



May 15, 2023

VETERANS' PROGRAM LETTER NO. 03-23

TO: ALL JOBS FOR VETERANS STATE GRANT APPLICANTS
ALL VETERANS' EMPLOYMENT AND TRAINING SERVICE STAFF
ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND TRAINING
ADMINISTRATION (INFORMATION)

FROM: JAMES D. RODRIGUEZ, MA James D. Rodriguez
Assistant Secretary

Digitally signed by James D. Rodriguez
Date: 2023.05.15 19:31:40 -04'00'

SUBJECT: Jobs for Veterans State Grants Annual Funding Applications

-
- I. Purpose:** To provide guidance for states submitting annual funding applications for Jobs for Veterans State Grants (JVSG).
- II. References:**
- A. [Title 38, United States Code \(U.S.C.\), Chapters 41 and 42](#) (38 U.S.C. §§ 4102A, 4103A, and 4104);
 - B. [2 Code of Federal Regulations \(C.F.R.\) Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
 - C. [2 C.F.R. Part 2900](#), The Office of Management and Budget's Approved Exceptions for the Department of Labor's Adoption of the Uniform Guidance
 - D. [20 C.F.R. Part 1001, Subpart F](#), Formula for the Allocation of Grant Funds to State Agencies;
 - E. [Special Grant Provisions for Jobs for Veterans State Grants](#);
 - F. [VPL 03-14](#), and [Changes 1](#) and [2](#), Jobs for Veterans State Grants (JVSG) Program Reforms and Roles and Responsibilities of American Job Center (AJC) Staff Serving Veterans, dated April 10, 2014, February 11, 2015, and October 14, 2015, respectively;
 - G. [VPL 04-18](#), Submission of Jobs for Veterans State Grant Interim Modification Requests, dated February 15, 2018;
 - H. [VPL 03-19](#), Designation of Additional Populations Eligible for Services from Disabled Veterans' Outreach Program Specialists, dated February 7, 2019;

- I. [VPL 01-20](#), Consolidated Disabled Veterans' Outreach Program (DVOP) Specialists and Local Veterans' Employment Representative (LVER) Staff Positions, dated January 16, 2020;
- J. [VPL 01-22](#), Jobs for Veterans State Grant State Plan Submission and Modification and attachments, dated February 1, 2022; and
- K. [JVSG Forms](#) (OMB¹ Control Number 1293-0009): VETS-401 Budget Information Summary and VETS-501 JVSG Staffing Directory.

III. Rescissions:

- A. [VPL 02-20](#), Jobs for Veterans State Grants Annual Funding Modification Requests, dated July 7, 2020;
- B. [Grant Officer's \(GO\) Memo 02-22](#), Jobs for Veterans State Grants Incentive Award Program Update; and
- C. GO Memo 02-23, Jobs for Veterans State Grants Incentive Award Allocation Administration.

IV. Background:

- A. **Jobs for Veterans State Grant Funding.** JVSG funding is awarded to states to fund Disabled Veterans' Outreach Program (DVOP) staff, Local Veterans' Employment Representatives (LVER), and consolidated DVOP/LVER positions. Grants are awarded to states in accordance with the funding formula set by 38 U.S.C. § 4102A(c)(2)(B)(i), which bases the amount of funding available to each state on a ratio of a) the total number of veterans residing in that state who are seeking employment; to b) the total number of veterans seeking employment in all states. The number of veterans seeking employment is determined by the Bureau of Labor Statistics' Current Population Survey and Local Area Unemployment Statistics three-year average, per 20 C.F.R. § 1001.150.

Per 20 C.F.R. § 1001.152, the funding formula also sets a minimum funding level of 0.28 percent of the previous year's total funding allocations for all states. A hold-harmless funding rate is also applied, where needed, to ensure that no state's JVSG funding will be less than 90 percent of the previous year's funding level unless the JVSG annual appropriation is not sufficient to support the hold-harmless rate.

Each spring, using the formula described above, the Veterans' Employment and Training Service (VETS) releases a [preliminary funding estimate](#) for each state for the upcoming fiscal year. States should use the amount of funding allocated to them in the preliminary funding estimate to develop their annual budgets. As explained in further

¹ Office of Management and Budget.

detail below, states must plan to expend one percent of their annual funding on cash performance incentive awards as required by JVSG program legislation.

Preliminary funding estimates are calculated under the assumption that Congress will appropriate the same amount of funding for JVSG as it did in the most recent fiscal year. The amount of funding allocated to a state could change from the preliminary funding estimate if the amount of funding that is ultimately appropriated is higher or lower than the funding on which the estimate was based. VETS will advise states if a new appropriation level affects their allocation amounts. In the case of a Continuing Resolution (CR), funding will be issued incrementally to states based upon the availability of funds.

Because Congress appropriates funding for JVSG on an annual basis, states must submit a new budget in an annual funding application each fiscal year. The forecast by cost category, activity, and federal fiscal quarter included in the application package satisfies this requirement.

- B. **Jobs for Veterans State Grant State Plans.** To obtain JVSG funding, a state must submit a JVSG State Plan. States may submit JVSG State Plans in one of two ways: either as a partner program in a four-year Combined State Plan submitted in accordance with the Workforce Innovation and Opportunity Act (WIOA) ([OMB Control Number 1205-0522](#)), or as a separate, stand-alone JVSG State Plan. Approved JVSG State Plans are incorporated into the terms and conditions of the grants awarded each fiscal year.
- C. **Cash Performance Incentive Awards.** Title 38 U.S.C. Chapter 41 requires one percent of a JVSG award to be set aside for cash performance incentive awards (IA) and for a state's JVSG plan to include a description of their IA program. Accordingly, states must include IA funding in their annual funding applications, and they must have an approved IA program included in their JVSG State Plan in order to obligate those funds. States may request a separate amendment to their JVSG State Plan at any time, including to adjust their IA program.
- D. **Prior Year Carry-In Funds.** States must first use prior-year carry-in funds, except for unexpended IA funding, if authorized by the applicable appropriation, on a first-in, first-out basis. States must submit a budget realignment amendment for a grant if they anticipate actual spending will deviate by more than 10 percent of the total grant award between cost categories compared to that award's most recently approved budget.
- E. **Award Requirements.** Issuance of a JVSG grant award is contingent upon the submission of a complete and accurate application package that meets all applicable program requirements. Applicants must also meet all eligibility requirements, including having an active System for Award Management registration and successfully clearing a risk review per 2 C.F.R. § 200.206.

- V. **Amount of Funding Requested:** VETS expects each state to request the entire amount of funding made available to it in the preliminary funding estimate as described in section IV.A above. The following clarifications and exceptions apply:

- A. **Cash Performance Incentive Awards.** As described in section IV.C, one percent of a state's JVSG award must be set aside for cash performance IA. Accordingly, all states must include a request for IA funding in their annual funding application that is equal to one percent of the total grant for the fiscal year.

IA may only be distributed to reward service performed during the program year as described in VPL 01-22. Accordingly, IA funding may only be obligated within the first four quarters of the grant period of performance. Any unspent IA funding will be deobligated during grant closeout. **If any IA funds are not obligated by the end of the fourth quarter, VETS may impose a minimum account threshold on the recipient's payment account to help ensure that unobligated IA funds are not inadvertently used for any other purpose.**

- B. **Reduced Allocation Requests.** VETS understands there may be limited circumstances in which a state may not be in a position to expend the entire amount made available to it. Accordingly, a state may request a lower funding amount in accordance with these guidelines in addition to those described throughout this guidance:

1. The transmittal memorandum must provide an explanation that includes a) the reason(s) the state is requesting a reduced allocation and b) a description of its efforts and plans to bring spending levels up to use the entire amount of funding allocated to it in future years.
2. The planned staffing levels described in the transmittal memorandum and shown on the VETS-401 Budget Information Summary form, Section D, must be limited to the levels that can be fully funded by the requested amount.
3. State recipients must set aside one percent of the grant funding they are awarded for purposes of making cash awards under their approved performance IA program. One percent of the total grant amount must be shown in the Incentive Award Activities column of the VETS-401 in Sections B and C.
4. VETS may deny a request for a reduced allocation amount. In this case, the Grant Officer's Technical Representative (GOTR) will either clarify what additional information is needed to justify the request or advise the state that the requested amount must be increased to the full allocation level.

- C. **Increased Allocation Requests.** States cannot request additional funds in their annual funding application above the allocation that VETS has estimated by using the funding formula. Requests for additional funding must be submitted as a separate request.

- D. **Subsequent Funding Level Change Requests.** States should monitor their expenditure rates closely along with their GOTR. Quarterly report narratives should include any plans to request additional funding or a desire to deobligate any portion of their allocation back to VETS as applicable. This is most important during the first three quarters of the award so any deobligated funding can be accepted while the funds remain available for VETS to redistribute.

VI. Annual Funding Application Content: The application must include all of the components described below. No additional or duplicate documents should be attached without first discussing with the GOTR.

A. **Transmittal Memorandum (TM).** This memorandum must be signed by the authorized representative of the grant, uploaded as an attachment to the application, and contain:

1. *Assurances.* The memorandum must assure that:
 - a. The signatory has the authority to enter into an agreement with the Department of Labor.
 - b. The state will comply with 38 U.S.C. Chapters 41 and 42.
 - c. The state will enhance their existing processes and oversight to ensure DVOP specialists provide services to eligible veterans with significant barriers to employment, and to other eligible populations, using a case management approach.
 - d. The state agency has attached its approved indirect cost documentation (if they have not, see section VI.E. below).
2. *Staffing levels.* The memorandum must list the number of full-time and half-time DVOP, LVER, and consolidated DVOP/LVER positions that can be fully funded by the amount of funding that the state requests in the annual funding application. Special conditions regarding staffing levels include the following:
 - a. States should base projected staffing levels only on the amount of funding that they are requesting in this annual funding application, even if that is lower than the projected allocation amount.
 - b. The number and type of staff indicated on the TM must match the VETS-401 and will constitute the planned staffing levels for the entire fiscal year for quarterly reporting comparison purposes unless a subsequent budget-related amendment is approved. States may continue to increase or decrease actual staffing levels without prior approval as needed.
 - c. Consolidated DVOP/LVER positions require specific approval and may only be full-time positions. States requesting one or more consolidated positions in their application must either have previously received approval *or* must request the position in this TM in accordance with the criteria stated in [VPL 01-20](#) Section V.
 - d. If more staff are listed on the VETS-501 than can be fully funded by the requested funding amount, an explanation must be provided, and the state must attest that it assumes the risk for any costs it may incur for the additional positions. This attestation does not affect its ability to separately request additional funding.

3. *Salaries and benefits percentage (S&B%).* The memorandum must state the total planned percentage of the base allocation that is budgeted for DVOP, LVER, and consolidated position salaries and benefits. The S&B% is reviewed to evaluate whether grant funds will be used primarily for staffing. VETS requires a brief explanation when the forecast S&B% is less than 65 percent.

The planned S&B% is automatically calculated by the VETS-401 Budget Information Summary (described below) and displayed in Section D by activity and overall. Only the total overall S&B% (found in Section D, Column 6, line c) needs to be addressed on the memorandum.

To calculate the planned overall S&B%, use Section B of the VETS-401. Add line a, Personnel Salaries, to line b, Fringe Benefits, for the DVOP, Consolidated, and LVER activities; then, divide the sum by the total base allocation (line i, Total Charges, minus the IA total).

This planned S&B% will constitute the planned level for the entire fiscal year for quarterly report comparison purposes unless a subsequent budget-related amendment is approved. Although states have the flexibility to expend up to 10 percent of the grant award outside of the budgeted cost category amounts, exercising that flexibility does not affect the planned S&B% that is compared with actual expenditures in quarterly reports.

4. *JVSG-funded events.* The annual application should describe any projected staff trainings, meetings, or other related activities that will be charged in whole or in part to JVSG, including the projected dates and estimated total costs.

No prior approval is required for states to use JVSG funding to hold events, provided that the events do not include expenses that would otherwise require prior written approval. See, e.g., 2 C.F.R. § 200.407. However, recipients must consult with their GOTR as the events are planned to ensure GOTR awareness of the planned event and the opportunity to provide technical assistance.

5. *Equipment.* If applicable, the memorandum should include a description of the equipment that will be purchased if forecasted spending is approved. Equipment is defined as an item with a total per-unit cost of \$5,000 or more and a useful life of more than one year. This is true whether the total cost is charged to JVSG or allocated proportionately along with other funding sources.

In accordance with [2 C.F.R. § 2900.9](#), approval of the budget as awarded does not constitute prior approval of items (such as equipment purchases) that require prior approval. Prior approval must be requested through a separate grant amendment.

If funding for equipment is not requested, the Equipment cost category of the VETS-401 must be left blank.

- B. **VETS-401 JVSG Budget Information Summary.** This form should be completed in accordance with its instructions. As of the time of this writing, the state must upload it to the annual funding application as a Microsoft Excel workbook attachment; in the

near future, the form will be completed online instead. Once the form becomes available online, VETS will notify recipients widely and through GOTRs.

The VETS-401 contains a breakout by activity and quarter in Section C, Forecast Federal Funding Needs. States must complete this in accordance with their projected expenditure timing to the best of their ability, **not counting projected carry-in**. Evenly distributed amounts for each quarter should be used only if the state anticipates spending levels to remain steady throughout the year. The state should consider historical spending by quarter to inform their decision. Any portion of the allocation that the state projects using after the fourth quarter should be included in the fourth quarter breakout.

- C. **VETS-501 JVSG Staffing Directory.** This form should be completed in accordance with its instructions and uploaded to the annual funding application as a Microsoft Excel workbook attachment.

The Staffing Directory must show the state’s planned staff positions, types, and locations for the upcoming fiscal year. At its discretion, the state may show more positions than the state’s requested funding amount will support. If the number of half-time and full-time positions listed on the Staffing Directory differ from the amount described in the TM and VETS-401, the memorandum must include an explanation for the variance (see section VI.A.2.c).

- D. **Standard Form 424 (SF-424) Application for Federal Assistance.** All required fields within this form must be completed within the automated grant management system. The following advisories are provided for certain items within the form that may cause confusion; however, it is not intended to be an exhaustive list.

1. *Item 8f.* Enter the official point of contact for the grant. A subsequent amendment will be required if the state later needs to update this individual.
2. *Item 17.* The Proposed Project start date in item 17a must show the first day of the award fiscal year, and the end date in 17b should be set for nine quarters later. For example, a fiscal year 2024 application will show a start date of 10/1/2023 and an end date of 12/31/2025.
3. *Item 18.* Enter the requested federal funding amount in item 18a, which must match the total amount shown on the VETS-401. In most cases, this will be the projected funding allocation. Items 18b through 18f must be left blank or contain zeros.
4. *Item 19.* The list of states that maintain a Single Point of Contact (SPOC) for reviewing federal assistance applications is updated periodically and may be found by conducting an internet search for the phrase “intergovernmental review (SPOC list).” On the SF-424:
 - a. If JVSG has been selected for review by the SPOC, select the box in item 19a *and* insert the date of the application for review.

- b. For item 19b, states should select the box if the state does not maintain a SPOC *or* if the SPOC does not elect to review the submission. Most JVSG applicants will select 19b.
 - c. Any entity requesting JVSG funding should not select item 19c, because the JVSG is covered by Executive Order 12372.
5. *Item 21.* The authorized signatory's name and contact information must be entered here and must match the person who signed the TM. An amendment request will be required if there are subsequent changes to this individual.

The signature field in item 21 is automatically populated with the name of the individual who submits the funding application in the grants management system, which may not be the signatory. This does not affect submittal or approval of the application.

- E. **Indirect Cost Rate documentation.** The state's approved indirect cost documentation (e.g., indirect cost agreement or cost allocation plan) must be uploaded as an attachment to the annual funding application. This document must be valid as of the start date of the relevant fiscal year.

If the state does not have an approved indirect cost document when the application is submitted, an explanation must be included in the TM.

If the state has budgeted for indirect costs on the VETS-401 but has not attached this documentation, the Grant Officer may place a condition on the award that directs the recipient to provide the documentation. If indirect cost documentation is not provided by the end of period of performance, it could result in disallowed costs, and a refund of indirect costs charged to the grant may be required.

Per the grant terms and conditions, the state must notify their GOTR when the documents have been submitted to the federal cognizant agency for approval. Once the proposal is approved, the state must upload a copy via Grant Note in the GrantSolutions grants management system. If the newly approved indirect cost rate is expected to result in moving more than 10 percent of the total grant award between cost categories, the state must also submit a budget realignment amendment.

- F. **Approved JVSG State Plan.** The state's most recently approved JVSG State Plan must be uploaded as an attachment to the annual funding application. This plan serves as the grant statement of work and will be incorporated into the terms and conditions of the grant. States that chose to submit a WIOA Combined State Plan that includes JVSG should attach only the JVSG portion of that plan.

No amendments to the approved JVSG State Plan may be requested as part of the annual funding application. State Plan amendments are described in [VPL 01-22](#) and its attachments.

VII. Submission Process: States must submit their annual funding application in GrantSolutions, the Department of Labor’s grant management system. For assistance, refer to the resources available at <https://www.dol.gov/grants/grant-solutions> and/or contact the GOTR.

VIII. Actions Required:

- A. GOTRs are available to provide technical assistance to state agencies as needed, particularly concerning the optimal numbers and placements of JVSG-funded staff throughout the state.
- B. States must submit any applications for additional funding or state plan amendments separately in accordance with [VPL 04-18](#), [VPL 01-22](#), and any other applicable guidance.
- C. States are encouraged to consult with the GOTR while developing annual funding applications, prior to submittal.
- D. States must submit the application in accordance with the instructions in this VPL no later than the first Friday in August.

IX. Inquiries: Questions should be referred to the appropriate GOTR.

X. Expiration Date: This VPL will be reviewed for relevance on or before May 31, 2026. It shall remain in effect until rescinded or superseded.