

WIOA Guidance Letter 14-01



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DATE: November 14, 2014
TO: LWIB Executive Directors
FROM: Mike Beene, Director Workforce Services
CC: Workforce Services, Fiscal, CRC
RE: WIOA Transitional Activities (2%) Funding

On October 28, 2014, USDOL E&T issued Training and Employment Guidance Letter (TEGL) 12-14 for the allowable uses of WIA PY '14 funds for WIOA transitional activities. Please see attached.

Under Section 503(g) of WIOA, States and local administrative entities are authorized to expend WIA funds for planning and the implementation of programs and activities authorized under WIOA. A maximum of two percent (2%) of each PY 2014 formula allotment are available for authorized transitional activities. Of this amount a maximum of 50% is available for expenditure by the State and a minimum of 50% is available for expenditure by local areas.

All expenditures of two percent funds are to be reported as program costs (not subject to the WIA or WIOA's administrative cost limitations) and do **not** need to be tied to the activities of a particular formula funding stream (Adult, DW, Youth). Funds can be 'pooled' similar to how admin funds can be pooled and expended.

Upon receipt of further guidance/clarification from Region V, Commerce has learned that two percent funds are to be spent from the existing PY '14 formula allocations which each entity has already received. In essence, this is limited spending authority in addition to and separate from the normal WIA allocable cost categories.

The amounts authorized for each local area are found on the attached spreadsheet. While funds are pooled and expended as program activities, gross expenditures will be reported to the cost category from which the funds were drawn. This will mean three separate reports from each local area, one from each funding stream funds are drawn.

Please review the attached TEGL for a sample list of 'high-priority areas' DOL has identified for transitional activities.

For questions or additional technical assistance, please contact Dennis Cooper @ (316) 771-6810 or dcooper@kansascommerce.com.

Attachments: TEGL 12-14
WIOA Transitional Activity Funding spreadsheet

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/WIOA Implementation
	CORRESPONDENCE SYMBOL OWI
	DATE October 28, 2014

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 12-14

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS
ALL WORKFORCE INVESTMENT ACT (WIA) SECTION 166 INDIAN
AND NATIVE AMERICAN (INA) GRANTEEES
NATIONAL FARMWORKER JOBS PROGRAM GRANTEEES
ALL YOUTHBUILD GRANTEEES

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Allowable Uses and Funding Limits of Workforce Investment Act (WIA)
Program Year (PY) 2014 funds for Workforce Innovation and Opportunity Act
(WIOA) Transitional Activities

1. **Purpose.** To provide guidance to states and other recipients of funds under title I of WIA on the use and reporting of PY 2014 funds for planning and implementation activities associated with the transition to WIOA.

2. **References.**

- WIOA (Pub. L. 113-128) Section 503;
- WIOA statutorily-required implementation dates, at www.doleta.gov/wioa/pdf/WIOA-Key-Implementation-Dates.pdf;
- WIA (Pub. L. 105-220), title I;
- Training and Employment Guidance Letter (TEGL) 18-13, *Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2014; Final PY 2014 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and Workforce Information Grants to States Allotments for PY 2014*;
- Consolidated Appropriations Act, 2014 (Pub. L. 113-76); and
- Continuing Appropriations Resolution, 2015 (Pub. L. 113-164).

3. **Background.** President Barack Obama signed WIOA into law on July 22, 2014. WIOA replaces WIA and is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled

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workers they need to compete in the global economy. Congress passed WIOA by a wide bipartisan majority; it is the first legislative reform of the public workforce system in 15 years.

Most WIOA provisions related to Department of Labor (DOL)-administered programs take effect in PY 2015, which starts July 1, 2015. Exceptions include the requirements relating to unified or combined State plans and the performance accountability system which take effect in PY 2016. Additionally, there are provisions that take effect immediately and impact the public workforce system. These provisions include the “Transition Provisions” under section 503 of WIOA.

Section 503(g)(1) of WIOA provides that States, grant recipients, administrative entities, and other recipients of financial assistance under WIA may expend funds received under WIA in order to plan and implement programs and activities authorized under WIOA. This provision also provides that these activities be conducted in accordance with applicable WIOA regulations. However, given the need to immediately begin transition activities this TEGL will be used for guidance during oversight and monitoring of section 503(g) of WIOA.

4. **Use of Available WIA Funds for Transitional Activities.** As described in the previous paragraph, section 503(g) of WIOA provides that funds that are available for carrying out programs and activities under WIA may be used to plan and implement programs and activities authorized under WIOA. Under section 503(g)(2) of WIOA, two percent of each of the PY 2014 WIA formula allotments that are made from the funds appropriated under Division H-I of the Consolidated Appropriations Act, 2014, which were outlined to the States in TEGL 18-13 for the Youth, Adult, and Dislocated Worker funding streams, is available for states for transition activities related to WIOA, and of that amount, not less than 50 percent is to be provided to local areas for transitional activities.

For other programs authorized under title I of WIA, including the Indian and Native American program, the Migrant and Seasonal Farmworker program, the YouthBuild program, or other activities under WIA that are affected by the requirements of WIOA, entities may use WIA funds to facilitate the transition to the WIOA requirements. The two percent limit does not apply to these programs, but as described in paragraph 5, the costs spent on transition activities must be reasonable, allowable and allocable to authorized program activities. Please note that ETA has determined that the authority provided by section 503(g) does not apply to the Job Corps program.

5. **Allowable and Prohibited Uses for WIOA Two-Percent Transition Funds.** States and local areas may blend the two percent of WIA Youth, Adult, and Dislocated Worker formula funds that are used for transition purposes. For example, States and local areas may use transition funds from the WIA Dislocated Worker allotments for any WIOA transition activities relating to any of the formula programs, and need not directly tie the activities carried out with those funds to the transition of the Dislocated Workers program. Additionally, the two percent funds will not be subject to WIA or WIOA’s administrative cost limitations. All two percent funds should be considered and reported as program costs. For other WIA programs, transition activities should also be allocated as program costs.

While section 503(g) provides states and other recipients of WIA funds with significant flexibility for implementation purposes, DOL believes that there are high priority areas that would benefit from early planning and implementation activities. The list of allowable activities, which is not an exhaustive list, is based on the DOL's analysis of WIOA and identifies allowable, high-priority areas for WIOA planning and implementation.

High Priority Activities:

- Identification of contracts, subgrants, and other agreements that will be affected and need to be modified or replaced;
- State and local board planning activities to meet the new board membership requirements and to carry out the new functions;
- Activities relating to State Unified Planning for the core WIOA programs (WIA formula programs, Wagner-Peyser Employment Service, Adult Education and Literacy programs, and Vocational Rehabilitation programs (WIOA section 102) or relating to a State Combined Plan, if the State chooses to develop such a plan. The Combined plan may include other WIOA partners as identified in WIOA Section 103(a)(2);
- Activities relating to local area plans;
- Activities relating to the implementation of new requirements affecting the American Job Centers, such as activities necessary to ensure Wagner-Peyser Employment Service activities are co-located with WIOA formula programs in American Job Centers;
- Activities relating to the new program requirements for the Adult, Dislocated Worker and Youth formula programs, including provisions relating to Eligible Training Providers for the Adult and Dislocated Worker formula programs, and the increased emphasis on career pathways, sector strategies, and work-based training opportunities;
- Training for staff in State and local areas to facilitate the implementation of the new requirements;
- Updates and upgrades to workforce information technology systems; and
- Activities at the state and local level relating to updating administrative or financial policies and procedures to be in compliance with new WIOA requirements.

Any costs incurred for transitional activities must be reasonable, allowable, and allocable to WIOA authorized program activities and supported through sufficient documentation for monitoring and auditing purposes. All funds must be used for WIOA authorized purposes. Funds may not be spent on activities prohibited under WIA or WIOA, such as purchase of real property. Please consult with your state Federal Project Officer regarding specific questions about allowable transition costs.

6. **Grant Modifications.** Grant modifications will be issued shortly to the States to include the transition provisions and the use of two percent of WIA funds for such purposes. No modifications will be made to other WIA programs as transition activities fall within the scope of their current grants.

7. **WIOA Two-Percent Transition Funding Levels.** A description of DOL's methodology for calculating transitional funding limits applicable to the Adult, Dislocated Worker and Youth formula programs is provided below. The amounts available based on the methodology are provided in attachments A-C.

Adult. The PY 2014 WIA Adult Activities formula allotments by State were used as the basis for the calculations. The PY 2014 amounts for the Adult program include PY 2014 Base and FY 2015 Advance funding (with the 0.0554 percent reduction contained in the Continuing Appropriations Resolution, 2015). The two percent maximum transition amount calculation was performed by multiplying each state's allotment by two percent. Next, the minimum amount to be made available to the local levels was calculated by multiplying each state's two percent maximum transition amount by 50 percent.

Dislocated Workers. The PY 2014 WIA Dislocated Worker Activities formula allotments by State were used as the basis for the calculations. The PY 2014 amounts for the Dislocated Worker program include PY 2014 Base and FY 2015 Advance funding (with the 0.0554 percent reduction contained in the Continuing Appropriations Resolution, 2015). The two percent maximum transition amount calculation was performed by multiplying each state's allotment by two percent. Next, the minimum amount to be made available to the local levels was calculated by multiplying each state's two percent maximum transition amount by 50 percent.

Youth. The PY 2014 WIA Youth Activities formula allotments by State were used as the basis for the calculations. The two percent maximum transition amount calculation was performed by multiplying each state's allotment by two percent. Next, the minimum amount to be made available to the local levels was calculated by multiplying each state's two percent maximum transition amount by 50 percent.

8. **Financial Reporting.** For the two percent of the PY 2014 WIA formula allotments that are made from the funds appropriated under Division H-I of the Consolidated Appropriations Act, 2014, costs related to transition activities will be reported separately on the applicable ETA-9130 form. Specifically, costs are to be reported utilizing Line 12, Remarks. Additional guidance is being developed and will be issued shortly. These costs should be traceable through the entity's accounting system; we suggest that entities use separate expense codes for tracking purposes. Any other funds used by states, local areas, or other WIA grantees also would be reported separately on the 9130 on Line 12, Remarks.

9. **Inquiries.**

Questions may be directed to the appropriate ETA Regional Office.

10. **Attachments.**

Attachment A - PY 2014 WIA Adult State Allotments Transition Funds

Attachment B - PY 2014 WIA Dislocated Worker Allotments State Transition Funds

Attachment C - PY 2014 WIA Youth State Allotments Transition Funds