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**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 20-01, Change 9**

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

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Application Process for Workforce Investment Act Section 503 Incentive Grants, based on Program Year (PY) 2009 Performance

**1. Purpose.** This guidance letter updates the procedures states should follow to apply for WIA section 503 Incentive Grants.

**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)
- 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
- 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
- Training and Employment Guidance Letter (TEGL) No. 9-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title IB Programs* (October 10, 2007)
- TEGL No. 14-00, Change 1, *Guidance on the Workforce Investment Act (WIA) Management Information and 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 IB of the Workforce Investment Act (WIA)* (November 13, 2003)

**3. Background.** Section 503 of WIA 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 \$10,210,964 is appropriated for AEFLA and is available for incentive grants based on PY 2009 performance. The Department of Labor's (DOL) regulations on incentive awards may be found at 20 CFR 666.200 through 666.230.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Conti nui ng
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**4. Eligibility.** The list of states eligible to receive incentive grant awards based on PY 2009 performance, and the amounts of the awards for which they are eligible, were published in the Federal Register on May 9, 2010. Eligibility for a section 503 incentive grant award was determined by state performance under WIA title IB and AEFLA programs. States that are eligible for incentive grant awards have 45 days from the May 9, 2011, Federal Register notice 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 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 the PY 2009 incentive 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 title IB and AEFLA formula grants awarded to that state.

**6. Authorized Use of Funds.** The 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 of WIA, AEFLA, or the Perkins 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, PY 2010 funds and must be expended by June 30, 2013.<sup>1</sup> Since 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 WIA title IB, AEFLA, 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 the incentive funds will be used for a WIA title IB activity for youth services, the applicable program requirements for youth programs in 20 CFR 664 and WIA title IB would apply to that portion of the funds. If innovative Adult Education and Literacy and/or Perkins IV programs are planned, the provisions of AEFLA 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, AEFLA, 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:

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<sup>1</sup> Typically, states would have three years to spend a Program Year's funds. However, because incentive grants, taken from FY 2009 funds, will be awarded at the end of Program Year 2009, states will be given through June 30, 2013, to expend the funds.

- 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; and
- 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 “green” occupations and high-growth industries.

As states plan how they will make use of the section 503 incentive funds, the Employment and Training Administration (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 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.

**7. Application Process.** To receive grant funds, states that qualify must apply by submitting an application for an incentive grant to the DOL. The electronic application should include an electronic signature of the state’s designee authorized to submit the application. The DOL 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 must include the Standard Form 424 (OMB No. 4040-004) and 424a (OMB No. 4040-0006) (Application for Federal Assistance) forms and 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 the eligible agency, as appropriate, exceeded the state adjusted levels of performance for WIA title IB and the state adjusted levels of performance for AEFLA in PY 2009.

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 IB, AEFLA, 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 other descriptive information (see numbers iii and iv below) about the state's plan is requested for inclusion in the state's incentive grant document. The DOL and the Department of 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.)

- 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 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.
- 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 or the State Plan modification that was due April 15, 2011, in the AEFLA State Plan or in the Perkins IV State Plan, as appropriate. Include information on how services build on, rather than duplicate, services offered under the state's plans for AEFLA, Perkins IV or WIA title IB. 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 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, and other workforce system partners.
- v. Provide a completed set of the attached Standard Form 424 and 424(A) Budget Sections A, D and E only as well as a brief budget narrative.

**8. Inquiries.** Questions concerning the WIA incentive grant application process should be directed to Karen Staha at [staha.karen@dol.gov](mailto:staha.karen@dol.gov) (202-693-2917) or Luke Murren at [murren.luke@dol.gov](mailto:murren.luke@dol.gov) (202-693-3733) 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 will have 45 days from 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 23, 2011, and should be sent electronically to:

Karen Staha at [staha.karen@dol.gov](mailto:staha.karen@dol.gov)  
Luke Murren at [murren.luke@dol.gov](mailto:murren.luke@dol.gov)

The street address follows:

Jane Oates  
Assistant Secretary for Employment and Training  
Attn: Karen Staha/Luke Murren  
U.S. Department of Labor  
200 Constitution Avenue, NW, Room N-5641  
Washington, D.C. 20210

States are encouraged to submit their applications prior to the due date. Funds must be obligated by DOL to states by June 30, 2011. ETA regional administrators will be available to provide any technical assistance to states in preparing and expediting the applications.

**10. Attachments.** Standard Forms 424 and 424(A) are also available at:

1. [Standard Form 424](#)
2. [Standard Form 424A](#)