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Change 13

TO: STATE WORKFORCE LIAISONS
STATE WORKFORCE AGENCIES

FROM: PORTIA WU 
Assistant Secretary

SUBJECT: Application Process for Workforce Investment Act of 1998 (WIA) Section 503 Incentive Grants Based on Program Year (PY) 2013 Performance

1. **Purpose.** This guidance letter provides the procedures states should follow to apply for WIA Section 503 Incentive Grants and reminds states of the authorized use of these grant funds.

2. **References.**

- WIA (Pub. L. 105-220) Sections 211 and 503, (20 U.S.C. §§ 9211, 9273);
- Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III) (20 U.S.C. 2301 et seq.);
- 20 CFR part 664, 666.200 - 666.230, and 666.205(c);
- Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) (20 U.S.C. 2301 et seq. as amended by Pub. L. 109-270, and its predecessor);
- *Workforce Investment Act of 1998 (WIA); Notice of Incentive Funding Availability Based on Program Year (PY) 2012 Performance* (79 FR 72);
- Training and Employment Guidance Letter (TEGL) No. 9-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title IB Programs* (October 10, 2007); and
- TEGL No. 09-14, *Workforce Investment Act (WIA) Program Year (PY) 2013 Annual Report Narrative* (October 8, 2014).

3. **Background.** Section 503 of WIA provides for incentive grants to reward states for successful performance in workforce and education programs. The provisions authorizing incentive grant awards are found in WIA Sections 503 (20 U.S.C. § 9273) and 211 (20 U.S.C. § 9211). A total of \$9 million will be made available for incentive grants based on PY 2013 performance. You can find the Department of Labor's (Department or DOL) regulations on incentive awards at 20 CFR 666.200 through 666.230. The Workforce Innovation and Opportunity Act (WIOA), signed into law on July 22, 2014, Public Law 113-

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128, eliminates incentive awards for state performance. PY 2013 is the last year that incentive grants will be awarded to states under WIA.

4. **Eligibility.** The list of states eligible to receive incentive grant awards based on PY 2013 performance, and the amount of the award for which each are eligible was published in the Federal Register on May 1, 2015. Only applications from the state agencies will be accepted; all other entities are ineligible to apply for incentive grants. The Department determined eligibility for a Section 503 incentive grant award by state performance under WIA Title IB and Title II programs. (WIA Title II is also known as the Adult Education and Family Literacy Act.) States that are eligible for incentive grant awards have 45 calendar days from May 1, 2015, as stated in the Federal Register notice, to submit their application for these awards.

5. **Amount of Incentive Awards.** WIA Section 503(c)(1) sets the range of incentive grant awards from \$750,000 to \$3 million, depending upon the amount of appropriated funds available. If the total amount available for grants is insufficient to award the minimum grant to each eligible state, the minimum and maximum grant amounts will be adjusted by a uniform percentage as required by WIA Section 503(c)(2). For PY 2013 incentive awards, the criterion for determining the amount of the incentive grant within this range was the size of the state's programs, as measured by the state's relative share of the combined Title IB and Title II formula grants awarded to that state. The Department divided the total award of \$9 million among three eligible states. See the list of eligible states and their respective award amount below:
 - Minnesota \$3 million
 - North Dakota \$3 million
 - Rhode Island \$3 million

6. **Authorized Use of Funds.** Regulations at 20 CFR 666.210 authorize the state to use its incentive grant award to carry out an innovative program consistent with the requirements of any one or more of the programs within Title IB or Title II of WIA or the Perkins Act. This provides states greater flexibility in using these funds, and governors and state agencies are not limited to only one type of innovative program.

The Department will identify incentive grant funds awarded to states as WIA Title V PY 2014 funds. States must expend the funds by June 30, 2017.¹ Since this timeframe differs from the typical program timeframes used by WIA Title II and Perkins IV programs, cooperation among state agencies to ensure timely expenditure of these funds is strongly encouraged.

States may expend funds for activities authorized under WIA Title IB or Title II, and/or the Perkins Act. While DOL administrative provisions apply to the statutory life of the funds, the individual program provisions apply to the use of funds. For example, if states use the incentive funds for a WIA Title IB activity for youth services, the applicable program

¹ Typically, states would have three years to spend a program year's funds. However, because incentive grants, taken from Fiscal Year 2015 funds, will be awarded at the end of PY 2014, states will be given through June 30, 2017, to expend the funds.

requirements for youth programs in 20 CFR 664 and WIA Title IB would apply to that portion of the funds. If innovative WIA Title II and/or Perkins IV programs are planned, the provisions of WIA Title II and/or Perkins IV would apply to that portion of the funds.

States are encouraged to plan activities that promote cooperation and collaboration among the agencies administering WIA Title IB and Title II, and Perkins Act programs. The Secretaries of Labor and Education encourage governors and their state agency representatives to take advantage of the broad flexibility Congress intended for these funds by planning for activities that are:

- A. *Innovative* — Services and activities beyond those the state conducts with its regular funds from these programs, particularly activities that are authorized through more than one program, that align Federal, state and local workforce, education, economic development services and activities for innovative job-driven training strategies. The Employment and Training Administration (ETA) strongly advises states to use their incentive grant award for planning and implementation of WIOA and work based training. Workforce system leaders are asked to re-envision how they conduct business and restructure activities accordingly to comply with the new requirements under WIOA. Innovative approaches incorporating sector strategies, where training and services are closely targeted to specific occupations and industries, and career pathways are desirable as well. Funds may also be used to enhance performance and reporting systems.
- B. *Comprehensive and coordinated* — Combined activities and services that are authorized by different programs.
- C. *Targeted to improving system performance* — Activities that serve needs and populations that are likely to result in improving state systems of employment, training, and education, including those linking to career pathways and high-growth industries. Additionally, activities and programs focusing on sub-populations such as veterans, those with disabilities, and long-term unemployed are also favorable.

As states plan how they will make use of Section 503 incentive funds, ETA encourages them to take an expansive view of how the funds can be integrated into efforts to improve the effectiveness of the public workforce system. State Workforce Agencies can work together to focus on workforce education and training projects that will facilitate innovative workforce and education policies within a state.

7. **Application Process.** To receive award grant funds, states that qualify must apply by submitting an application for an incentive grant to DOL. The electronic application must include an electronic signature of the state's designee authorized to submit the application. DOI will work with the Department of Education to review the applications. The application may take the form of a letter from the governor to DOL's Assistant Secretary for Employment and Training (address is listed below), and must include the following:

A. Assurances

The application, developed by the State Board, must include assurances that:

- i. The state legislature was consulted with respect to the development of the application;
- ii. The application was approved by the governor, the eligible agency for adult education (as defined in Section 203(4) of WIA (20 U.S.C. 9202(4)), and the state agency responsible for career and technical education programs (as defined in Section 3(12) of Perkins IV (20 U.S.C. 2302(12))); and
- iii. The state and eligible agency, as appropriate, exceeded the state adjusted levels of performance for WIA Title IB and the state adjusted levels of performance for WIA Title II in PY 2013.

B. Additional Information

The state must provide a description of the planned use of incentive grants as part of the application process to ensure that the state's planned activities are authorized under WIA Title IB or Title II, and/or Perkins Act, as required by WIA Section 503(a). When describing the planned activities in response to number ii below, the state should note under which program the authorized activities fall.

The state's incentive grant document should include other descriptive information in the state's plan (see numbers iii and iv below). The Departments of Labor and Education will use this information in monitoring the use of incentive grants and in reports to Congress on state performance.

- i. Identify the state agency and contact person that will receive and administer the funds on behalf of all the state's agencies. The agency may be the State Workforce Agency or another state agency that receives funds under the WIA Title II or Perkins IV grants. This agency will be responsible for reporting on the use of all funds. If agencies other than the grant recipient will be undertaking program activities with the funds, please identify the sub-grantee(s) and the amount(s) they will be provided.
- ii. Describe the planned activities. This information should include the statutory authority for the activity and a description of how the activities are innovative, comprehensive and coordinated, and targeted to improving system performance in accordance with the major objectives set forth in the state's current WIA Strategic Plan, WIA Title II State Plan, or Perkins IV State Plan, as appropriate. Include information on how services build on, rather than duplicate, services offered under the state's plans for Perkins IV or WIA Titles IB or II. Describe how these funds are being used collaboratively with other partner programs to benefit service to clients.

- iii. Describe ways in which the activities are related to improving performance levels on the state indicators of performance for each different activity planned. For example, describe how the activities will strengthen the state's ability to improve literacy levels, increase employment, increase transitions to further education and training, and/or improve technical and academic skills.
- iv. Describe any state consultation with stakeholder groups and the public on the use of incentive award funds. States are encouraged to seek public input on the use of state incentive funding, including that of representatives of adult education, career and technical education programs, and other workforce system partners. States should provide a summary of all issues raised during consultation with stakeholder groups and the public and how issues on the use of award funds were addressed.

C. Grantees must also provide:

- i. Standard Form (SF) 424, *Application for Federal Assistance*. The SF-424 must clearly identify the applicant, be signed by an individual with authority to enter into a grant agreement, and include the applicant's Universal Identifier and Employer Identification Number (EIN). The Catalog of Federal Domestic Assistance Number is **17.267**, *Incentive Grants - WIA Section 503*. The current version of SF-424 is available at:
http://apply07.grants.gov/apply/forms/sample/SF424_2_1-V2.1.pdf.
- ii. SF-424A, *Budget Information Form and Budget Narrative*. Applicants must include a SF-424A. The current version of SF-424A is available at:
<http://apply07.grants.gov/apply/forms/sample/SF424A-V1.0.pdf>.
- iii. *Brief Budget Narrative*. Applicants must include a budget narrative to support the funding request. See attachment C for the Budget Narrative Checklist/Template.

Please use the checklist below to confirm that all portions of the SF-424 and SF-424A are complete. If one or more section(s) is incomplete, the application will be returned, affecting the ability to process the application on time.

- SF-424 signed by the authorized representative
- Universal Identifier number and EIN entered on SF-424
- No match funds should be listed on SF-424A
- Line items must add up to the total amount of the award on SF-424A
- Line items in the budget narrative match the SF 424A

8. Inquiries. Please direct questions concerning the WIA incentive grant application process to Luke Murren at murren.luke@dol.gov (202-693-3733) or Catterra Castile at castile.catterra@dol.gov (202-693-3849) in the Division of Strategic Planning and Performance, Office of Policy Development and Research.

9. **Action Requested.** As explained in 20 CFR 666.205(c), states have 45 days from the publication date (May 1, 2015) of the Federal Register notice announcing eligible states and incentive amounts, to submit the required application materials. The Department advises applicants that mail in the Washington, D.C. area may be delayed due to mail decontamination procedures. Therefore, the Department encourages states to submit applications electronically. To ensure funds can be appropriately allotted by the end of the program year, application materials are due by June 15, 2015, and should be sent electronically to Luke Murren at murren.luke@dol.gov and Cattera Castile at castile.cattera@dol.gov.

The street address follows:

U.S. Department of Labor
Employment and Training Administration
Attn: Luke Murren
200 Constitution Avenue, NW, Room N-5641
Washington, D.C. 20210

A courtesy copy should also be sent to the Regional Performance Specialists in your respective ETA regional office.

States are encouraged to submit their applications prior to the due date. The Department must obligate funds to states by June 30, 2015. ETA regional staff will be available to provide any technical assistance to states in preparing and expediting the applications.

10. **Attachments.**

- Attachment A - [Standard Form 424](#)
- Attachment B - [Standard Form 424A](#)
- Attachment C - Budget Narrative Checklist/Template

WIA Incentive Award Budget Narrative¹

The below budget narrative template provides a crosswalk between a grantee's budget narrative and the corresponding line items on the SF 424A. It is very important that the dollar amounts entered on the SF 424A exactly match what is described in the narrative.

Please use the descriptions of each category below when drafting your budget narrative; these items should accompany a general statement about what project(s) are envisioned to be funded with the incentive grant.

Line No.	Object Class Categories
6a	<p>Personnel</p> <p><i>Description:</i> List all staff positions by title. Give the annual salary of each person, the percentage of each person's time devoted to the project, the amount of each person's salary funded by the grant and the total personnel cost for the period of performance.</p>
6b	<p>Fringe Benefits</p> <p><i>Description:</i> Provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, FICA, retirement, etc.</p>
6c	<p>Travel</p> <p><i>Description:</i> Specify the purpose, mileage, per diem, estimated number of in-state and out-of-state trips and other costs for each type of travel.</p>
6d	<p>Equipment</p> <p><i>Description:</i> Identify each item of equipment to be purchased which 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.</p>
6e	<p>Supplies</p> <p><i>Description:</i> Supplies include all tangible personal property other than "equipment." The detailed budget should identify categories of supplies (e.g. office supplies). List the quantity and unit cost per item.</p>

¹ The budget narrative must provide a description of costs associated with each line item on the SF-424A.

6f	<p>Contractual</p> <p><i>Description:</i> Identify each proposed contract and specify its purpose and estimated cost. If applicable, identify any sub-recipient agreements, including purpose and estimated costs.</p>
6g	<p>Construction</p> <p><i>Description:</i> Construction costs are not allowed and this line must be left as zero. Minor alterations to adjust an existing space for grant activities (such as a classroom alteration) may be allowable. The Department does not consider this as construction and the costs must be shown on other appropriate lines such as Contractual.</p>
6h	<p>Other</p> <p><i>Description:</i> List each item in sufficient detail for the Department to determine whether the costs are reasonable or allowable. List any item, such as stipends or incentives, not covered elsewhere here.</p>
6j	<p>Indirect Charges</p> <p><i>Description:</i> If indirect charges are included in the budget, include the approved indirect cost rate with a copy of the Indirect Cost Rate Agreement, a description of the base used to calculate indirect costs and total cost of the base, and the total indirect charges requested.</p>