items through Grants.gov at <https://www.grants.gov/>.

- An electronically signed copy of an SF-424 - Application for Federal Assistance (OMB Control No. 4040-0004);
- An SF-424A - Budget Information - Non-Construction Programs (OMB Control No. 4040-0006);
- A Budget Narrative to explain the projected costs reflected in each line item of the SF-424A, demonstrating how grant funds will be used. See Attachment 2 for instructions on completing the Budget Narrative;
- An Application Narrative comprised of three sections: (1) Impact/Need Statement; (2) Project Implementation; and (3) Fiscal Integrity. Each section must address the questions and requirements laid out in Section 10 above. The Application Narrative statement must not exceed four double-spaced pages, not including attachments; and

- A proposed project timeline, which includes a brief summary of planned activities and project milestones.

An SF-424 electronically submitted through Grants.gov constitutes the official signed document and must reflect the total amount requested of no more than \$100,000 in item 18, Estimated Funding.

To find this TEGL on Grants.gov and submit the required documents, select “Search Grants.” On the left side of the page, scroll down to Agency, expand the selection “All Department of Labor,” and select “Employment and Training Administration.”

If applicants encounter a problem with Grants.gov and do not find an answer in any of the other resources call 1-800-518-4726 or 606-545-5035 to speak to a Customer Support Representative or email support@grants.gov.

The final date for accepting applications is **11:59PM ET on Feb 02, 2021**.

h. Award Procedures. Awards will be made to eligible applicants meeting the grant requirements as outlined in this TEGL. ETA may choose to provide technical assistance, as needed, to assist applicants that fail to meet all the requirements necessary for ETA to provide funding; however, this technical assistance is not an indication or guarantee that ETA will award the applicant a grant. An applicant will not receive a grant if it fails to demonstrate all required components prior to ETA exhausting all of the grant funds.

ETA may elect to award a grant with or without discussions with the applicant. Should a grant be awarded without discussions, the award will be based on the applicant’s signature on the SF-424, including electronic signature, which constitutes a binding agreement by the applicant.

NOTE: The Department will determine if the applicant had any restriction on spending for any ETA grant due to adverse monitoring findings within the past three years. Depending on the severity of the findings, the Grant Officer may elect to not provide the applicant a grant award or to impose conditions on the award.

All applications chosen for funding by the Grant Officer will go through a risk-review process before making an award; ETA will review information available through any OMB-designated repository of government-wide eligibility qualification or Federal integrity information, such as the Federal Awardee Performance and Integrity Information System (FAPIIS), Dun and Bradstreet, and “Do Not Pay.” Additionally, ETA will comply with the requirements of 2 CFR Part 180 (Government-wide Debarment and Suspension [Non-Procurement]). If ETA determines that an entity is responsible and an award will be made, special conditions that correspond to the degree of risk assessed may be applied to the award.

Risk-related criteria that will be evaluated include the following:

- i. Financial stability;
- ii. Quality of management systems and ability to meet the management standards prescribed in the Uniform Grant Guidance;
- iii. History of performance: The Applicant's record in managing awards, cooperative agreements, or procurement awards, if it is a prior recipient of such Federal awards, including timeliness of compliance with applicable reporting requirements, and if available, the extent to which any previously awarded amounts will be expended prior to future awards;
- iv. Reports and findings from audits performed under Subpart F-Audit Requirements of the Uniform Grant Guidance (2 CFR Sections 200.500 - 200.520) or the reports and findings of any other available audits and monitoring reports containing findings, issues of non-compliance, or questioned costs; and
- v. The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on recipients.

Selection of a recipient does not constitute approval of the grant application as submitted. Before grant award, the Department may enter into negotiations about items such as program components, staffing and funding levels, and administrative systems in place to support grant implementation. If the negotiations do not result in a mutually acceptable submission, the Grant Officer may terminate the negotiations and decline to fund the application.

i. Required Reporting.

- Quarterly Fiscal Reports – Grantees must submit the quarterly Basic ETA-9130 financial report until funds are expended or the grant period has expired. Quarterly financial reports are due 45 days after the end of each calendar year quarter. Grant recipients must submit the ETA-9130 using the Department's Online Electronic Reporting System.
- Quarterly Progress Report – Grantees must submit a one-page narrative report summarizing the progress of their grant within 45 days of the end of each quarter to their assigned Federal Project Officer.
- Fidelity Bonding Issuance Form OMB Control No 1205-0541– State bonding coordinators or designated staff will report on the fidelity bonding issuance form the occupational title, industry, hourly wage, and hours of work per week of the position; gender, race, and ethnicity of the ex-offender who is being insured; number of employees of the employer; and whether the employer is for-profit, not-for-profit, or a government agency. To comply with state policies regarding reporting gender and other concerns raised by states, the gender, race, and ethnicity items will be optional and not required to issue a bond.
- Recidivism – Persons enrolled in the Wagner-Peyser Employment Service who are covered by Fidelity Bonds will have their recidivism tracked through ETA's performance reporting requirements. ETA will provide states with a Special Project ID code to use for Wagner-Peyser Employment Service performance reporting on these individuals on the ETA-9172, the DOL-only Participant Individual Record Layout (PIRL). The code will identify persons enrolled in the Employment Service who are covered by Fidelity Bonds.

j. OMB Information Collection. OMB Information Collection No 1225-0086, Expires July 31, 2022.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 20 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments about the burden estimated or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, to the attention of the Departmental Clearance Officer, 200 Constitution Avenue NW, Room N1301, Washington, DC 20210. Comments may also be emailed to DOL_PRA_PUBLIC@dol.gov.

PLEASE DO NOT RETURN YOUR GRANT APPLICATION TO THIS ADDRESS. SEND ONLY COMMENTS ABOUT THE BURDEN CAUSED BY THE COLLECTION OF INFORMATION TO THIS ADDRESS. SEND YOUR GRANT APPLICATION TO THE SPONSORING AGENCY AS SPECIFIED IN THIS ANNOUNCEMENT.

This information is being collected for the purpose of awarding a demonstration grant.

5. **Inquiries.** Questions regarding this guidance should be directed to Melissa Abdullah at Abdullah.Melissa@dol.gov in the ETA Office of Grants Management.
6. **References.**
 - Section 169(b) of the Workforce Innovation and Opportunity Act (WIOA), Pub. L. 113-128;
 - Department of Labor Appropriations Act, 2020 (Public Law 116-94);
 - ETA Form 9130 (Office of Management and Budget (OMB) Control No. 1205-0461); and
 - Federal Bonding Program website, www.bonds4jobs.com.
7. **Attachments.**
 - Attachment 1: Estimated Number of Offenders Served by Each State's Employment Service and WIOA Adult Formula Program Over Four Years Based on Program Year 2018 Data
 - Attachment II: Instructions for Completing Budget Narrative

Estimated Number of Offenders Served by Each State's Employment Service and WIOA Adult Formula Program Over Four Years Based on Program Year 2018 Data

State	PY 2018 1-Year Total	4-Year Estimate
Arkansas	1,181	4,724
Georgia	3,071	12,284
Hawaii	32	128
Idaho	169	676
Indiana	1,682	6,728
Kansas	2,241	8,964
Louisiana	1,594	6,476
Maryland	718	2,872
Minnesota	77	308
Montana	11	44
Nevada	1,204	4,816
New Jersey	2,242	8,968
New Mexico	144	576
North Carolina	7,754	31,016
North Dakota	299	1,196
Ohio	1,052	4,204
Oklahoma	910	3,640
Oregon	9,016	36,064
Pennsylvania	7,642	30,568
Rhode Island	91	364
South Dakota	1,505	6,020
Tennessee	595	2,380
Utah	328	1,312
Vermont	614	2,456
Virginia	433	1,732
West Virginia	1,130	4,520
Wyoming	591	2,364
District of Columbia	221	884
Puerto Rico	9,100	36,400
American Samoa	196	784
Northern Marianas	178	712
Virgin Islands	192	768
Palau	227	908

The PY 2018 numbers for states are from the WIOA PY 2018 State Annual Reports and include ex-offenders who exited the Employment Service or the WIOA Adult Program over the 12-month period from April 1, 2018, through March 31, 2019. To avoid double-counting persons served by both the Employment Service and the WIOA Adult Program, the highest number served from either of these programs is used. The four-year estimate of number served is simply the PY 2018 number multiplied by four. The numbers for Puerto Rico, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands are prisoners in custody at the end of the year available from Table 21, Prisoners Under Jurisdiction or in Custody of Correctional Facilities in U.S. Territories and Commonwealths by Prison Facility Capacity, December 31, 2018, in *Prisoners in 2018*, Bureau of Justice Statistics, U.S. Department of Justice, April 2020. The number for Palau is the number of criminal dispositions in 2019 from the Palau Government Judicial Branch website at <http://www.palausupremecourt.net/>.

General Instructions for the Completion of Budget Information Narrative

The Budget Information Narrative provides an explanation of each line item on the SF-424A, including a breakout of the relevant component costs. The total of the breakout must equal the amount listed on the corresponding line item of the SF-424A. This narrative reflects projected costs incurred by the recipient, *with the exception of the Contractual line item*. Please note that a separate breakout of the recipient's administrative costs must also be provided.

- 1. Personnel:** List all staff positions by title. Indicate the annual salary of the position, the percentage of each position's time devoted to the project, the amount of each person's salary charged to the grant, and the total personnel cost for the period of performance.
- 2. Fringe Benefits:** Provide the overall fringe benefit percentage which reflects the recipient's organizational fringe, and list the components included, such as health insurance, FICA, retirement, etc. Provide the fringe benefit calculation for each staff position listed under the Personnel line item, as well as the collective total charged to the grant.
- 3. Travel:** Specify the type and purpose of the travel, the number of travelers, approximate mileage, per diem rates, estimated number of trips, and other associated travel costs.
- 4. Equipment:** Identify each item of equipment to be purchased that has an estimated acquisition cost of \$5,000 or more per unit and a useful lifetime of more than one year. List the quantity and unit cost per item. Items with a unit cost of less than \$5,000 are supplies.
- 5. Supplies:** Supplies include all tangible personal property other than "equipment." Identify supply categories (e.g., office supplies, cell phones, etc.). List the cost associated with each category.
- 6. Contractual:** Identify each contracted entity, the funding allocation made to the organization, and the anticipated number of participants served by each.
- 7. Construction:** Construction costs are not allowed and this line must be left as zero.
- 8. Other:** List each item in sufficient detail for reviewers to determine whether the costs are reasonable or allowable. Costs included under "Other" should not fit into any other line item category.
- 9. Indirect Charges:** If charging indirect costs to the grant, this line item must be populated. Include the current approved Negotiated Indirect Cost Rate Agreement, signed by the Federal cognizant agency, as an attachment to the grant application.