

<b>EMPLOYMENT AND TRAINING ADMINISTRATION          ADVISORY SYSTEM          U.S. DEPARTMENT OF LABOR          Washington, D.C. 20210</b>	CLASSIFICATION <b>WIA/Performance Measures</b>
	CORRESPONDENCE SYMBOL <b>OWS</b>
	DATE April 30, 2002

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 20-01

TO: ALL STATE WORKFORCE LIAISONS  
 ALL STATE WORKFORCE AGENCIES  
 STATE DIRECTORS OF VOCATIONAL-TECHNICAL EDUCATION  
 STATE DIRECTORS OF ADULT EDUCATION  
 STATE DIRECTORS OF COMMUNITY, TECHNICAL AND JUNIOR COLLEGES  
 ALL ONE-STOP CAREER CENTER SYSTEM LEADS  
 ALL STATE WORKER ADJUSTMENT LIASONS

/S/

FROM: EMILY STOVER DeROCCO  
 Assistant Secretary

SUBJECT: Application Process for Workforce Investment Act (WIA)  
 Section 503 Incentive Grants, Program Year 2000 Performance

1. **Purpose.** This guidance letter outlines 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); Training and Employment Guidance Letter (TEGL) No. 8-99, Negotiating Performance Goals, and Incentives and Sanctions Process under Title I of the Workforce Investment Act (WIA) (March 3, 2000); TEGL No. 14-00, Workforce Investment Act Performance Reporting System (March 5, 2001); TEGL No. 7-01, 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 (WIASRD Submission Instructions) (November 25, 2001); 20 CFR part 664, 666.200 - 666.230, and 666.205(c); and Carl D. Perkins Vocational and Technical Education Act (Perkins Act) (Pub. L. 105-332) section 111(a) (20 U.S.C. 2302(9), 2321(a)).
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) for workforce development services (29 U.S.C. 2919(b)), Adult Education and Family Literacy Act (AEFLA) section 211(a) for adult education activities (20 U.S.C. 9211(a)), and the Carl D. Perkins Vocational and Technical Education Act, (Perkins Act) section 111(a) for vocational education activities (20 U.S.C.

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2321(a)(1)(c)). Fiscal Year 2001 funding available for PY 2000 performance totals \$27,580,600, made up of \$12,000,000 from WIA Title I, and \$15,580,600 from the Department of Education of which \$9,640,600 is AEFLA funds, and \$5,940,000 is Perkins Act funds.

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

4. **Eligibility.** States eligible to receive incentive grant awards for PY 2000 performance, and the amounts of the awards for which they are eligible, were published in the *Federal Register* on May 2, 2002. Eligibility for a section 503 incentive grant award was determined by States performance under WIA Title I, AEFLA, and Perkins Act programs. States that are eligible for incentive grant awards have 45 days from the May 2, 2002, *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 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 awards for PY 2000 performance, 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 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 Act. As a result, States have great flexibility in using these funds, and the Governor 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 2001 funds and must be expended by June 30, 2004.<sup>1</sup> Because this time frame differs from the typical time frames used by programs under AEFLA and the Perkins Act, cooperation among State agencies to ensure timely expenditure of these funds is highly encouraged.

States may expend funds for activities authorized under WIA Title I, AEFLA, and/or the Perkins Act. While DOL administrative provisions apply to the statutory life of the funds, the

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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 2001 funds, are awarded at the end of Program Year 2001, States have through June 30, 2004 to spend the funds.

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 part 664 and WIA Title I would apply to that portion of the funds. If innovative Adult Education and Literacy and/or Perkins Act programs were planned, the provisions of AEFLA, the Perkins Act and the Education Department's General Administrative Regulations (EDGAR) (34 CFR 74-77, 79-82, 85-86, and 97-99) would apply to that portion of the funds.

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.
- B. *Comprehensive and coordinated*— Combined activities and services that are authorized by different programs.
- C. *Targeted to the needs of those served under the Acts*— Activities designed for individuals who have a variety of education and training needs and may be hard to serve.
- D. *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.

In addition, States are encouraged to plan activities that promote cooperation and collaboration among the agencies administering WIA Title I, AEFLA, and Perkins Act programs.

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 the Assistant Secretary of Labor (addresses are listed below), and must include the following:

A. *Assurances*

The application must include an SF-424 (Application for Federal Assistance) form 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 vocational and technical education programs (as defined in section 3(9) of Perkins III (20 U.S.C. 2302(9))).
- 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 performance levels established for Perkins Act programs.

*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 Act, as required by WIA section 503(a). When describing the planned activities in response to number 2, below, the State should note which program the activities fall under.

The other descriptive information (see numbers 4 and 5, below) about the State's plan is requested for inclusion in the State's 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. This agency will be responsible for reporting on the use of all funds. If agencies other than the grant recipient will be undertaking activities with the funds, please identify the sub-grantee(s) and the amount(s) provided.
- 2) Describe the planned activities. This information should include the legislative authority for the activity and a description of how the activities are innovative, comprehensive and coordinated, targeted to the hardest to serve clients, if appropriate, and targeted to improving system performance. Include information on how services build on, rather than duplicate, services offered under the AEFLA and Perkins Act State grants, or WIA Title I. Describe how these funds are being used collaboratively, if at all, with other partner programs to benefit service to clients.

- 3) Describe ways in which the activities are related to improving performance levels on the State indicators or performance for each different activity planned. That is, how will the activities 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, and vocational education programs, and other workforce system partners.
  - 5) Provide a completed set of the Standard Form 424(A) Budget Sections D and E only.
8. **Action Required.** 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 to:

Emily DeRocco  
Assistant Secretary for Employment and Training  
U.S. Department of Labor  
200 Constitution Avenue, NW Room N4470  
Washington, DC 20210  
Attn: Christine Kulick

Or electronically:  
[ckulick@doleta.gov](mailto:ckulick@doleta.gov)

9. **Attachments.** Standard Forms 424 and 424(A).