

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/Performance Measures
	CORRESPONDENCE SYMBOL PROTECH
	DATE May 21, 2008

**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 20-01, Change 6**

**TO:** ALL STATE WORKFORCE LIAISONS  
ALL STATE WORKFORCE AGENCIES

**FROM:** BRENT R. ORRELL /s/  
Acting Assistant Secretary

**SUBJECT:** Application Process for Workforce Investment Act (WIA) Section 503 Incentive Grants, Program Year (PY) 2006 Performance

1. **Purpose.** This guidance letter updates the procedures states should follow to apply for WIA Section 503 Incentive Grants based on PY 2006 performance.
2. **References.** Workforce Investment Act of 1998 (WIA) (Pub. L. 105-220) Sections 174, 211, and 503, (29 U.S.C. 2919, 20 U.S.C. 9211, 9273); Training and Employment Guidance Letter (TEGL) No. 9-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title IB Programs*; TEGL No. 14-00, Change 1, *Workforce Investment Act Performance Reporting System (November 19, 2001)*; TEGL No. 14-03, *Performance Reporting Submission Procedures for the Workforce Investment Act Standardized Record Data (WIASRD) and the Annual Report under title 1-B of the Workforce Investment Act (November 13, 2003)*; 20 CFR part 664, 666.200 - 666.230, and 666.205(c); and 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, the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III) 20 U.S.C. 2301 et seq., as amended by Pub. L. 105-332.
3. **Background.** Section 503 of the Workforce Investment Act provides for incentive grants to reward states for successful performance in workforce and education programs. The provisions authorizing funding for incentive grant awards are found in WIA Section 174(b)(2)(D) for workforce investment services (29 U.S.C. 2919(b)(2)(D)) and the Adult Education and Family Literacy Act (AEFLA) Section 211(a)(3) for adult education activities (20 U.S.C. 9211(a)(3)). A total of \$9,968,489 appropriated for AEFLA is available for incentive grants based on PY 2006 performance.

The Department of Labor regulations on incentive awards may be found at 20 CFR 666.200 through 666.230.

RESCISSIONS	EXPIRATION DATE Continuing
-------------	-------------------------------

4. **Eligibility.** The list of states eligible to receive incentive grant awards for PY 2006 performance, and the amounts of the awards for which they are eligible, was published in the Federal Register on April 24, 2008. Eligibility for a Section 503 incentive grant award was determined by state performance under WIA Title I, AEFLA, and Perkins III programs. States that are eligible for incentive grant awards have 45 days from the April 24, 2008 Federal Register notice (June 9, 2008) to submit their applications 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 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 the PY 2006 performance awards, the criterion for determining the amount of the incentive grant within this range will be the size of the state's programs, as measured by the state's relative share of the combined WIA Title I, AEFLA, and Perkins III formula grants awarded to that state.
6. **Authorized Use of Funds.** 20 CFR 666.210 authorizes 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 I of WIA, AEFLA, or the Perkins IV Act. This provides states greater flexibility in using these funds, and the Governors and state agencies are not limited to only one type of innovative program.

Incentive grant funds awarded to states will be identified as WIA Title V, Program Year 2007 funds and must be expended by June 30, 2010.<sup>1</sup> Because this timeframe differs from the typical program timeframes used by AEFLA 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 the WIA Title I, AEFLA, and/or the Perkins IV 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 the incentive funds will be used for a WIA Title I activity for youth services, the applicable program requirements for youth programs in 20 CFR 664 and WIA Title I would apply to that portion of the funds. If innovative Adult Education and Literacy and/or Perkins IV programs are planned, the provisions of the AEFLA and/or Perkins IV Act would apply to that portion of the funds.

States are encouraged to plan activities that promote cooperation and collaboration among the agencies administering the WIA Title I, AEFLA, and Perkins IV programs. The Secretaries of Labor and Education encourage Governors and their state agency

---

<sup>1</sup> Typically, states would have three years to spend a Program Year's funds. However, because incentive grants, taken from FY 2007 funds, will be awarded at the end of Program Year 2007, states will be given through June 30, 2010, to expend the funds.

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.
- 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, especially those linking to high-growth industries and occupations.

The U.S. economy and its labor markets are undergoing changes of historic proportion. In February 2006, the Employment and Training Administration (ETA) launched the Workforce Innovation in Regional Economic Development (WIRED) Initiative, focusing on the role of talent development in driving regional economic competitiveness, increased job growth, and new opportunities for American workers. The WIRED framework ([http://www.doleta.gov/wired/files/WIRED\\_Fact\\_Sheet.pdf](http://www.doleta.gov/wired/files/WIRED_Fact_Sheet.pdf)) focuses on talent, infrastructure and investment. States should keep this transformational effort in mind when planning activities funded by incentive grants. State Departments of Labor and Education can work together to focus on workforce education and training projects that will facilitate innovative workforce and education policies within a state to support talent development and maximize opportunities for employment and life-long learning.

In planning activities for the use of these incentive funds within the context of an overall talent development strategy, states are strongly encouraged to design and implement activities that will target certain populations and connect them to opportunities aligned with their regional strategies. These populations include, but are not limited to, Temporary Assistance for Needy Families (TANF) recipients, single parents, out-of-school youth and those formerly incarcerated. The ETA has made other investments through the Faith-Based and Community Initiative (see [www.dol.gov/cfbci](http://www.dol.gov/cfbci)) and Prisoner Reentry Initiative see [www.dol.gov/cfbci/reentry.htm](http://www.dol.gov/cfbci/reentry.htm) and [www.doleta.gov/PRI](http://www.doleta.gov/PRI)) to identify and assist these underserved populations. States are encouraged to leverage any existing activities and strategies from these investments in their states when planning activities for the use of the incentive funds to connect these underserved individuals to talent development opportunities available within their regional economies.

States may not use incentive funds for foreign travel. Incentive funds may be used for allowable activities authorized under the substantive laws. The use of the funds must comply with the administrative regulations in 20 CFR 667. This includes the prohibition against foreign travel as prescribed in 20 CFR 667.264(b).

7. **Application Process.** States that qualify must apply by sending an original and two copies of an application for an incentive grant to the Department of Labor, which will work with the Department of Education to review the applications (electronic transmissions are allowable as long as electronic signatures are included). The application may take the form of a letter from the Governor to DOL's Acting Assistant Secretary for Employment and Training (addresses are listed below), and must include the following:

A. Assurances

The application must include a Standard Form 424 (Application for Federal Assistance) and assurances that:

- 1) The state legislature was consulted with respect to the development of the application.
- 2) 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))).
- 3) The state and the eligible agency, as appropriate, exceeded the state adjusted levels of performance for WIA Title I, the state adjusted levels of performance for AEFLA, and the state's adjusted level of performance for Perkins III programs in PY 2006.

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 the WIA Title I, AEFLA, and/or Perkins IV Act, as required by WIA Section 503(a). When describing the planned activities in response to number 2, below, the state should note under which program the authorized activities fall.

The other descriptive information (see numbers 3 and 4, below) about the state's plan is requested for inclusion in the state's incentive grant document. 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. (Note: The state's receipt of an incentive grant is *not* contingent on this other descriptive information, but this information is required for the WIA Title V Grant Agreement.)

- 1) Identify the state agency and contact person that will receive and administer the funds on behalf of all state agencies. The agency may be the state workforce agency or another state agency that receives funds under the AEFLA 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.

- 2) 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, AEFLA 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 WIA Title I, AEFLA, or Perkins IV. Describe how these funds are being used collaboratively with other partner programs to benefit service to clients, including the leveraging of any existing activities and strategies that exist in the state to connect underserved individuals to talent development opportunities available within their regional economies, as discussed in Section 6 of this guidance.
  - 3) 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.
  - 4) Describe any state consultation with stakeholder groups and the general 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, community-based and faith-based organizations, and other workforce system partners.
  - 5) Provide a completed set of the attached Standard Form 424(A) Budget Sections A, D and E only.
8. **Action Required.** As explained in 20 CFR 666.205(c), states will have 45 days from April 24, 2008, which was the date of publication of the Federal Register notice announcing eligible states and incentive amounts, to submit the required application materials. Applicants are advised that mail in the Washington, D.C. area may be delayed due to mail decontamination procedures. Therefore, states are encouraged to submit applications electronically.

Application materials are due by **June 9, 2008** and should be sent to:

Brent R. Orrell  
Acting Assistant Secretary for Employment and Training  
Attn: Karen Staha  
U.S. Department of Labor  
200 Constitution Avenue, NW, Room S-5206  
Washington, D.C. 20210

Or electronically:  
[staha.karen@dol.gov](mailto:staha.karen@dol.gov)

States are encouraged to submit their applications prior to the due date. The ETA regional administrators will be available to provide any technical assistance to states in preparing and expediting the applications.

Funds must be obligated by June 30, 2008.

9. **Attachments**. Standard Forms 424 and 424(A), also available at <http://www.doleta.gov/sga/forms.cfm>.