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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 3-06

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS
ALL STATE WORKFORCE INVESTMENT BOARD CHAIRS

FROM: EMILY STOVER DeROCCO /s/
Assistant Secretary

SUBJECT: Application Instructions for Program Year (PY) 2006 Workforce Information Core Products and Services Grants: Workforce Information Formula Allocations to States

- 1. Purpose.** To announce the grant application process and to transmit guidance for the development and management of the PY 2006 Workforce Information Core Products and Services Grant.
- 2. References.** The Paperwork Reduction Act of 1995; Wagner-Peyser Act, Sections 7(a)(3)(D), 7(d), and 15; Sections 111(d)(8) and 309 of the Workforce Investment Act (WIA); Parts I and II, Section IV of the WIA/Wagner-Peyser Two-Year Planning Guidance (69 Federal Register 9402 (April 12, 2005)); 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), OMB reviewed and approved the information collection (OMB Control Number 1205-0417) required by the PY 2005 Core Products and Services planning guidance. That approval expires May 31, 2008. 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.

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4. **Background.** America's workplaces and economic landscape are changing rapidly as global competition and technological innovation cause the restructuring and transformation of industries and jobs. These dynamics have profound implications for workforce and economic development policies and strategies. Broad-based strategic partnerships are required to drive growth in state and regional economies. Because talent development is a key pillar of economic competitiveness, the workforce investment system must be a significant partner in formulating economic development strategies and a catalyst for forming the necessary talent development strategies.

There is widespread agreement that a 21st century workforce information system must grow in scope and utility if it is to meet the information needs of customers. Continuous analysis of economic indicators is essential. Systems for collecting, analyzing, and communicating relevant workforce information must have a sharper focus on state, local, and regional economic dynamics, the locus of employment growth, and job skills requirements in order to drive talent development strategies in support of economic development. To succeed in this challenge, leaders and staff must be knowledgeable about the economy, current and projected local labor markets, high-growth and high-demand industries, and the skills needs of employers and the workforce.

To respond to these challenges, ETA has articulated its vision for a 21st century workforce information system that drives economic competitiveness in state and regional economies in a Workforce³ One Webinar. Recorded on March 23, 2006, the "Workforce Information for the 21st Century Economy" Webinar can be viewed at <http://www.workforce3one.org>. Section five (5) below provides highlights of the vision and ETA's goals, strategies, and expectations for the workforce information system.

5. **Workforce Information Goals and Strategies.** ETA's goal is to continue the transformation to workforce information and services that support regional economies. To achieve this goal, ETA expects states to:
 - Participate in economic and workforce activities that are designed to identify and exploit regional strengths and opportunities and address weaknesses;
 - Develop workforce information and economic analyses for Workforce Innovation in Regional Economic Development (WIRED) and other regional economic development initiatives;

- Integrate workforce information and economic data into user friendly and accessible tools, information, and products for use by workforce professionals in providing career guidance and by students, adults, and workers of all ages to use in making career decisions;
- Lead efforts to assure that economic development strategies are aligned with economic and workforce assessments;
- Help economic development project teams address gaps identified in their assessments and participate as catalysts in the development of implementation strategies; and
- Help develop integrated economic development strategies, unifying workforce and economic development systems, and connecting to other public and private entities.

In addition to the workforce information routinely produced by the state workforce agencies (SWAs), ETA expects that other relevant data sources will be leveraged by grantees to expand the scope and enhance the utility of information products and services. Examples of possible data sources are:

- Data collected by economic development agencies, trade and industry associations, and Chambers of Commerce;
- Government sources: Department of Commerce, Census Bureau, the Bureau of Economic Analysis, the Federal Reserve, etc.;
- Site selection subscription services;
- Private sector job boards, Manpower, Inc., Economy.com, Global Insights;
- Industry cluster data;
- Transportation infrastructure;
- Education assets;
- Patent data; and
- Federal and state research investments.

The requirements for the PY 2006 core products and services grants include consultation between the grantees' SWAs, state workforce investment boards (SWIBs), local workforce investment boards (LWIBs), and other customer interest groups in order to increase the scope and utility of workforce information, to enhance career guidance strategies, and to satisfy the information needs of workforce information customers.

- 6. Funding and Leveraging Resources.** Funds are available to states for Program Year 2006. Funds will be provided to states to produce, at a minimum, the core information products and services required by Attachment III of this guidance and for the development of other workforce information products and services which, at a state's discretion, might be required to support the state and local workforce investment system.

A total of \$33,180,000 is available for PY 2006 minus a 2.9 percent reserve of \$962,220 for postage and \$177,323 allocated in total to Guam and the Virgin Islands. The remaining amount of \$32,040,457 is distributed by formula to 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 September 2005 (See Attachment I for the table of state allocations and the allocation formula).

States are urged to collaborate with other data providers and to leverage resources in order to expand their capacity to produce quality workforce information and economic analysis and develop the foundation for improved products and services. Many entities have expertise and resources that can be leveraged. Some examples of leveraging resources are developing fee-for-service agreements with customer organizations; obtaining matching funds from other organizations for a common grant activity; or incorporating other organizations' labor market or economic information to enhance the scope and utility of workforce information.

SWAs, SWIBs, and LWIBs 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 economic information in order to increase the scope and utility of workforce information.

- 7. State Certification of Required Grant Deliverables.** Submission of a state grant plan narrative to ETA is not required for PY 2006. Instead, states are required to submit a grant Statement of Work Certification (see Attachment IV) that all six deliverables required by the grant Statement of Work Guidelines (see Attachment III) will be accomplished during PY 2006. The Certification must be signed by the SWA administrator and the chairperson of the SWIB or by the governor.

If circumstances prevent accomplishment of a specific grant deliverable(s) during PY 2006, a deferral must be negotiated with the Regional Administrator including the reasons for delay and a proposed completion date noted as an addendum to the Statement of Work Certification. Planned grant activities and plan accomplishments must be documented in the state's grant file and those records made accessible, per 29 CFR, Part 97.42(e)(1), for examination by ETA or other authorized Federal representatives.

8. **Accountability.** The effectiveness of grantee performance will be assessed and documented through the following approach:
 - a. **ETA Grant Reviews.** The ETA national and regional offices will conduct periodic reviews of states' progress towards meeting the PY 2006 certified grant deliverables, the degree to which collaboration with the SWIB and economic development community exists, and quarterly reviews of grant expenditures and obligations.
 - b. **Performance Reporting.** ETA implemented common measures reporting and revised reporting requirements in PY 2005. This included reporting on the impact of workforce information services on participant outcomes. As of July 1, 2005, states were required to capture a wide variety of workforce information services provided to participants and to report the outcomes achieved by participants who received workforce information services. States began reporting the Entered Employment Rate, Employment Retention Rate after Six Months, and Earnings for participants following receipt of workforce information services.

ETA recognizes that implementation of the common measures and revised reporting requirements have not been fully implemented and that this may affect the outcomes reported thus far. In PY 2006, ETA will continue to monitor the outcomes achieved by participants who received workforce information services.
 - 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 provides the basis for formulating continuous improvement strategies for workforce information. ETA is not prescribing an approach or methodology for conducting customer consultations. Methods might include focus groups, various types of surveys, documented consultations, or other methods the state considers appropriate.

Assessments of customer satisfaction with grantee-provided products and services are no longer a grant requirement. However, ETA encourages states to continue conducting customer satisfaction assessments, if they provide insight for better meeting customer demand.

- d. **Annual Performance Report.** Grantees are required to submit an annual performance report for the workforce information grant (29 CFR 97.40(b)(1)), signed by both the SWA administrator and the SWIB chairperson, or the governor, as specified in Attachment V, Section A. The report must include a description of outcomes compared to certified grant deliverables, and where appropriate, an explanation as to why a grant deliverable was not accomplished and what will be done to ensure accomplishment.

The annual performance report must also include a summary of the results of the grantee's customer consultations regarding state workforce information products and services and a summary of activities to be undertaken to add customer value where needs for improvement are indicated. 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 reports as a .pdf file to the appropriate ETA regional office 90 days following the end of the program year. ETA will post the annual performance reports on the ETA Web site for the purpose of informing the system of overall grant performance.

9. **Special Grant 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 Section 6 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 document, in the state's grant file, 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 made available for use by other organizations for Federal Government purposes.

10. **Publications and Other Information Products.** Grantees are required to submit .pdf copies of the state economic analysis reports (Deliverable 3) and any special studies and economic analyses (Deliverable 6) to the appropriate regional office.

Grantees are requested to submit hard or .pdf copies of publications and other products produced with these grant funds that are considered to be of special interest to the workforce investment system to the appropriate regional office.

Examples of products of special interest might be workforce information targeted to the needs of specific customer groups, industry-specific research and analysis, state brochures describing the availability and functionality of electronic, self-service tools, documentation of innovative applications developed for database access or manipulation, or innovative workforce information services available to customers.

11. **Grant Expenditure Period.** The maximum expenditure period for these funds is three years under the Wagner-Peyser Annual Funding Agreement. The grant will cover, at a minimum, the 12-month period from July 1, 2006, to June 30, 2007, but may, if negotiated between the state and the ETA regional office, cover a longer period of time up to the maximum expenditure period ending June 30, 2009.
12. **Grant Modifications.** The grantee and the ETA regional office may jointly modify planned expenditures, within the state allocation, during the grant period of performance. The regional office has authority to recommend the reallocation of grant funds to the ETA grant officer when overall grant expenditures and obligations 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 modification to the grant plan certification to carry out the additional responsibilities.

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 grant. State workforce agencies will report quarterly expenditures by direct data entry of the SF 269, Federal Cost Report, into the Web-based Enterprise Business Support System (EBBS). Per 29 CFR 97.41(b)(4), quarterly financial reports are due thirty (30) days following the end of each quarter. Questions regarding financial management and reporting for PY 2006 or for any existing prior year fund balances should be addressed to the appropriate ETA regional office.

14. Action Required. Grant applications are due to the regional offices 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 these grant application instructions to the appropriate SWA office and to the SWIB.
- b. Submit the original and two (2) copies of the PY 2006 grant application package with a transmittal letter signed by: (1) the SWA administrator and the chairperson of the state WIB, or (2) the governor, to the appropriate 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. Statement of Work Certification

15. Inquiries. Questions on statement of work and grant requirements should be directed to the appropriate ETA regional office. Grant and financial management questions may 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.

16. Attachments.

- I. State Allocations for PY 2006
- II. Grant Procedures
- III. Statement of Work Guidelines
- IV. Statement of Work Certification
- V. Annual Performance Report Instructions