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ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 21-08

TO: STATE WORKFORCE AGENCIES
 STATE WORKFORCE ADMINISTRATORS
 STATE WORKFORCE LIAISONS
 STATE AND LOCAL WORKFORCE BOARD CHAIRS AND DIRECTORS
 STATE LABOR COMMISSIONERS

FROM: DOUGLAS F. SMALL 
 Deputy Assistant Secretary

SUBJECT: Pell Grants and the Payment of Unemployment Benefits to Individuals in Approved Training

1. Purpose. To strongly encourage states to: (1) broaden their definition of approved training for Unemployment Insurance (UI) beneficiaries during economic downturns, (2) notify UI beneficiaries of their potential eligibility for Pell Grants and other student aid, and (3) help individuals apply for Pell Grants through One-Stop Career Centers.
2. References. Section 3304(a)(8) of the Federal Unemployment Tax Act (FUTA); Section 303(a)(8) of the Social Security Act (SSA); the Higher Education Act of 1965, Title IV, Part A, Subpart 1; 20 U.S.C. 1070a (pertaining to Pell Grants); the Workforce Investment Act (WIA); Draft Legislation to Implement the Employment Security Amendments of 1970 (commonly called the "Orange Book"); and Training and Employment Notice No. 32-08.
3. Background. President Obama recently announced that the Administration seeks to enable more workers to obtain job training while receiving unemployment benefits so they can develop their skills while the economy recovers.

Through this advisory states are strongly encouraged to widen the types of training and the conditions under which education or training are considered "approved training" for purposes of the state's UI law during economic downturns. States are also strongly encouraged to notify UI beneficiaries of their potential eligibility for Pell Grants and other financial aid and to assist with applications.

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The Pell Grant program is a post-secondary, educational grant program sponsored by the United States Department of Education. Pell Grants are awarded based on financial need and other factors. Many UI beneficiaries are potentially eligible for Pell Grants, and the Department of Education is currently undertaking a major effort to encourage student financial aid administrators to use the discretion available to them in determining if UI beneficiaries are eligible for Pell Grants. The Department of Labor (Department) requests state UI agencies to notify UI beneficiaries that they may qualify for Pell Grants (and other student aid) and give them information about how to apply.

4. Revise Criteria for Determining if Training May be Approved. Section 3304(a)(8), FUTA, requires, as a condition of employers in the state receiving credit against the Federal unemployment tax, that—

Compensation shall not be denied to an individual for any week because he is in training with the approval of the State agency (or because of the application to any such week in training, of State law provisions relating to available for work, active search for work, or refusal to accept work);

This provision was added to Federal law to assure that UI eligibility criteria, such as actively seeking work, are not an impediment to the individual improving his or her prospects of employment by participating in training. All state laws contain provisions implementing this requirement. When this provision was added to Federal law in 1970, the Department took the position that each state was free to determine what training was appropriate for a claimant and what criteria to use in approving training. The Department noted that training should be approved for a particular individual when “in general, the individual’s present occupational situation is one which could be improved by training.” The Department also notes that approved training also excludes individuals from the special work search requirements of the Extended Benefits program.

Since the 1970’s, many states have not updated their training approval requirements even though the labor market has significantly changed. Many states place strict limits on approved training, such as limiting approvals to occupational training (that is, training designed to lead to a specific occupation) and to situations where there is no demand for an individual’s most recent job. Thus, for example, an individual laid-off from a fast-food restaurant will be denied training since fast-food jobs continue to exist. Such approaches limit an individual’s ability to obtain skills that might lead to more secure employment and higher wages.

In this time of recession, states are strongly encouraged to reconsider their laws and regulations, and any applicable administrative requirements, to determine if their approved training requirements are appropriate to the current economy. Post-secondary education and training are increasingly important for success in the job market. Periods of

unemployment, particularly in the current economic climate, provide opportunities for laid-off workers to develop new skills, so that employers will benefit from a skilled workforce when the economy recovers. In particular, states are asked to consider approval of programs at community colleges with job skills components, courses leading to general equivalency degrees, courses in adult basic education, language courses, or other courses of study, including degree and certificate programs, that are likely to increase the individual's long-term employability. (States are reminded, however, that Pell Grants are only available for individuals enrolled at least half-time in an undergraduate degree or certificate program.)

The Department will be working with states as they review their current policies, providing examples of state best practices, and considering what steps can best ensure that UI beneficiaries have appropriate opportunities during periods of economic downturns to develop their skills without sacrificing their UI benefits.

5. Notify Claimants of Availability of Pell Grants. To ensure that UI beneficiaries are aware of their potential eligibility for Pell Grants, states are asked to send each beneficiary a letter (model attached) describing the Pell Grant program, directing them to information about Pell Grants, and explaining that UI beneficiaries can continue to receive UI benefits while in training with the state's approval. The model letter provides information about Pell Grants and advises individuals of a new Web site, www.opportunity.gov, with Pell Grant and other information.

State UI agencies are free to modify this letter to reflect appropriate contact information and state UI policy. States are encouraged to tell recipients of these letters to inquire about available training through the One-Stop Career Center system. State UI agencies should ensure that both the name and address of the recipient is printed in the body of the letter.

As soon as possible after the publication of this guidance, States should mail this letter to all beneficiaries who received payments of UI for the week of unemployment beginning May 10, 2009. Also, states should send this letter to individuals who receive first payments of regular compensation and those who receive payments as a result of filing an additional or reopened claim. The Department will advise states when such mailings are no longer necessary.

6. Assist Claimants in Finding Training and Applying for Financial Aid. After receiving notification of Pell Grant availability, increased numbers of UI beneficiaries will likely seek the services of One-Stop Career Centers. The state workforce agency, local workforce investment areas, and One-Stop Career Centers can play a pivotal role in connecting UI beneficiaries to the training and services necessary for them to become re-employed, and can assist UI beneficiaries in three ways.

- State UI agencies and One-Stop Career Centers can coordinate strategies for serving UI beneficiaries to ensure that UI beneficiaries enter training that allows them to continue receipt of their UI compensation. For instance, in some states, training provided to jobseekers under WIA is automatically considered approved training for UI purposes. States should establish processes that minimize the burden on individual UI beneficiaries in establishing whether a training program is consistent with UI eligibility rules. As part of working with UI beneficiaries to find appropriate training, One-Stop Center Staff should coordinate with UI staff to secure approval of that training, so the individual does not later face difficulty maintaining UI eligibility due to training that does not qualify.
- States should ensure that all One-Stop Career Centers are prepared to assist UI beneficiaries in applying for Pell Grants and other financial aid. Some One-Stop Career Centers already routinely assist individuals with financial aid applications. Others may need to establish policies, provide desk aids, or upgrade Web sites and materials in the One-Stop Career Centers. Individuals interested in applying for a Pell Grant must complete the Free Application for Federal Student Aid (FAFSA). The Departments of Education and Labor have established a new web site, www.opportunity.gov, which provides useful information and links that states are encouraged to share. There is a considerable amount of information on applying for the FAFSA at www.fafsa.ed.gov, and helpful information on how to counsel individuals seeking federal financial aid at www.fsa4counselors.ed.gov.
- One-Stop Career Centers should help UI beneficiaries obtain relevant training and become reemployed. One-Stop Career Centers should ensure UI beneficiaries seeking Pell Grants have access to the full range of services available within the One-Stop Center. UI beneficiaries may benefit from skill assessments, career guidance, labor market information, job search assistance, assistance in strategically choosing training that prepares them for job openings in their local economy, and assistance in obtaining funding for that training.

It may be appropriate to enroll UI beneficiaries in the Workforce Investment Act (WIA) Dislocated Worker or Adult program to access these services. An individual who meets WIA Dislocated Worker eligibility, whether or not she or he is enrolled in the WIA Dislocated Worker program, may qualify for one of the simplified needs analyses used by financial aid administrators to determine the student's need for federal student aid. A dependent student who has a parent who is a dislocated worker, or an independent student who is, or whose spouse is, a dislocated worker, may be eligible for one of the simplified needs analyses. Financial aid offices may need additional general guidance to clarify the definition of dislocated workers and to determine appropriate documentation of dislocated worker status. As the local workforce investment system is uniquely positioned to offer this guidance, the Department of Labor encourages local One-Stop Career Centers to respond to general information requests about the dislocated worker definition from financial aid offices, as necessary. The Department of Labor previously published information on the

new questions in the FAFSA that affect WIA Dislocated Workers, and how the workforce investment system can assist One-Stop Career Center customers and financial aid administrators. See Training and Employment Notice 32-08.

7. Administrative Costs. In implementing and administering this initiative, state UI agencies will incur administrative costs for activities such as sending notices to beneficiaries (including the attached letter), responding to inquiries about eligibility, reviewing applications for training approval, computer programming, and overhead. Because the costs associated with informing claimants of their benefit rights and determining eligibility for UI (here, a UI training benefit) are necessary for the proper and efficient administration of a state's UI law, they may be charged to the UI grant consistent with Section 303(a)(8), SSA.

Start-up costs (e.g., computer programming, initial wave of notification letters) will be addressed through the supplemental budget request (SBR) process. A separate advisory will provide more details and dates for submission. Ongoing administrative costs related to this initiative will be reported in the comments section of the quarterly UI-3 report, identified as such, and broken out by the following activities: postage, notification letters, training approval application reviews, programming, overhead, and other.

8. Paperwork Reduction Act (PRA) Statement. The public reporting burden for this third party dissemination is estimated to average approximately 40 hours per state including time for gathering and maintaining the data needed to complete the required disclosure.

This TEGL contains a third party dissemination as it strongly encourages states to notify UI beneficiaries of their potential eligibility for Pell Grants and other student aid. According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13), no persons are required to comply with a request for third party dissemination unless it displays a valid Office of Management and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor a request for third party dissemination of information unless it is approved by OMB under the PRA, and displays a currently valid OMB control number, and the public is not required to respond to a third party dissemination of information unless it displays a currently valid OMB control number. *See* 44 U.S.C. § 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a third party dissemination request that does not display a currently valid OMB control number. *See* 44 U.S.C. § 3512. The OMB Control Number for this third party dissemination request is 1205-0473, which appears on the top right of the Draft Letter below (Attachment).

9. Action. State administrators are requested to distribute this advisory to appropriate staff.
10. Inquiries. Questions should be addressed to your Regional Office.
11. Attachment. Draft Letter Advising Claimants of Pell Grants/UI Approved Training

Draft Letter Advising Claimants of Pell Grants/ UI Approved Training

[Claimant name and address should be printed on letter.]

I am writing to urge you to consider taking advantage of new opportunities for education and training available now to unemployed workers.

On May 8, President Obama announced that workers like you who are getting unemployment insurance (UI) benefits will receive special consideration for financial aid to pay for job training or education. You may also be able to keep your UI benefits while enrolled. Studies have shown that workers with more education and training have more secure jobs and higher wages.

Federal Pell Grant scholarships cover up to \$5,350 in education and training expenses. They are accepted at nearly all universities and community colleges and many trade and technical schools. Even if you do not qualify for a Pell Grant, you may be eligible for other aid.

Applying for financial aid and finding training are not difficult. The Departments of Education and Labor have created a single web site, www.opportunity.gov, where you can find helpful information. If you are interested in pursuing these opportunities, here are the steps you should take:

- Decide what type of training best meets your needs. You may want to visit www.careeronestop.org or visit your local community college or One-Stop Career Center for help in identifying potential education and training opportunities. To locate the nearest One-Stop Career Center, you may call the toll free number: 1-877-US-2-JOBS (1-877-872-5627) for assistance or visit www.servicelocator.org. **[States are encouraged to provide the most specific information possible, including, if possible, auto-populating this information using zip-codes.]**
- Colleges or One-Stop Career Centers can also help you apply for Pell Grant scholarships and other federal financial aid. An application is also available at www.fafsa.gov or by calling 1-800-4FEDAID. While you will need to report last year's income when applying, your school can adjust your eligibility to reflect your current circumstances.
- Finally, please contact our office at **[enter UI agency phone number]** in advance of enrolling to ensure that you can continue to receive unemployment benefits while enrolled in the program you have chosen. Not every training program excuses you from the requirement that you be seeking and available for work in order to receive unemployment benefits.

Be sure to take this letter with you to the school you select. For the next 90 days, it confirms that you are an unemployment insurance beneficiary. While it does not guarantee you a Pell Grant, your school will use this letter to adjust your eligibility. After 90 days, or if you lose this letter, you may provide alternative evidence that you are currently receiving unemployment insurance, such as **[enter state-specific example]**.

While our economy is struggling, we have an opportunity to improve workers' skills and lay the foundation for a stronger economy in the future. I encourage you to carefully consider this opportunity.