

Date: January 25, 2012

State: Mississippi

Agency: Mississippi Department of Employment Security

Workforce Investment Act Waiver Request: Requesting Authority to waive the limitation on use of funds for capitalization of businesses at WIA Section 181 (e) to permit WIA funds to be used to capitalize a small business up to \$5,000.

Identification of Statutory or Regulatory Requirements to be Waived:

As the administrative entity for the Workforce Investment Act in Mississippi, the Mississippi Department of Employment Security (MDES) is requesting a waiver of Section 181(e) that limits the use of funds for capitalization of businesses. If granted, the waiver will be limited to the use of the Oil Spill National Emergency Grant EM-20634-10-60-A-28 funds to capitalize a small business up to \$5,000 for individuals who are eligible for and enrolled as participants in the Gulf Oil Spill NEG program. Under the waiver, this activity must be conducted in concert with entrepreneurial or microenterprise training for the individuals benefiting from the capitalization.

If granted, this waiver would take effect on the date the waiver is approved by the U. S. Department of Labor.

In keeping with the guidelines set forth at WIA section 189(i)(4)(B) and 20 CFR Part 661.420, MDES is seeking your favorable consideration of this waiver request.

Background and Justification for this Waiver:

The Mississippi Department of Employment Security is seeking this waiver to assist the many hard-working Mississippians who lost income from the oil spill and want to restart or continue their small businesses and need assistance to begin that process. For instance, there are three hundred and sixty-eight licensed, commercial shrimp vessels in Mississippi. Vietnamese-American shrimpers own and operate over 60 percent of the vessels. Typically, before the shrimping season, commercial fishers incur costs such as fuel, maintenance/repair, equipment, and supplies. However, lost fishing time during the oil spill, the public misperception of tainted seafood, and smaller catches last season have put those costs out of reach without assistance and are threatening to put more fishermen out of business. If the Department of Labor waives the regulation on business recapitalization grants to assist boat owners, it will enable the fishermen to work. Each case-managed fisherman could receive a \$5,000 grant that would put fishermen, deckhands, and other crewmembers back on the water.

The Mississippi Department of Employment Security has used this program very successfully in the past. After Hurricane Katrina hit Mississippi's coastline, the Twin Districts Workforce Investment Area implemented this waiver to operate two highly

successful programs. Twin Districts worked directly with small businesses and fishermen allowing those small businesses to receive valuable entrepreneurial and/or micro-enterprise training that they would not normally have acquired. They also created a process with the Mississippi Arts Commission that provided the same services to the artists in the area that successfully revived the tattered arts community. MDES will provide similar services to a range of small businesses impacted by the oil spill.

Many other small businesses were adversely affected by the oil spill. For instance, Sales Tax Receipts for Bay St. Louis and Waveland, which had rebounded by 2009 from Hurricane Katrina, have lost all their gains in 2010. The unemployment rates for the three coast counties are also increasing at a greater rate over the last two years than is the rate for the state as a whole. With the current downturn in the local economy caused by the oil spill, this can be one of many services that local small businesses can take advantage of in order to keep them going.

The BP Oil Spill devastated the livelihoods of many small business owners who were not able to generate income because of the loss of tourist dollars and fishery closures, as evidenced by the tax receipt and unemployment data referenced above. Without the capitalization grant, these businesses may not be able to continue operations. The primary goal and focus of this waiver is not just the \$5,000 to capitalize the business as much as providing training that will be invaluable both to them and the State of Mississippi.

Actions Taken to Remove State Statutory or Regulatory Barriers:

There are no known state or local statutory or regulatory barriers to implementing the proposed waiver. The only known barriers are federal in nature as described above.

Waiver Goals and Expected Outcomes if the Waiver is Granted:

MDES has conducted outreach to identify and to enroll eligible individuals into the Gulf Oil Spill NEG. These individuals have lost employment or a substantial share of their income due to the Gulf oil spill and this waiver, if granted, will provide a means for many of them to engage in self-sustaining work and assist in rebuilding the economic infrastructure of the oil spill impacted areas. This is critically important during the current recession, when unemployment rates in the affected parts of the Gulf Coast exceed 10% and approach 20% in the seasonal industries most affected by the oil spill.

The waiver will also enhance recovery collaboration and coordination among Oil Spill affected communities and counties; the Twin Districts LWIA; MDES; the Mississippi Development Authority; Mississippi Emergency Management Agency; Mississippi Department of Environmental Quality; Mississippi Department of Wildlife, Fisheries and Parks; and the SBA.

The State understands that business capitalization funds cannot be used for revolving loans. The State also understands that no more than 25% of the National Emergency Grant funding may be used for business capitalization.

Individuals Impacted by this Waiver:

Granting this waiver will be in alignment with Mississippi's workforce plan and the National strategic vision of promoting and developing integration of Entrepreneurship into the Public Workforce System, as stated in TEN 25-09. This waiver will also facilitate collaboration among MDES, the Twin Districts LWIA, Local Economic Development Agencies and small businesses.

Process Used to Monitor Progress in Implementing the Waiver:

The Mississippi Department of Labor has monitoring staff and processes in place to monitor all WIA programs and will perform on-site review of 100% of participant files, with review of source documents, to provide oversight and monitoring to determine the effectiveness of the waiver, as well as identify any issues or obstacles to providing services under this waiver. Fiscal management staff and processes are also in place to ensure accurate accounting and oversight of federal funds.

Process for Notice to the Public and Local Boards and the Opportunity to Comment:

The waiver request was provided to local workforce area and labor union officials via email October 24, 2011 and was available for public comment on the MDES website at <http://mdes.ms.gov/Home/RFPs/RFPBidNotices.html> from October 25, 2011 to the present. No adverse public comments were received at any point. The local workforce area supports this waiver request.