

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION TAA Reform Act/Health Ins.
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	DATE March 3, 2003

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 20-02

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: EMILY STOVER DeROCCO
Assistant Secretary



SUBJECT: Use of National Emergency Grant (NEG) Funds Under the Workforce Investment Act (WIA), as Amended, to Support Health Insurance Coverage Assistance for Trade-Impacted Workers

1. **Purpose.** To provide policies and procedures governing the use of Workforce Investment Act (WIA) National Emergency Grants (NEG) for health insurance coverage assistance and support services to eligible trade-impacted workers and other eligible individuals, as specified in the Trade Adjustment Assistance Reform Act of 2002.

2. **References.**

- Workforce Investment Act, section 173;
- Trade Adjustment Assistance Reform Act of 2002 (Public Law 107-210), sections 201, 202 and 203;
- Internal Revenue Code of 1986, Chapter 1, subchapter A, part IV, Subpart C;
- Unemployment Program Letter (UIPL) No. 02-03, "Health Insurance Tax Credit for Eligible Trade Adjustment Assistance/Trade Readjustment Allowances (TAA/TRA) Recipients;" dated October 10, 2002;
- Unemployment Program Letter (UIPL) No. 05-03, "Health Insurance Tax Credit for Eligible Trade Adjustment Assistance/Trade Readjustment Allowances (TAA/TRA) Recipients;" dated November 22, 2002;
- Training and Employment Guidance Letter (TEGL) No. 10-02, "Use of National Emergency Grant Funds Under the Workforce Investment Act, as Amended, to Develop Systems for Health Insurance Coverage Assistance for Trade-Impacted Workers," dated October 10, 2002;
- Training and Employment Guidance Letter (TEGL) No. 16-02, "Health Insurance Tax Credit for Eligible Trade Adjustment Assistance Recipients," dated December 3, 2002;
- Training and Employment Guidance Letter (TEGL) No. 11-02, "Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade Act of 2002," Dated October 10, 2002; and
- Federal Register Notice (67 Fed. Reg. 72222), dated December 4, 2002.

RESCISSIONS	EXPIRATION DATE Continuing
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3. **Background.** The Trade Adjustment Assistance Reform Act of 2002 (P.L. 107-210), (the Act), was signed by the President on August 6, 2002. Title I of the Act amends the Trade Act of 1974 to consolidate the prior TAA and NAFTA-TAA programs into one comprehensive program of assistance. The Act expands the eligibility for TAA to additional groups of workers and enhances the assistance available under the program. Title II of the Act amends the Internal Revenue Code of 1986 and the Workforce Investment Act of 1998 (WIA) to establish new mechanisms by which certain TAA participants, as well as eligible Pension Benefit Guaranty Corporation (PBGC) pension recipients, can receive assistance in covering the cost of health insurance coverage.

The primary mechanism for such assistance is a federal tax credit to be administered by the Internal Revenue Service. The tax credit is equal to 65% of the amount paid by an eligible individual for coverage of the individual and certain family members under qualified health insurance coverage. The tax credit is applicable to qualified health insurance coverage costs paid by eligible individuals beginning December 2002, and the credit is to be made available on an advance payment basis by August 1, 2003. The provisions related to this tax credit are contained in sections 201 and 202 of the Act.

The Act also establishes an additional mechanism, which is intended to be used as a “bridge” to when eligible individuals can receive the tax credit on an advance basis, by authorizing the use of NEG funds under the WIA to assist in paying the cost of qualified health insurance coverage for eligible individuals. These provisions are contained in section 203 of the Act, which establishes a new section 173(g) of WIA.

Training and Employment Guidance Letter (TEGL) No. 10-02 provided information regarding the eligibility for health insurance coverage assistance, the types of health insurance coverage programs that can qualify for this assistance, the responsibilities of the states to establish and maintain appropriate systems and procedures for making available these new health insurance coverage assistance benefits to eligible individuals, procedures for certifying individuals potentially eligible for the health coverage tax credit, and procedures by which states can apply for system-building funds under newly enacted WIA section 173(f) to develop and implement the infrastructure needed to fulfill these responsibilities.

This TEGL provides specific policy guidance regarding the use of NEG funds to implement the “bridge mechanism” provision of the Act (newly enacted section 173(g) of the WIA), and identifies the procedures by which states can access NEG funds to help pay the costs of the health insurance coverage assistance and other authorized support services for eligible individuals until such time that those individuals can receive the health insurance coverage assistance through the advance payment tax credit mechanism. Policies included in this notice are subject to continuing interpretation and refinement.

4. **OMB Approval.** OMB, under OMB Control No. 1205-0439, expiring 5/31/2003, approved the NEG reporting requirements contained herein. Respondent's obligation to reply to these reporting requirements is mandatory (P.L. 107-210). NOTE: Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number.

5. **Disclosure Statement.** Public reporting burden for this collection of information is estimated as follows:

Paperwork Requirement	Average Time per Response
Narrative	1 hour
ETA 9103	90 minutes
ETA 9104	30 minutes
ETA 9106	1 hour
Grant Modifications	30 minutes
SF 424	45 minutes

Send comments regarding this burden estimate or any other aspect of this collection, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of National Response, Room N-5422, Washington, D.C. 20210 (Paperwork Reduction Project 1205-0439).

6. **Policy Guidance.** The following guidance will apply to the use of NEG funds to provide partial health insurance coverage assistance to eligible individuals. This guidance covers four subjects: (1) the eligibility requirements for individuals; (2) the allowable use of NEG funds; (3) health insurance coverage that qualifies for assistance; and (4) the entities that are eligible to apply for grant funds under WIA Sec. 173(g).

a. **INDIVIDUALS ELIGIBLE FOR ASSISTANCE**

In order for an individual to be eligible for NEG-funded health insurance coverage assistance (as well as for the new health coverage tax credit), the individual must be:

- (1) "an eligible TAA recipient" which is defined as an individual who is receiving a trade readjustment allowance (TRA) under the TAA program, or would be eligible for TRA except that he/she has not yet exhausted unemployment benefits;
- (2) "an eligible alternative TAA recipient" which is defined as an individual who is receiving benefits under a demonstration program of alternative trade adjustment assistance for older workers under section 246 of the Trade Act of 1974 (as amended by the Act), although it should be noted that the demonstration program does not commence until August 6, 2003; or
- (3) "an eligible PBGC pension recipient" which is defined as an individual who is 55 years of age or older and is receiving a pension benefit paid in whole or part by the Pension Benefit Guaranty Corporation (PBGC).

The requirements relating to “an eligible TAA recipient” are further clarified as follows:

First, a worker may be eligible for NEG health insurance coverage assistance regardless of when the worker’s TAA petition was filed or certified. (This differs from most of the amendments made to the Trade Act by the Trade Adjustment Assistance Reform Act, the applicability of which depends on whether the worker’s petition was filed on or after November 4, 2002). This means that workers covered by certifications under the TAA and NAFTA-TAA programs issued on petitions received prior to November 4, 2002, as well as workers covered by certifications of petitions filed under the amended TAA program on or after that date, may be eligible for this assistance.

Second, while determining whether an individual is receiving TRA would not appear to be difficult, the determination of whether an individual would be eligible to receive TRA, except for the exhaustion of UI, will require some new procedures. TRA is extended income support payments made to workers certified under the TAA program who meet certain qualifying requirements. Those requirements are specified in section 231(a) of the Trade Act of 1974 (19 U.S.C. 2291(a)), and provide that: (1) the weeks of unemployment for which assistance is to be provided occur at least 60 days after the date on which the petition covering the worker was filed; (2) the worker’s separation from employment with the trade-impacted firm occurred within certain specified time periods (e.g., not later than 2 years after certification); (3) the worker was employed by the trade-impacted firm for at least 26 weeks (at wages of \$30 or more per week) of the 52 weeks preceding the worker’s separation from the firm; (4) the worker was entitled to and has exhausted all rights to UI and does not have an unexpired waiting week; (5) the worker would not be disqualified under the job search requirements of the Extended Benefits program (which the Department construes only to be applicable to those workers who have exhausted UI); and (6) the worker is enrolled in approved training and such enrollment occurred within the applicable time periods (which vary depending on whether the worker is covered by the amended TAA program, the prior TAA program, or the NAFTA-TAA program) or has received a waiver of the enrollment in training requirement in accordance with the waiver conditions specified in the law (except for the NAFTA-TAA program, which does not allow for waivers).

Under the prior TAA program, the determination of whether a worker meets all of these requirements was generally made at the point that TRA was to be paid (i.e., when UI was exhausted or about to be exhausted). However, in order to determine whether a worker is eligible for the health insurance coverage assistance on the basis of meeting all of these requirements except for the exhaustion of UI, this determination will have to be made at significantly earlier points after the worker’s separation. The application of some of these requirements should be adapted to take that into account.

Specifically, the Department recognizes that many workers will want to be able to receive health insurance coverage assistance as soon after separation as possible. In order to meet the sixth qualifying requirement described above, the worker must enroll in training or obtain a training waiver before the worker will be eligible for the NEG health insurance coverage assistance.

However, as noted above, for purposes of qualifying for TRA (as opposed to the health insurance assistance), there are different enrollment deadlines which depend on whether the worker is covered by the newly amended TAA program, the prior TAA program, or the NAFTA-TAA program. The amended TAA program requires the enrollment in training (or waiver) occur by the later of 16 weeks after separation or 8 weeks after certification. Under certain extenuating circumstances, the enrollment period may be extended for up to 45 days. The prior TAA program has no similar deadlines, while the NAFTA-TAA program requires enrollment by the later of the 16th week after separation or 6th week after certification (or under certain extenuating circumstances, up to an additional 30 days after that period). The new deadline under the amended TAA program is intended to accelerate the adjustment decision made by the worker in order to promote quicker reemployment, but also allows some period of time for a worker to conduct a job search (as well as obtain an employability assessment and other reemployment services) in order to help determine if the worker needs training to obtain suitable employment. Therefore, under the new requirement, for purposes of receiving TRA, a worker would not need to be granted a waiver or enroll in training until the 16/8-week deadline approaches. However, as noted above, in order to be eligible for health insurance coverage assistance, the worker may have to enroll in training or be granted a waiver immediately.

To determine if the worker covered by the amended TAA program should be issued a waiver from the enrollment in training requirement for purposes of eligibility for health insurance coverage assistance, application of the waiver conditions should take into account whether the worker has been recently separated and has had a job search period (or received reemployment services). In particular, one of the waiver conditions specified under the amendments made by the Act is that the worker possesses marketable skills for suitable employment (pursuant to an assessment carried out in accordance with guidelines issued by the Secretary), and there is a reasonable expectation of employment at equivalent wages in the foreseeable future.

Except where the assessment of a worker clearly indicates a need to enroll in training immediately, the Department believes it would generally be appropriate to approve a waiver request under the marketable skills condition if such a determination is made shortly after separation. This would allow some period of job search and avoid removing some workers prematurely from the labor force and investing training resources that may not be necessary to helping a worker obtain suitable employment. However, a preliminary assessment should be carried out to identify cases where immediate enrollment in training is appropriate. In addition, any such waivers approved shortly after separation should then be reevaluated when the regular 16/8-week deadline for enrollment in training approaches, and the fact that an individual has been unable to obtain reemployment during the job search period should be taken into account to determine if continuation of a waiver is appropriate.

The Department believes these same procedures should also be applied to early waivers requested for purposes of health insurance coverage eligibility by workers covered by a certification under the prior TAA program. The current regulations for that program provide a similar basis for issuing a waiver where an individual possesses skills that are likely to lead to suitable reemployment (20 CFR 617.19(b)(2)(ii)(C)). While the 16/8-week deadline is not applicable as a requirement for such workers, the Department believes it is appropriate to use that period as the point at which any early waivers approved for such workers should be reevaluated.

It should also be noted that since the law does not authorize any waivers to be issued for workers covered by a certification under the NAFTA-TAA program, such workers must be enrolled in training to be eligible for the NEG assistance.

In addition to coverage of the eligible individual, coverage may also be provided for the spouse and dependents of an eligible individual where such persons are not otherwise covered by health insurance. Dependents are defined as those persons who are allowable dependent deductions on the eligible individual's tax return.

Finally, workers will not be eligible for assistance if they are covered by certain other health insurance. Specifically, a worker is not eligible if he/she is: (1) covered by a group plan available through a spouse's employer where the employer contributes 50 percent or more to the cost of the coverage; (2) entitled to coverage under Medicare Part A; (3) enrolled in the state's Medicaid program; (4) enrolled in the state's SCHIP program; (5) enrolled in a plan in the Federal Employees Health Benefit program; or (6) entitled to benefits through a Defense Department health plan.

To implement the eligibility requirements described above, the following approach should be used:

- (1) Information about the availability of health insurance coverage assistance under the NEG is disseminated to the potentially eligible workers covered by a TAA certification in those states that receive the NEG award.
- (2) When a potentially eligible worker indicates an interest in receiving the assistance, the state workforce agency determines whether the individual meets the definition of "an eligible TAA recipient" (i.e., is receiving TRA or has met the requirements for receiving TRA except for UI exhaustion).
- (3) If the worker is not receiving TRA and has not yet enrolled in training or been issued a waiver from that enrollment requirement, the state workforce agency conducts a preliminary assessment of the worker's employability.
 - (i) If that worker was recently separated from employment, the assessment takes into account that the worker has not had a period to conduct a job search to test employability. Unless the assessment indicates an immediate need for training

for such worker, it would be appropriate for the agency to issue a temporary waiver of the enrollment requirement to workers covered under the amended TAA program or prior TAA program up to the week (or a week shortly before) that is sixteen weeks after separation. The state workforce agency also arranges for reemployment services to be provided during the period of the waiver. At the time the temporary waiver expires, the waiver is reevaluated, taking into account that the worker has not become reemployed, and based upon the reevaluation, the worker is either required to enroll in training or issued an additional waiver.

(ii) For workers who have already been separated for about 16 weeks or more at the time of the preliminary assessment, that period of unemployment is taken into account to determine whether they qualify for a waiver or need to enroll in training.

(iii) It should be noted that workers certified under a petition filed on or after November 4, 2002, must enroll in training or be issued a waiver by the later of 16 weeks after separation or 8 weeks after certification (or be enrolled by the deadline established under the extenuating circumstances provision, which may not exceed an additional 45 days) to qualify for TRA. If those periods have lapsed without such action, the worker will also not be eligible for the NEG assistance.

(iv) Workers certified under NAFTA-TAA must enroll in training by the later of 16 weeks after separation or 6 weeks after certification (or by the deadline established under the extenuating circumstances provision, which may not exceed an additional 30 days) to be eligible for TRA, and if those periods have lapsed, they will also not be eligible for NEG assistance. In addition, NAFTA-TAA workers are not eligible for waivers; therefore, they must enroll in training to be eligible for NEG health insurance coverage assistance.

(4) After a worker is determined to meet the definition of an eligible TAA recipient, the state will need to have mechanisms in place to determine--

(i) that he/she is not covered by other specified health insurance; and

(ii) whether he/she is covered by "qualified" health insurance for which assistance can be provided (which is described below).

(5) After it is determined that the worker meets the requirements described in (4) above, the state will need to have mechanisms in place to use the NEG assistance (which is equal to 65% of the cost of the qualified health insurance coverage), along with the worker's contribution (35% of such costs), to pay the qualified health insurance coverage premium, generally on a monthly basis, and preferably in one payment to the health insurance coverage provider.

Regarding "an eligible PBGC pension recipient," the Department is currently working to facilitate ways to determine the eligibility of PBGC pension recipients for NEG health insurance coverage assistance.

b. ALLOWABLE USES AND LIMITATIONS ON THE USE OF NEG FUNDS

In general, NEG funds provided under section 173(g) may be used to provide assistance and supportive services, including qualifying health insurance coverage, transportation, child care, dependent care and income assistance, to eligible individuals. For both health insurance coverage and income support assistance, the assistance cannot supplant other federal, state, or local assistance for which the individual is eligible.

In order to promote consistency with, and a transition to, the advance payment tax credit, and to conserve NEG resources in a manner that will allow broad participation by the states and eligible individuals, these NEG funds may be used to pay no more than 65% of the amount paid by an eligible individual for qualified health insurance coverage of the eligible individual and qualifying family members. This is the same level of assistance provided under the tax credit mechanisms and is intended to fulfill the objective of providing a bridge to the advance payment tax credit mechanism.

In addition, the Department would generally expect the assistance provided under the NEG would be for prospective coverage, that is, for payments for coverage for months after the individual has been determined eligible for assistance under the NEG. In extraordinary cases, as demonstrated by the applicant, the Department will consider the use of NEG funds to pay reimbursement for qualified health insurance coverage premium payments that were made for coverage on or after September 1, 2002 (the full month beginning after the date of enactment). However, to qualify for such reimbursement, the individual would have to be determined to have met the eligibility requirements at the time such prior premiums were paid.

c. QUALIFIED HEALTH INSURANCE COVERAGE

In general, NEG funds can be used to pay for the following types of health insurance coverage assistance:

- (1) coverage under a COBRA continuation provision;
- (2) coverage under a state-based continuation provision;
- (3) coverage through a qualified state high risk pool;
- (4) coverage under a program offered to state employees;
- (5) coverage under a state-based health insurance program comparable to a program for state employees;
- (6) coverage through an arrangement between a state and
 - a group health plan,
 - an issuer of health insurance coverage,
 - an administrator, or
 - an employer;
- (7) coverage offered through a state arrangement with a private sector health insurance coverage purchasing pool;

- (8) coverage under a state-operated health plan that does not receive any Federal financial participation;
- (9) coverage under a group health plan that is available through the employment of the eligible individual's spouse; and
- (10) coverage under individual health insurance in which the eligible individual was enrolled during the entire 30-day period preceding the date of separation by which the individual became eligible for TAA assistance.

The health insurance coverage mechanisms described under items (2) through (8) will only qualify for assistance under this NEG if the state elects to establish and/or use those mechanisms and the coverage meets certain requirements. Those requirements are contained in the new section 173(f)(2)(B)(i) of WIA and require that under such coverage a “qualifying individual” is (1) guaranteed enrollment; (2) no pre-existing conditions are imposed; (3) the premium charged is nondiscriminatory (i.e., a qualifying individual is not charged a greater amount than a similarly situated individual who is not a qualifying individual); and (4) the benefits are the same or substantially similar to similarly situated individuals who are not qualifying individuals. The term “qualifying individual” is defined in the new section 173(f)(2)(B)(ii) of WIA and means an individual who is eligible for assistance under the NEG and who, as of the date the individual seeks to enroll in one of these elected coverage mechanisms, had an aggregate period of creditable health insurance coverage (as defined in section 9801(c) of the IRC) of three months or longer. The individual also must not have other specified coverage or be imprisoned.

States must decide whether to elect to include all, some, or none of the coverage mechanisms described in items (2) through (8). States are encouraged to give consideration to these optional coverage mechanisms and evaluate their appropriateness in light of the particular circumstances in the state. (The Department is available to provide technical assistance regarding the election of the mechanisms.) The elected coverage mechanisms are to be identified in the NEG application. The coverage mechanisms described in items (1), (9), and (10) qualify for assistance under the NEG without election by the state.

Finally, it may be noted that with respect to coverage under COBRA, the Trade Adjustment Assistance Reform Act of 2002 added a new provision to the Employee Retirement Income Security Act of 1974 that provides an additional COBRA election period for certain eligible TAA recipients. Under this provision, if the eligible TAA recipient did not elect continuation coverage under the regular COBRA election period, he/she may elect continuation coverage within the 60-day period that starts on the first day of the month when he/she is determined to have met the definition of an eligible TAA recipient. However, such election may not be made later than six (6) months after the date he/she lost health insurance coverage as a result of his/her separation from employment that resulted in his/her becoming an eligible TAA recipient.

d. ENTITIES ELIGIBLE FOR GRANT AWARDS

In order to expedite the awarding of these grants, we expect that the application for the NEG funds will be submitted by the grant recipient under the current NEG Master Agreement between the Department and the state. This is not intended to limit the participation in, or administration of, activities carried out under the NEG by other entities, including appropriate state agencies. For example, through subgrants or the interagency transfer of NEG funds, the Governor may decide to have other agencies provide aspects of the health insurance coverage assistance. However, the use of the currently designated grant recipient as the applicant ensures that the procedures necessary to facilitate the awarding of funds are in place.

In cases where the Governor determines that an agency other than the grant recipient under the current NEG Master Agreement should be the recipient for the Health Insurance Assistance NEG, a letter signed by the Governor designating that agency as an eligible applicant for this NEG needs to be included with the grant application.

In fact, the Department strongly encourages efforts by the state to coordinate the provision of assistance under this NEG among the appropriate state agencies, such as the state insurance commission, the state health licensing and regulatory board or entity, and other departments or entities involved in the provision of health insurance coverage. We are requesting that a description of such coordination be included in the narrative section of the NEG application.

7. **Availability of Funds.** The Act appropriated \$50 million to carry out the NEG's under section 173(g) for Fiscal Year 2002. Therefore, these NEG funds are currently available for award.

8. **Application Requirements.**

a. ADMINISTRATIVE AND PROJECT DESIGN REQUIREMENTS

(1) General

Grantee organizations, administrative entities and service providers are subject to the WIA statute, regulations, grant application instructions, the terms and conditions of the grant and any subsequent modifications, and to all other applicable Federal laws (including provisions in Federal Appropriations law).

(2) Cost Limitations

Administrative cost limitations apply to all NEG grant awards. Cost limitations shall apply to actual expenditures. In general, a ten percent (10%) limit will apply to all NEG projects. Any costs associated with administering a system of health insurance coverage payments must be separately identified in the application budget and justified in the narrative.

Although administrative cost limits on NEG projects are subject to negotiation, DOL/ETA expects that most projects will be able to be implemented within the above-cited limits. Any request for a higher limit will have to be clearly and fully justified in terms of unusual project operating circumstances. Applicants should recognize that any such request will have to be negotiated and will delay the timing of the funding action.

(3) Indirect Costs

If an indirect cost rate is applied in calculating administrative costs, the applicant must include information from the most recent approval document that identifies the approved indirect cost rate and base, the cognizant approval agency, and the date of the approval. Generally, indirect costs will only be approved at the grantee level.

(4) Allowable Activities and Services

Funds may be used for the services described in WIA section 173(g).

(5) Project Design and Service Operations

Provision of services in addition to health insurance coverage assistance should be consistent with the established policies and procedures of the state in which the project is to operate.

b. APPLICATION SUBMISSION GUIDANCE

In order to comply with the Government Paperwork Elimination Act, the information collection including the application and the reporting form is fully in an electronic format. Electronic applications are intended to provide ease of completion as well as timely processing. Specifically, e-applications will be made through the DOL/ETA Grantee Reporting System Internet Web site for NEGs at <http://testetareports.doleta.gov>. To submit an application electronically, applicants will need to use a Personal Identification Number (PIN), which has been assigned to each state by the Employment and Training Administration's Office of Technical Support.

A user's guide on preparing and submitting an application electronically has been transmitted to the ETA Regional Offices for distribution to the states. Technical assistance on the application requirements is available from the appropriate Regional Office or from the Office of National Response, Employment and Training Administration, U.S. Department of Labor, Room N-5426, 200 Constitution Avenue, NW, Washington DC 20210.

Alternatively, applications may be mailed, e-mailed or hand-delivered to:

Office of Grants and Contract Management
ATTN: E. Fred Tello, Grant Officer
U.S. Department of Labor-Employment and Training Administration
200 Constitution Avenue, NW -- Room S-4203
Washington, DC 20210
(202) 693-2879
FETello@doleta.gov

It is recommended that hard copy applications be sent via overnight mail or faxed to the attention of Mr. Tello. If sent by mail, please be advised that mail delivery in the Washington area may be delayed due to mail decontamination procedures. A copy of the application should be concurrently sent to the appropriate USDOL/ETA Regional Office.

c. APPLICATION FORMAT REQUIREMENTS

When submitting NEG applications to provide health insurance coverage assistance, state agencies are required to use the OMB approved forms contained in Appendix A for the collection of information including:

- (1) Completed and signed SF 424-Application for Federal Assistance. This form is the required application for requesting federal funds. Where the electronic submission option is used, the authorized signatory for the state must use the PIN, which has been assigned to the state. The entry of this PIN on the SF 424 will constitute the authorized signature.
- (2) Project Synopsis (ETA 9106). This form summarizes key aspects of the proposed project such as project type, planned number of participants, and contact information.
- (3) Planning Form (ETA 9103), which provides cumulative quarterly estimates on project scope (e.g., number of participants, exits), design (e.g., mix of services), and budget (e.g., costs by type of activity, administrative costs).
- (4) Narrative Statement. A narrative explanation must be provided in cases where one or more of the following are reflected in the project plan:
 - (i) Indirect costs are included in the budget, which requires identifying the following: cognizant approval agency, approved cost rate and base, and date of approval.
 - (ii) "Other" costs are included in the budget, which requires identifying the specific cost items and amounts.
 - (iii) administrative costs related to processing payments for qualified health insurance coverage and/or income support are included in the budget, which requires explaining how the administrative cost estimate was derived (i.e., based

on the number of check payments and check processing costs.)

The applicant is free to include narrative explanations of other special factors, but the narrative should not exceed five pages.

d. GRANT MODIFICATIONS

Grant modifications will be required in the following circumstances:

- (1) To expand the approved target group within the original scope of the grant;
- (2) To increase the number of participants receiving healthcare premiums and/or the amount of expenditures for health insurance premiums;
- (3) To increase the approved amounts of administrative costs;
- (4) To change the performance period for the project;
- (5) When actual end-of-project expenditures will be less than the amount of awarded funds; and
- (6) When the amount of the award will be insufficient to satisfactorily complete the project objectives.

Grant modifications must be submitted to the Grant Officer. They may be submitted in writing or electronically.

Grant modifications will not be accepted within 90 days prior to the scheduled expiration date of the project.

9. **Funding Approach.** Applications for NEG funds can be funded in whole or in part. Full or partial funding can be at the applicant's request or at the Secretary's discretion. In order to ensure the effective use of NEG resources, in general these requests, when approved, will be funded partially. Where the grant award reflects a partial funding action, the grantee will be required to submit, at a later date, supplemental information to request the balance of funds. This information will be specified in the grant award letter but will include, at a minimum, current information on actual participant levels, performance outcomes, and expenditures.

10. **Project Oversight and Reporting.** Each NEG project will be subject to a review of project implementation 90 days following grant award. In addition, the grantee is required to submit to the Grant Officer a Quarterly Report (ETA 9104) of project status regarding enrollments, outcomes and expenditures.

11. **Inquiries.** Questions regarding this transmittal should be directed to Shirley Smith, Administrator, Office of National Response, at (202) 693-3501 or to the appropriate Regional Administrator. A directory of the Regional Office contacts is included as Appendix B.

Attachments

Appendix A: Grant Application Forms:

Health Insurance Coverage National Emergency Grant (NEG) Project Synopsis
(ETA 9106);

Health Insurance Coverage National Emergency Grant (NEG) Cumulative Quarterly
Planning Form (ETA 9103);

Health Insurance Coverage National Emergency Grant (NEG) Quarterly Report
(ETA 9104).

Appendix B: USDOL/ETA Regional Office contacts