

U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION WtW
	CORRESPONDENCE SYMBOL TD
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 4-98

TO : ALL STATE WELFARE-TO-WORK CONTACTS
 ALL STATE JTPA LIAISONS

FROM : DAVID HENSON *David Henson*
 Director
 Office of Regional Management

SUBJECT : Use of Adult Education Act Funds and
 Welfare-to-Work Matching Requirements

1. **Purpose.** To explain the flexible use of State and local match in excess of that which is required for the Adult Education Act (AEA) funds in order to meet Welfare-to-Work (WtW) State Formula Grant matching requirements.

2. **Reference.** Section 403(a)(5) of Title IV A of the Social Security Act, 42 U.S.C. 603(a)(5); 20 CFR Part 645 WtW Grants; Interim Final Rule, published at 62 Fed. Reg. 61588 (11/18/97); AEA (20 U.S.C. 1201 et seq., as amended).

3. **Background.** (a) WtW: On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, a comprehensive welfare reform bill, under which the Temporary Assistance for Needy Families (TANF) program was established to supersede the Aid to Families with Dependent Children welfare program, the Job Opportunities and Basic Skills Training program and the Emergency Assistance Program.

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On August 5, 1997, the President signed the Balanced Budget Act of 1997. This legislation amended certain TANF provisions of the Social Security Act and authorized the Secretary of Labor to provide WtW grants to States and local communities for transitional employment assistance to move hard-to-employ welfare recipients into unsubsidized jobs and economic self-sufficiency.

The WtW program provides transitional assistance into unsubsidized employment through a variety of services, including job readiness, job placement and post-employment services.

In order for a State to access formula WtW funds, the State must provide one dollar of non-Federal matching funds for every two dollars of Federal WtW formula funds received. Some States have indicated that meeting the match requirements for the WtW State Formula Grant program will be difficult.

(b) Adult Education: AEA was signed into law on November 3, 1966, and, as amended, continues to be the major source of Federal support for State-administered adult basic skills programs. The primary effect of AEA is to offer States an incentive to provide services or instruction below the college level for educationally disadvantaged adults. Basic skills services under AEA are supported with a view to helping participating adults acquire literacy skills that will make them less likely to become dependent on others.

Under the AEA, States are required to develop a systematic approach for meeting the needs of populations eligible for adult education programs. States are also to: (1) expand the delivery of adult education services to reach typically under-served groups; and (2) involve a variety of public and private agencies and organizations serving educationally disadvantaged adults in the development and implementation of the State's programs. The AEA mandates a minimum of 25 percent matching contribution from the States when applying for funding.

The AEA program assists States in establishing programs that:

- (1) enable eligible educationally disadvantaged adults to acquire the basic educational skills necessary to function in everyday life;
- (2) provide eligible adults with sufficient basic education to enable them to benefit from job training and retraining programs and obtain and retain productive employment; and
- (3) enable eligible adults to continue their education to at least the level of completion of secondary school.

4. **Eligibility.** (a) WtW: The WtW legislation and implementing regulations include provisions to serve two different categories of eligible participants: (1) hard-to-employ welfare recipients (20 CFR 645.212) and (2) individuals with characteristics predictive of long-term welfare dependence (20 CFR 645.213). In general, to be eligible for WtW, individuals must be receiving TANF services or be a noncustodial parent, and have barriers to employment or characteristics associated with long-term welfare dependence. A detailed description of the eligibility requirements can be found at 20 CFR 645.211-213.

(b) Adult Education: As defined in 20 U.S.C. 1201a, to be eligible for adult education services under the AEA, an individual must be an educationally disadvantaged adult over the age of 16 or beyond the age of compulsory school attendance:

- i. Who is not enrolled in secondary school;
- ii. Who lacks sufficient mastery of basic educational skills to enable the individual to function effectively in society or who does not have a certificate of graduation from a secondary school or who has not achieved an equivalent level of education;
- iii. Who is not currently required to be enrolled in school; and
- iv. Whose lack of mastery of basic skills results in an inability to speak, read, or write the English language which constitutes a substantial impairment of his or her ability to get or retain employment commensurate with their real ability.

5. **Authorized Activities/Programs.** (a) WtW: In accordance with 20 CFR 645.220, WtW authorized activities include: job readiness, placement, and post-employment services financed through job vouchers or through contracts with public or private providers; employment activities, including community service, work experience programs, job creation through public or private sector employment wage subsidies and on-the-job training; and job retention or support services where such services are not otherwise available to the participant.

The WtW Regulations provide some examples of post-employment services. When an individual is working in a subsidized or unsubsidized job, including self-employment or participating in a registered apprenticeship program, that individual may be allowed to receive post-employment services, which may include basic education,

English-as-a-Second-Language training, occupational skills training, and mentoring. Thus, the WtW program reflects the basic "work first" thrust of the legislation, while recognizing the critical importance of continuous skills acquisition and lifelong learning in achieving economic self-sufficiency.

(b) Adult Education: Allowable activities for AEA programs include adult basic education, adult secondary education (including GED services) and programs for individuals of limited English proficiency. In accordance with 34 CFR 461.31(e)(4), eligible support services provided in connection with an adult education program may include counseling, child care and transportation necessary to allow eligible individuals to participate.

As noted above, some of the post-employment activities of WtW are similar to the activities authorized in the AEA program, as are many of the clients receiving services. Therefore, excess AEA expenditures by State and locals on AEA programs for allowable WtW activities provided to WtW eligible clients may count as WtW match.

6. **Match requirements.** (a) WtW: A State will be awarded a total of two dollars in WtW formula grant funds for each one dollar in State matching expenditures, up to the maximum amount that the State is entitled to receive under the WtW allotment formula. As authorized at 20 CFR 645.235, States use the uniform financial and administrative requirements, (codified at 29 CFR 97.24 (the Common Rule)), regarding match allocability and documentation, except that no more than one-half of the match may be in the form of third party in-kind contributions. The Department of Labor (the Department) will allow third party in-kind contributions in order to encourage the participation of private nonprofit, faith-based, and other community based organizations in providing services to the hardest-to-employ welfare recipients.

(b) Adult Education: Provision of adult basic education services is a cooperative effort between the Federal government and States. States with approved plans and available matching funds and/or expenditures receive AEA funds based on a formula. Each State receives a base amount and the remainder of Federal funds by formula based upon the number of adults in each State who do not have a high school diploma or its equivalent and who are not currently required to be enrolled in school. States fund local adult basic education programs, adult secondary education programs (including GED services), and English as a second language programs taking into consideration local needs and local resources available.

States are required to provide funds to cover at least 25 percent of the costs of carrying out the State's Plan (see 20 USC 1209 (a)(4)).

7. **Policy.** Use of AEA match to meet WtW match requirements. States may use non-Federal matching funds, beyond the 25 percent minimum required for AEA, to meet WtW State Formula Grant matching requirements if: a) amounts beyond the required minimum are used to provide services for allowable activities under both programs and b) funds are used to service eligible persons for both AEA and WtW. In order for any State education expenditures in excess of the minimum 25 percent match required by the AEA to be counted as WtW matching expenditures, States must: (1) determine the amount of State and local spending for adult education services in the State; (2) identify what portion of that amount must be dedicated solely for AEA's statutory 25 percent match; and (3) determine the amount of the remaining funds that are being spent on allowable services for individuals eligible under both the AEA and WtW program.

Thus, when non-Federal matching funds in excess of the AEA minimum requirement are spent for allowable adult basic education programs, adult secondary education programs (including GED services) or English-as-a-Second-Language programs as post-employment activities for WtW eligible individuals, the costs of these activities may be reported as State-funded WtW activities and will be accepted by the Department as non-Federal match under WtW.

States which wish to use excess AEA non-Federal matching funds as WtW match should indicate in the WtW Plan how much and from what source(s) non-Federal match will be provided. States must also describe how they will track and report match expenditures to the Department on a quarterly basis.

8. **Action.** Please provide this Training and Employment Guidance Letter to appropriate State and local staff who provide services to the targeted WtW population.

9. **Inquiries.** Inquiries regarding Adult Education programs may be directed to Ms. Sarah Newcomb in the Office of Vocational and Adult Education at (202) 205-5410. Questions about WtW match requirements may be directed to your Employment and Training Administration Regional Office.

10. **Attachment.**
Joint Memorandum