

U.S. Department of Labor Veterans' Employment and Training Service
Washington, D.C. 20210



July 6, 2020

VETERANS' PROGRAM LETTER NO. 02-20

TO: ALL VETERANS' EMPLOYMENT AND TRAINING STAFF
ALL STATE AGENCY ADMINISTRATORS
ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND TRAINING
ADMINISTRATION (INFORMATION)

FROM: JOHN LOWRY
Assistant Secretary

SUBJECT: Jobs for Veterans State Grants Annual Funding Modification Requests

- I. **Purpose:** To provide guidance for the submission of annual funding modification requests for Jobs for Veterans State Grants (JVSG) to states.
- II. **References:**
 - A. [Title 38, United States Code \(USC\), Chapters 41 and 42](#) (38 U.S.C. §§ 4102A, 4103A, and 4104);
 - B. [2 Code of Federal Regulations \(CFR\) Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
 - C. [2 CFR Part 2900](#), The Office of Management and Budget's Approved Exceptions for the Department of Labor's Adoption of the Uniform Guidance
 - D. [20 CFR Part 1001, Subpart F](#), Formula for the Allocation of Grant Funds to State Agencies;
 - E. [20 CFR Part 1010](#), Application of Priority of Service for Covered Persons;
 - F. Special Grant Provisions for Jobs for Veterans State Grants;

- G. [VOW to Hire Heroes Act of 2011](#) (Public Law (P.L.) 112-56), Title II, Section 241(c);
- H. [VPL 07-09](#), Implementing Priority of Service for Veterans and Eligible Spouses in all Qualified Job Training Programs Funded in Whole or in Part by the U.S. Department of Labor, dated November 10, 2009;
- I. [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;
- J. [VPL 04-18](#), Submission of Jobs for Veterans State Grant Interim Modification Requests, dated February 15, 2018;
- K. [VPL 03-19](#), Designation of Additional Populations Eligible for Services from Disabled Veterans' Outreach Program Specialists, dated February 7, 2019;
- L. [VPL 04-19](#), Guidance for Jobs for Veterans State Grant Annual Performance Incentive Awards for State Employees and Employment Service Offices, dated March 15, 2019;
- M. [VPL 01-20](#), Consolidated Disabled Veterans' Outreach Program (DVOP) Specialists and Local Veterans' Employment Representative (LVER) Staff Positions, dated January 16, 2020; and
- N. [Grant Officer Memorandum 01-20](#), Jobs for Veterans State Grants (JVSG) State Plan Submission under WIOA Combined and Unified State Plans, dated March 4, 2020.

III. Rescissions:

- A. VPL 06-15, Jobs for Veterans State Grant Annual Funding Modification Requests, dated June 8, 2015;
- B. Grant Officer Memorandum 02-17, Jobs for Veterans State Grant (JVSG) Fiscal Year (FY) 2018 Annual Funding Planning Estimates, New Automated Submission Process, New JVSG Audit Cycle, dated April 7, 2017.

IV. Background:

- A. **Jobs for Veterans State Grant State Plans.** In accordance with the Required Elements for Submission of the Unified or Combined State Plan and Plan Modifications under the Workforce Innovation and Opportunity Act ([OMB Control Number 1205-0522](#)), the Governor of each state submits a four-year Combined or Unified Workforce Innovation and Opportunity Act (WIOA) State Plan. The JVSG State Plan is submitted either as a partner program with the Combined WIOA State Plan, or as a separate, stand-alone JVSG State Plan, on a program year basis. States

must submit a separate annual budget plan, also called the Annual Funding Modification (AFM), each year of the four-year grant period to forecast annual JVSG funding. The AFM is required on a fiscal year (FY) basis. Approved JVSG State Plans are incorporated into the terms and conditions of each fiscal year's grant. JVSG funding is used to fund Disabled Veterans' Outreach Program (DVOP) staff, Local Veterans' Employment Representatives (LVER), and consolidated DVOP/LVER positions.

- B. Jobs for Veterans State Grant Funding.** The Jobs for Veterans State Grants are awarded to states in accordance with the funding formula set by 38 USC §4102A(c)(2)(B)(i), which provides that funding for each state is based 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 CFR 1001.150.

Per 20 CFR 1001.152, the funding formula also sets a minimum funding level of 0.28 percent of the previous year's total funding for all states. A hold-harmless funding level 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 level.

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. One percent of each state's annual funding amount is set aside for states with approved incentive award plans as a part of their JVSG State Plans. States use the allocation estimates to develop their annual budgets.

Preliminary funding estimates are calculated under the assumption that Congress will appropriate the same amount for JVSG as the previous year; actual annual funding is based on the amount appropriated by Congress. If an appropriation bill is not signed prior to October 1st of each FY, states may not be advised of their actual funding amounts until the spending bill is enacted. In the case of a Continuing Resolution, incremental funding allocations will be issued to states based upon funding availability. As per the special grant provisions, states' spending may not exceed the amounts appearing on the most recent Notice of Award issued by the Grant Officer.

Congress appropriates funding for JVSG on an annual basis. Therefore, states must submit a new budget each FY. The forecast by object class category and by FY quarter included in the AFM package satisfies this requirement as it specifies how states will expend the allocation amount between DVOP, LVER, and consolidated DVOP/LVER positions, and Incentive Award activities.

- C. **Incentive Award Funding.** 38 U.S.C. Chapter 41 requires one percent of the total grant allocation to be set aside for Performance Incentive Awards. Incentive Award Plans must meet the criteria set forth in [VPL 04-19](#) or the most current VPL on the subject. States that request Incentive Award funding must have an approved plan.
- D. **Prior Year Carry-In Funds.** If authorized by the annual appropriation, states will use prior-year carry-in funds, except for unexpended incentive award funding, on a first-in, first-out basis. Prior-year carry-in funds are expended in accordance with the current year's approved budget.

V. **Annual Funding Modification Content:** The AFM must include all of the following components:

- A. **Transmittal Memorandum (TM).** This memorandum shall be signed by an authorized representative of the state agency, uploaded as an attachment to the AFM, and must convey:
 - 1. The following assurances:
 - a. That the signatory has the authority to enter into an agreement with the Department of Labor.
 - b. That the state will comply with 38 U.S.C. Chapters 41 and 42.
 - c. That the state will enhance their existing processes and oversight to ensure DVOP specialists provide services to veterans with significant barriers to employment using a case management approach.
 - d. That the state agency has attached an approved Cost Allocation Plan or Negotiated Indirect Cost Rate.
 - 2. The number of full-time and half-time DVOP, LVER, and consolidated DVOP/LVER staff positions that the state has determined can be fully supported by the allocation amount. Please note:
 - a. Consolidated DVOP/LVER staff positions require specific approval, and may only be full-time positions. States requesting one or more consolidated positions in the AFM must either have received approval in a previous modification, *or* must request the position in this TM in accordance with the criteria stated in [VPL 01-20](#) Section V.
 - b. If the number of full-time and half-time staff for each program stated on the TM does not match the number shown on the VETS-501, an explanation must be provided. In addition, the state must attest that it assumes the risk for any costs it may incur for those positions that are in excess of those which may be supported by the allocated funding it

receives.

NOTE: The state's attestation that it assumes this risk does not reduce its right to separately request additional funding as needed in accordance with [VPL 04-18](#).

- c. The number and type of staff indicated on this TM will constitute the planned staffing levels for the entire fiscal year for quarterly reporting purposes, unless a subsequent formal interim modification request is approved. In accordance with [VPL 04-18](#), states may continue to increase or decrease actual staffing levels without prior approval as needed.
3. The number of JVSG funded supervisory or managerial program staff. This must match the number indicated on the VETS-501 in column (j), Program Manager. If there will be more than one Program Manager, the state must have an approved VETS waiver prior to incurring JVSG costs for the additional position(s). The TM will indicate the date this waiver was approved, if applicable, and the date must be within four years of the TM's date. Otherwise, the TM must include a fully justified waiver request. All waiver requests are subject to approval by VETS.
4. The forecast amount of salaries and benefits expenditures as a percentage of total funding for each program (DVOP, LVER, and consolidated DVOP/LVER). Commonly referred to as the "salaries (Personnel Salaries or PS) and benefits (Personnel Benefits or PB) to total ratio," and written "PS+PB/Total ratio," this percentage is reviewed to ensure the grant funds are used primarily for staffing. While there is no cap on administrative overhead, VETS requires a justification when the forecast PS+PB/Total ratio is less than 65.00 percent.

NOTE: The planned PS+PB/Total ratio for each program is calculated using Section B of the VETS-401 Budget Information Summary. Add Line 1, *PS* to Line 2, *PB*, and divide the sum by Line 9, *Total Program Costs*.

This forecast PS+PB/Total ratio will constitute the planned level for the entire fiscal year for quarterly reporting purposes unless a subsequent formal interim modification request is approved. In accordance with [VPL 04-18](#), states may transfer actual funding between object class categories up to 10 percent of the grant award, or between DVOP, LVER, and consolidated DVOP/LVER programs, without prior approval. However, such informal budget changes will not affect the planned PS+PB/Total ratios.

5. VETS requests a description of any projected staff training, meetings, or other related activities to be charged directly (even if not wholly) to the JVSG, including the projected dates and total costs.

NOTE: States must obtain prior approval from VETS before holding such events using any JVSG funds; approval of the AFM does not constitute prior approval. VETS retains the right to obtain information from the state about conference plans, including specific dates, agendas, and expenses, in an effort to approve the use of JVSG funding to support such conferences.

6. If applicable, a description of the equipment that will be purchased if forecasted spending is approved. Equipment is defined as an item with a per-unit cost of \$5,000 or more and a useful life of more than one year.

NOTE: If equipment that meets this definition is not requested, the Equipment line item of the VETS-401 Budget Information Summary (described below) must be left blank.

- B. **VETS-401 JVSG Budget Information Summary.** This form is completed within the E-Grants Automated Modification System in accordance with the form instructions.

NOTE: 38 U.S.C. § 4102A(c)(7) requires one percent of the total grant allocation to be set aside for performance incentive awards. Any unspent incentive award funding will be deobligated during grant closeout, as these funds cannot be used for any other purpose. States that request incentive award funding must have an approved incentive award plan included with their JVSG State Plan. States without an approved incentive award plan must not request the incentive award funding. States may submit an Incentive Award Plan for approval at any time as an interim modification to their JVSG State Plan.

- C. **VETS-501 JVSG Staffing Directory.** This form is completed within the E-Grants Automated Modification System in accordance with the form instructions. The VETS-501 contains all staffing information needed by VETS for monitoring and reporting.

NOTE: In an attempt to reduce anticipated vacancy savings due to high turnover and/or hiring delays, the state may show more positions on the VETS-501 than the allocation will support. If the number of half-time and full-time positions listed on the Staffing Directory differ from the amount described in the Transmittal Memorandum, the memorandum must include an explanation for the variance.

- D. **SF-424M Application for Federal Assistance – Mandatory.** This form must be completed within the E-Grants Automated Modification System. The following advisories are provided for certain items within the form. Please contact your Grant Officer's Technical Representative (GOTR) for any needed assistance with items not covered below.

1. The official point of contact for the grant must be entered in item 7. Please note that a subsequent modification request will be required if the state needs to update the official grant point of contact.
2. The funding period in item 14 should show the first day of the fiscal year in item 14a, and the date by which funds must be obligated in item 14b. For a FY 2021 request, for example, 14a will show 10/1/2020, and 14b will show 12/31/2021.
3. The total amount requested in item 15a must match the total amount shown on the VETS-401. Item 15b should be left blank.
4. For item 16, the JVSG is covered by Executive Order 12372. 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 keyword “intergovernmental review (SPOC list).” On the SF-424M:
 - a. For item 16a, states should select the box and insert the date of the application for review if applicable.
 - b. For item 16b, states should select the box if the state does not maintain a SPOC or if the SPOC does not elect to review the submission.
 - c. Item 16c should never be selected by any entity requesting JVSG funding.
5. Item 18 must be signed by an authorized signatory. The name entered into the signatory field serves as the official signature. If this person represents a change from the last approved modification, the state must upload a letter of designation from a higher authority along with the request.

NOTE: A subsequent modification request will be required if there are changes to the authorized representative.

- E. **Indirect Cost Rate documentation.** The state’s Negotiated Indirect Cost Rate Agreement (NICRA) or Cost Allocation Plan (CAP) must be uploaded as an attachment to the AFM request. This document must be valid as of the start date of the relevant fiscal year. If the state does not have an approved NICRA or CAP as of the AFM submittal date, an explanation must be included in the Transmittal Memorandum, and an interim modification must be submitted once the rate is approved.

NOTE: If the state does not have an approved NICRA or CAP, the Grant Officer will place a condition on the award that limits the amount of indirect costs that may be charged to the grant. If an approved NICRA or CAP is not ultimately submitted

for the period of performance, the state may be required to refund indirect costs charged to the grant. A subsequent modification request will be required if a new NICRA or CAP is implemented during the fiscal year.

- F. **Approved JVSG State Plan.** The state's Program Years 2020-2023 JVSG State Plan must be uploaded as an attachment to the AFM request. 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 State Plan that was combined with JVSG should attach only the JVSG portion of that plan.

NOTE: Effective FY 2021, states will no longer be able to request changes to their JVSG State Plan as part of the annual funding modification process. Instead, state plans will be modified using the same method by which PYs 2020-2023 JVSG State Plans were submitted (either through the WIOA portal or as an interim modification).

VI. Submission Process: States submit their AFM, via the E-Grants Automated Modification System. This system has been customized for JVSG recipients and contains the following sections or tabs:

- A. **VPL.** A copy of the most recent approved AFM guidance appears in the first tab for easy reference.
- B. **VETS-401 Budget Information Summary and Instructions.** The OMB-approved form for entry of the state's planned fiscal year budget is provided here. The form includes auto-calculated and auto-populated cells, as well as data validation rules to ensure that it is completed correctly. The instructions are shown below the form for easy reference.
- C. **VETS-501 Staffing Directory.** This OMB-approved form collects information about each DVOP, LVER, and consolidated DVOP/LVER position that will be funded by the grant. The form includes auto-calculated cells and data validation rules to ensure that it is completed correctly. The instructions are shown below the form for easy reference.
- D. **SF-424M Application for Federal Funding – Mandatory and Instructions.** This OMB-approved form collects required information about the grant recipient. The instructions are shown below the form for easy reference.
- E. **Funding Staff Summary.** This tab summarizes information from the VETS-401 and VETS-501 tabs. It is provided as an overview to help ensure the entries on the other forms are correct.
- F. **Document Uploads.** This tab provides a location for states to upload any required documents as part of the AFM request. These documents will include, as appropriate, the transmittal memorandum, delegations of authority, indirect cost

rate documentation, and any other information needed for approval of the request.

NOTE: VETS requests that states do not upload scanned copies of the VETS-401, VETS-501, or SF-424M. If a state chooses to upload those documents, and discrepancies between the module and uploaded versions exist, the module version will be considered the official version.

- G. **Validate & Submit.** This tab shows a list of all potential validation issues from each of the other tabs. Each error should be reviewed and, if possible and appropriate, corrected. Once this is done, use the “Submit for Approval” button near the top of the tab to submit the AFM for review and approval by VETS.

For assistance, refer to the JVSG Automated Modification System Grantee User Guide at https://www.dol.gov/agencies/vets/grants/state/jvsg_forms and/or contact the GOTR.

VII. Actions Required:

- A. GOTRs are available to provide technical assistance to state agencies as needed, particularly concerning the optimal numbers and placements of DVOP specialists and LVER staff throughout the state.
- B. States must submit any requests for additional funding, special initiatives, or state plan modifications separately in accordance with [VPL 04-18](#), [GO Memo 01-20](#), and/or other appropriate guidance.
- C. States are encouraged to consult with the GOTR during AFM development prior to submitting the AFM request in E-Grants.
- D. States will submit the AFM request in accordance with the instructions in this VPL no later than the first Friday in August.

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

- IX. Expiration Date:** This VPL will be reviewed for relevance on or before August 31, 2023. It shall remain in effect until rescinded or superseded.