

<b>Employment and Training Administration</b> <b>Advisory System</b> <b>U.S. Department of Labor</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> ONE-STOP/LMI
	<b>CORRESPONDENCE SYMBOL</b> OWI/USES/ALMIS
	<b>DATE</b> May 17, 2005

**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 33-04**

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

**FROM:** EMILY STOVER DeROCCO  
Assistant Secretary

**SUBJECT:** Planning Guidance and Application Instructions for Program Year (PY) 2005 Workforce Information Core Products and Services: Workforce Information Formula Allocations to States

1. **Purpose.** To transmit guidance for the development and management of the PY 2005 Workforce Information Core Products and Services Grant Plan.
2. **References.** Wagner-Peyser Act, Sections 7(a)(3)(D), 7(d) and 15; Sections 111(d)(8) and 309 of the Workforce Investment Act (WIA); Section IV(C)(3) of the WIA/Wagner-Peyser Planning Guidance (64 Federal Register 9401 (February 25, 1999)); 29 CFR Parts 93, 96, 97 and 98; and, OMB Circular A-87.
3. **OMB Approval.** In conformance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), extension of this information collection (OMB Control Number 1205-0417) is under review by OMB. Under 5 CFR 1320.5(b), an agency cannot conduct, sponsor or require a response to a collection of information unless the collection displays a valid OMB Control Number. The reason for the collection of information is for planning and management of Workforce Information Core Products and Services Grants to states.
4. **Background.** America's workplaces and employment landscape are changing rapidly as global competition and technological innovation continue to unleash powerful forces that are restructuring industries, transforming jobs, and redefining paths to employment. This economic dynamism has profound implications for workforce development policy and strategy, including systems for collecting, analyzing, and communicating workforce information. There is universal agreement that a 21<sup>st</sup> century workforce information system must grow in scope and sophistication if it is to satisfy a more demanding audience of information consumers.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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As a precursor to formulating new strategies and targeting investments for an evolving workforce information system, ETA completed an environmental scan of the expansive array of workforce information available; conducted a comprehensive consultation process to gain input from a broad constituency of stakeholders, technical experts and information consumers; and conducted listening sessions with groups representing small business, economic development, career guidance, and workforce professionals. During this process, ETA confirmed that there are critical gaps in our current system to provide more current and local forms of workforce information; deeper analysis of the skills and abilities desired by business customers; and coherent interpretation of multiple data sources.

Moreover, the shift of the workforce investment system to become more demand-driven requires that workforce investment programs have a sharper focus on the locus of employment growth, job skills requirements, and a much better comprehension of employer needs to connect and prepare workers for current and future jobs. To succeed in this transformation to a demand-driven One-Stop system, leaders and staff must be knowledgeable about their current and future local labor markets, the high growth and high demand industries, and the skills of the workforce.

#### A DEMAND-DRIVEN BUSINESS MODEL

To transform the workforce information system, ETA has proposed a demand-driven business model for investing its public funds and better aligning information producers, brokers and consumers in and outside of the publicly-funded workforce investment system. This new model:

- Retains formula funding for essential core products and services to states to preserve the system's core capabilities and the existing infrastructure that supports state and national electronic workforce information dissemination systems;
- Maintains a sharp customer focus through an expanded role in planning and decision-making by state and local workforce investment boards and by calling for better access and interpretation of data;
- Improves the accountability framework by expanding responsibility for building and maintaining workforce information products to meet higher standards affirmed by consumers and informed by markets and competition;
- Promotes leveraging of funds from across the workforce investment system, other public education and economic development partners, and through private sources to increase the capacity and scope of the workforce information system; and
- Introduces competition and a fresh approach to providing for common needs, promoting standard data structures, and developing new analytic tools.

Six (6) strategic goals have been developed to guide and direct ETA's PY 2005 public investments:

- Generate more current and local information;
- Deliver better analysis and more sophisticated interpretation;
- Shift to a skills focus;
- Further enhance information delivery;
- Promote, strengthen and integrate the ability to use workforce information throughout the system; and
- Stimulate competition and resource leveraging as a new business practice.

ETA is implementing a substantial part of this strategy through the Workforce Information Core Products Grants to states. Using the funding provided through these grants, state workforce agencies (SWAs), state workforce investment boards (SWIBs) and local workforce investment boards (LWIBs) will work together to improve the scope and sophistication of workforce information to satisfy a more demanding audience of consumers. New planning requirements included in this TEGl will take advantage of the expertise of SWA, SWIB and LWIB officials in the development of workforce information policy.

5. **Allocations.** Funding is provided through the One-Stop Career Center/America's Labor Market Information System (ALMIS) appropriation for Fiscal Year 2005. Funds are being provided to states to produce, at a minimum, the core information products and services required by this guidance and the development of other workforce information products and services which, at the state's discretion, might be required to support the state and local workforce investment system. States must submit a plan meeting the requirements of Item 7 of this guidance as a condition to receive funds.

The funding allocations reflect the demand-driven business model. Accordingly, the funds are allocated to the state in two (2) parts. A portion of the funds is allocated for use by the SWA to populate the ALMIS database and to produce industry and occupational employment projections. A second portion of the funds is subject to a demonstration of a greater degree of coordination between the SWIB and the SWA. To receive this allocation, the state plan must describe the level and methods needed to achieve full coordination and consultation between the SWA and SWIB around workforce information investments.

A total of \$37,696,000 is available for PY 2005 minus a 2.8 percent reserve of \$1,055,488 for postage and \$187,938 allocated in total to Guam and the Virgin Islands. The remaining amount of \$36,452,574 is distributed by formula to the states and to the District of Columbia, with 40% distributed equally to all states and 60% distributed based on each state's relative share of the civilian labor force for the 12-month period ending December 2004. See Attachment I for the table of state allocations and the allocation formula.

Of the \$36,640,512 allocated to all grantees, \$12,245,645 is sub-allocated for the SWAs to continue to populate the ALMIS Database with state data and produce and disseminate industry and occupational employment projections in accordance with the instructions for deliverables (1) and (2) in Attachment III. The remaining amount of \$24,394,867 is sub-allocated to SWAs to complete deliverables (3) through (6), as described in Attachment III. These deliverables include providing occupational and career information products for public use; ensuring that workforce information and support required by state and local WIBs is provided; maintaining and enhancing electronic state workforce information delivery systems; and supporting state workforce information training activities, based on the SWIB's assessment of the kinds of workforce information needed by principal stakeholders in the state workforce investment system.

To guarantee the most responsive workforce information system possible, the SWIBs should be accountable for and have the flexibility to determine information content, format, delivery media, and procurement of public or private providers (in accordance with applicable state procurement procedures) of deliverables (3) through (6).

PY 2005 state allocations are published in total for each state and sub-allocated to address specific deliverables; one for deliverables (1) and (2), which are expected to be standard and comparable across states (the ALMIS Database, and Industry and Occupational Projections) and the second for deliverables (3) through (6), which allow states the flexibility to address the relative investment priority and form and content of the deliverables.

The sub-allocations were derived by computing the average state investment per past program year deliverables for all states. State costs per deliverable in PY 2005 will vary, depending on states' needs, as they have in the past. Therefore, the sub-allocations are guidelines, not requirements. There will be only one (1) state plan and grant for all deliverables, and ETA will not track the sub-allocations by separate accounting codes.

States are encouraged to leverage funding for the deliverables to generate matching contributions of state, local, or private funds for workforce information. SWAs and SWIBs are encouraged to establish strategic partnerships with economic development agencies, education and training institutions, business groups, industry associations, and other public and private producers and distributors of labor market and workforce information.

Several examples of leveraging resources are: obtaining matching funds from other organizations for a common grant activity; incorporating other organizations' labor market or economic information to enhance grant information products or services; enhancing and customizing information for customers; or the competitive procurement of a product or service of the same or higher quality and at less cost than if produced by the grantee agency.

States shall determine the method(s) to be used to leverage these funds, such as requiring a commitment of funds from stakeholders, competitive procurement of providers of information and services, or other methods the state deems appropriate. States must describe in the Core Products and Services Plan the projects or deliverables to be supported by leveraged funds and the method(s) of leveraging to be used.

6. **Grant Expenditure Period.** The maximum expenditure period for these funds is three years under the Wagner-Peyser Annual Funding Agreement. The grant plan will cover, at a minimum, the 12-month period from July 1, 2005, to June 30, 2006, but may, if negotiated between the state and ETA regional office, cover a longer period of time up to the maximum expenditure period ending June 30, 2008.
7. **Annual Plan Format and Content.** The annual plan narrative must be organized into three (3) sections: (a) a description of the statewide workforce information system, including a description of the role of the SWIB in developing state workforce information policy; (b) a description of the products and services to be provided with these funds; and (c) a description of the strategy to be employed by the state for consulting with customers and for assessing customer satisfaction with state produced workforce information.
  - (a) **Statewide Workforce Information System.** In keeping with the demand-driven business model, these grants are integral to the statewide workforce investment system and support the state's overall plan for workforce development. The success of the workforce investment system is dependent in large part on the timely delivery of workforce information specifically attuned to the needs of local workforce investment areas. Moreover, Section 111(d)(8) of WIA requires the SWIB to assist the governor in developing the statewide workforce information system.

In order to ensure that the state workforce information system is responsive to the needs of the state and local workforce investment system, the SWIBs must play an integral role in determining how funds for core products (3) through (6) are spent. In fact, it is ETA's desire that the states give primary decision-making authority over core products (3) through (6) to the SWIBs. Accordingly, the planning instructions require a description of how this is to be achieved.

In order to better understand how the activities funded by these grants support the state and local workforce investment system, the plan narrative must provide a concise description of the statewide workforce information system, including descriptions of:

- The process used to ensure that the SWIB can exercise its responsibility for ensuring that state workforce information policy is responsive to the needs of the state and local workforce investment system.
- How the statewide workforce information system supports the goals of the state's WIA/Wagner-Peyser Five-Year Strategic Plan for state and local workforce development.
- How the grant activities are consistent with the strategic vision of the Governor and the SWIB.
- The strategy of the SWA and the SWIB for consulting with local workforce investment boards and stakeholders in the workforce investment system to determine customer needs for workforce information.

- The broad strategic approach for workforce information delivery to principal customers.
- How workforce information and services are delivered as core services to customers through the state's One-Stop service delivery system.
- A description of the customer consultation and satisfaction assessment method(s) to be used to collect and interpret customer satisfaction information and the principal customers to be consulted. See Section (c) below.
- A concise summary of customer satisfaction findings for the most recent survey of products and services and the effect those findings had on the planned products and services for PY 2005 including how the plan addresses inadequacies or gaps identified by users.

In addition, as part of the strategic goal to “stimulate competition and resource leveraging as a demand-driven business practice,” states are required to identify funds leveraged or matched from funding sources other than these grant funds and how these funds will enhance delivery of products and services as part of the state's workforce information system.

- (b) **Products and Services**. In order to receive funding, states must submit a grant plan for providing, at a minimum, the core products and services specified in Attachment III.

The products and services and any additional planned activities supported by these grant funds must reflect consultation with principal stakeholders, with major activities and planned system outcomes defined in the context of the goals of the state's WIA/Wagner-Peyser Five-Year Strategic Plan.

The plan narrative must provide a description of each core product, service or other major activity to be funded by the grant and include the following information for each:

- A description of the core product, service, or other demand activity;
- Customer support for the product or service as indicated in customer satisfaction survey results or other consultations with customers and users of workforce information;
- How the deliverables support the goals of the state's WIA/Wagner-Peyser Five-Year Strategic Plan;
- The principal customers of the deliverable;
- The outcome(s) and system impact(s) projected for each deliverable;
- Planned milestones for completion of the deliverable; and

- The total estimated cost of each deliverable, including identification of planned equipment purchases of \$5,000 or more per unit cost.

(c) **Consultation and Customer Satisfaction Assessment.** Section 15 of the Wagner-Peyser Act (WIA Section 309) requires states to consult with customers about the usefulness of the information disseminated through the statewide workforce information system. Consultation with the workforce investment system, combined with customers' feedback on their satisfaction with workforce information, provides the basis for formulating continuous improvement strategies for workforce information. To carry out this requirement and to ensure accountability for the expenditure of grant funds, a condition for receiving the grant will be a state assessment of customer satisfaction with state selected grant deliverables and with the larger statewide workforce information system.

ETA is not currently prescribing an approach or methodology for assessing customer satisfaction. Methods might include focus groups, various types of surveys, consultation through meetings, or other methods of consultation the state considers appropriate. States are encouraged to consult the handbook, *Customer Satisfaction Made Easy*, which was produced and distributed by the Workforce Information Council in 2003.

It is ETA's expectation that the assessment methods ensure sufficient rigor, including quantitative measurement when possible, for a documented assessment of return on investment of these grant funds. ETA intends to apply a more responsive set of performance measures on this funding in the future. (See Item 9 below.)

8. **Accountability.** ETA will conduct program reviews and monitoring by national and regional offices of state progress in the implementation of the approved PY 2005 annual core products and services plans. On a quarterly basis, ETA will conduct reviews of expenditures and progress toward meeting core product deliverables and SWIB participation in the core products (3) through (6).
9. **Performance Measures.** To date, state annual performance reports use Web site metrics, distribution of publications, and direct services (training sessions, job fairs, responding to information requests, exhibits, presentations and other activities) as indicators of performance. There is no consistency of approach. ETA and the workforce information system have not established standard output and outcome performance measures. However, in an effort to establish a rigorous performance measurement system, ETA formed a federal/state workgroup. The workgroup has developed and recommended performance standards and measures for implementation later in PY 2005. Recommended performance measures will be published for public comment in a Federal Register notice. In addition, ETA will collect information on the impact of workforce information on labor exchange participant outcomes as a part of the transition to common measures.
10. **Plan Modifications.** The grantee and ETA regional office may jointly modify planned activities and associated expenditures, within the state allocation, during the plan period of performance. The regional office has authority to recommend funding adjustments to the

ETA grant officer when overall grant expenditures are substantially below quarterly budgeted forecasts.

In the event that the Secretary of Labor may be required to carry out other responsibilities not anticipated in the plan, grantees may be requested to submit a plan modification to carry out the additional responsibilities.

11. **Special Plan Requirements**. Funds provided by this award may not be used to supplant funds obligated from other funding sources for workforce information activities.

All costs incurred under the grant must support the cost objectives specified in Item 5 of this guidance and must conform to the principles for "reasonable" and "allocable" costs as specified in OMB Circular A-87.

Any planned data collection activities must conform to technical standards and methodologies established by the Bureau of Labor Statistics or provide, in the plan, a sound business rationale for the use of an alternative methodology.

Any information technology systems or applications developed with these funds must adhere to industry-standard, open architecture principles with documentation and software available for use by others for Federal government purposes.

12. **Publications and Other Information Products**. Grantees are requested to continue to submit copies of publications produced with these grant funds to the appropriate regional office. States are also requested to submit .pdf copies of publications and other material considered to be of special interest to the system or easily replicated by other states to the regional office for posting on [www.doleta.gov](http://www.doleta.gov).

Examples of material of special interest might be workforce information targeted to the needs of specific customer groups, sub-state economic snapshots, or industry-specific research and analysis. Other material of interest might include state brochures describing the availability and functionality of electronic, self-service tools; documentation of innovative applications developed for database access; or innovative workforce information services available through the One-Stop system.

Submission of hard copy publications to the ETA national office is not required.

13. **Financial Management and Reporting**. States are to forecast actual cash needs by program year quarter on Standard Form (SF) 424A, Section D, for all quarters covered by the plan. State workforce agencies will report quarterly expenditures by direct data entry of SF 269, Federal Cost Report, into the Web-based Enterprise Information Management System (EIMS). Per 29 CFR 97.41(b)(4), quarterly financial reports are due thirty (30) days following the end of each quarter. A financial reconciliation will be conducted by the regional office at the end of the program year.

Questions regarding financial management and reporting for PY 2005 or for any existing prior year fund balances should be addressed to the appropriate ETA regional office.

14. **Action Required**. Grant plans are due within 45 days of the date of this guidance. A submission date later than 45 days may be approved by the Regional Administrators. SWA administrators are requested to:
- a. Immediately transmit this planning guidance to the SWA and to the SWIB.
  - b. Submit two (2) hard copies of the PY 2005 grant application package with a transmittal letter signed by (1) the designated SWA administrator and the chairperson of the state WIB, or (2) the Governor, and e-mail one copy (in .pdf format) of the approved annual plan narrative to the ETA regional office.
  - c. Include in the grant application package:
    1. A Transmittal Letter
    2. Application for Federal Assistance (SF-424)
    3. Budget Plan (SF-424A, Section D only)
    4. Annual Plan Narrative
15. **Annual Performance Reports**. Grantees are required to submit an annual performance report, signed by both the SWA administrator and the SWIB chairperson, or the Governor, addressing performance for each planned activity, per 29 CFR 97.40(b)(2) and as specified in Attachment IV, Section A. The report should include a description of performance against planned activities, and where appropriate, an explanation as to why the plan was not accomplished and what will be done to bring performance up to established targets.

The annual performance report must also include a summary of findings of the grantee's assessment of customer satisfaction with state workforce information products and services and a summary of activities to be undertaken to add customer value where needs for improvement are indicated. A description of the methods used to collect and interpret customer satisfaction information must be included. The report may also include recommendations for consideration by ETA for changes and improvements to the required grant deliverables.

Grantees must electronically submit the annual performance report in .pdf format to the appropriate ETA regional office. Per 29 CFR 97.40(b)(1), annual reports are due 90 days following the end of the program year.

ETA will post the annual performance reports on [www.doleta.gov](http://www.doleta.gov) for the purpose of informing the system of overall grant performance and of customer satisfaction with the products and services delivered.

16. **Inquiries**. Questions on plan and grant requirements should be directed to the appropriate ETA regional office. Grant and financial management questions should be directed to the regional office or to Gwendolyn Baron-Simms at 202-693-3309 or to Fred Tello, Grant Officer, at 202-693-3333.

17. **Attachments.**

- I. Allocations for PY 2005
- II. Grant Procedures
- III. Statement of Work Guidelines
- IV. Annual Performance Report Instructions