



April 30, 2010

VETERANS' PROGRAM LETTER NO. 03-10

MEMORANDUM FOR: ALL REGIONAL ADMINISTRATORS AND DIRECTORS FOR
VETERANS' EMPLOYMENT AND TRAINING
ALL STATE AGENCY ADMINISTRATORS
ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND TRAINING
ADMINISTRATION (INFO)

FROM: RAYMOND M. JEFFERSON *Raymond M. Jefferson*
Assistant Secretary for Veterans' Employment and Training

SUBJECT: The Modification Process for Adjustments to Jobs for Veterans
State Grants

I. Purpose: To provide guidance to States on the process and timelines for submitting modification requests for adjustments to approved Jobs for Veterans State Grants (JVSG).

II. References: Title 38, United States Code, Chapters 41 and 42 (38 U.S.C. 41 and 38 U.S.C. 42); 29 Code of Federal Regulations (CFR) Part 97, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; 20 CFR Part 1010, Application of Priority of Service for Covered Persons; Special Grants Provisions for Jobs for Veterans State Grants, dated April 1, 2009; VPL 04-10, Jobs for Veterans State Grant Annual Funding Modification Requests, dated April 30, 2010; 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; VPL 03-09, Jobs for Veterans State Grants Application and Planning Instructions for Fiscal Years (FY) 2010-2014, dated May 1, 2009; VPL 01-08, Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP) Memorandum of Understanding (MOU) Guidance, dated November 29, 2007; VPL 02-07, Annual Performance Incentive Awards for State Employees and Employment Service Offices, dated May 1, 2007; VPL 07-05, Staffing, Reporting Requirements and Roles and Responsibilities of the Disabled Veterans' Outreach Program Specialist (DVOP) and Local Veterans' Employment Representative (LVER) Under the Jobs for Veterans State Grants, dated July 27, 2005 and as amended by VPL 01-10, dated January 15, 2010.

III. Rescissions: VPL 03-08, dated April 21, 2008.

IV. Background: The Veterans' Employment and Training Service (VETS) allocates JVSG funding to States based on the funding formula established in 20 CFR 1001.150. One of the requirements for receipt of funding is the submission of an approvable, multi-year State Plan on Services to Veterans, commonly referred to as the State Plan. The State Plan describes the manner in which the State (used in this directive to include the District of Columbia and the territories of Puerto Rico, U.S. Virgin Islands and Guam) will provide or facilitate the provision of employment services to Veterans, Transitioning Service Members and other eligible persons. It also indicates how the State's allocation will be divided between the DVOP and LVER programs and associated program staff activities. Each Federal Fiscal Year (FFY) following the initial year of a multi-year grant, States review and update their approved State Plans and submit a request for annual funding.

VETS has a statutory mandate to ensure States provide services that maximize employment and training opportunities for Veterans and other eligible persons and maintain fiscal accountability for grant funds. As part of that responsibility, VETS monitors each grantee's programmatic performance, obligation of awarded funding, and adherence to the approved State Plan. Quarterly expenditures are reviewed and when there are significant under expenditures, VETS may reallocate these funds to meet other funding requests. Under normal circumstances, reallocations are effected by reducing the amount of funding provided for the next FFY quarter as identified on the Notice of Obligation Authority (NOA) issued by the Regional Administrators for Veterans' Employment and Training (RAVETS).

During any given fiscal year, States may identify a need to amend the scope of their State Plan, the number of DVOP specialists and/or LVER staff needed to support grant goals and/or the funding levels that support the approved staffing levels contained in the State Plan. States may also request additional funding to support a Special Initiative or to respond to exigencies. Any significant changes to the cost, scope or conditions of the grant require Grant Officer approval. Therefore, under all of these circumstances, States should request a modification to their State Plan and receive approval prior to implementing any desired operational or financial changes.

V. Summary of Changes: The significant changes to the modification process follow:

- The two Standard Form (SF) 424A - Budget Information forms previously required have been replaced by a single VETS 401 - Budget Information form approved by the Office of Management and Budget (OMB);
- The VETS 501 - Staffing Directory, has also been approved by OMB and will be required if the modification affects approved staffing levels, assignments, primary work locations, etc.; and
- States that amend approved plans to utilize JVSG funding to facilitate TAP Employment Workshops will be required to submit a VETS 601 - JVSG TAP Employment Workshop Forecast.

VI. Modification Requests: Requests to modify the approved State Plan may be submitted at any time after the initial multi-year JVSG awards are issued, but will only be considered for approval when sufficient funds are available for distribution.

Modification requests can be submitted at the same time as the Annual Funding Modification or during the FFY, but the 'mid-year' or 'interim' modification request should itself be a complete, stand-alone request that can be considered for approval apart from any other action.

To allow processing time for VETS and Grant Officer approval, all modification requests for funding adjustments and all "no-cost" modification requests must be received in VETS National Office at least forty-five (45) days before the quarter in which the State wants the requested changes to become effective. Therefore, modification:

- o Requests that will be effective in the second FFY quarter must be received in the VETS National Office by November 16th;
- o Requests that will be effective in the third FFY quarter must be received in the VETS National Office by February 15th; and
- o Requests that will be effective in the fourth FFY quarter must be received by in the VETS National Office by May 16th.

NOTE: States should allow 15 working days for review by their respective Director for Veterans' Employment and Training (DVET) and RAVET and for timely receipt in the National Office no later than the due dates indicated above.

Fourth quarter allocations are generally issued during the first full week in July each FFY. States may submit mid-4th quarter modification requests for funds that might become available after the 4th quarter allocation. Approval will be dependent upon the criteria listed in the following paragraph and will require a Department of Labor waiver of suspense date for submission. Requests for this funding must be received in the National Office prior to close of business on the first Friday in August in order to be considered for approval that quarter or in the current FFY. All FFY funding, including any awarded after the approved 4th quarter allocation, must be awarded by September 30th, fully obligated by the State by December 31st and expended by the State by March 31st of the following year.

Requests for additional funding will be considered as funds become available and will be held for consideration in the order received. Approval or disapproval will be based on the merit of the request and availability of funds. Therefore, States should clearly describe:

- Why the original funding request was insufficient to support the planned grant-funded positions if additional funds are requested for that purpose;
- The expected quantifiable outcomes associated with the modification request; and
- The anticipated ramifications if the request is not approved.

When available funding is limited with respect to the total amount requested in a given quarter, VETS will consider approvals generally in the following order of priority:

- Continuing Special Initiatives, e.g., approved REALifelines Intergovernmental

Personnel Act (IPA) contracts, other IPA contracts, etc.;

- Unanticipated increases in staff costs such as state legislated salary increases, unanticipated benefits adjustments, cost of living increases, etc;
- Exigencies such as labor market shifts, natural disasters, office closures, etc;
- Changes in scope to the approved plan, e.g., use of excess funds, staff realignment, new proposals for non-recurring Special Initiatives, etc;
- Supplemental funds for a staffing level above what can be covered by the annual allocation amount. NOTE: Supplemental requests to fund additional staff must include an attrition plan that indicates how and by when the grantee projects to get staff down to a level that can be covered by anticipated annual allocations; and
- Additional funds for training, conferences, etc.

In most cases, approved modifications for additional funding will be incorporated into the next quarterly allocation through the issuance of a NOA. In all cases, a letter of approval or disapproval will be sent to the State by the Grant Officer.

VII. Situations that Require Modification Requests: States considering any change to the approved State Plan should consult with the appropriate DVET who will advise them whether or not a modification request is necessary. The following are examples of situations that require a modification request:

A. To Fund a Special Initiative: Special Initiatives may be funded to react to unforeseen exigencies in a State such as large lay-offs, natural disasters, large influxes of returning service members, etc. They may also fund special short-term projects to meet the employment and training needs of special targeted categories of Veterans or other eligible persons.

Approved IPA assignments are funded on one-year contracts that do not necessarily coincide with the FFY. When an IPA contract spans two FFYs, States are encouraged to request enough funding to cover the period that starts on the effective date of the contract through the end of the 5th quarter (December 31st). Funding to cover expenses that will occur after the end of the 5th quarter of the first FFY must be requested in a separate modification.

Example: An IPA contract starts on March 1, 2010 and runs through February 28, 2011. The initial modification request should be sufficient to fund the IPA position from March 1, 2010 through December 31, 2010 (end of the 5th quarter). A second modification request should be submitted to cover expenses forecast for the period of January 1, 2011 through February 28, 2011. The second modification can be submitted as a stand-alone request as an Addendum to the FY 2011 Annual Funding Modification or separately anytime thereafter.

All Special Initiatives are considered for funding for a specific period of time with no expectation that they will continue or be re-approved for subsequent

timeframes. Modification requests for Special Initiatives should clearly describe the scope and assignment of costs to a program (DVOP or LVER) and the expected quantifiable outcomes of the initiative.

- B. Changes to the Scope of the Program Plan:** 38 U.S.C 41 describes separate and distinct roles and responsibilities for DVOP specialists and LVER staff. States are allocated a portion of total available funding based on a formula mandated by law. States then establish staffing levels for each program based on that allocation and workforce development needs. Reassigning staff or using excess funding in one program or activity to offset shortfalls in another program during the fiscal year is considered a change in scope, cost and grant conditions and needs to be approved by the Grant Officer via a modification request. These requests must describe how the change will impact the programs or activities involved and will enhance services to Veterans, Transitioning Service Members, and other eligible persons.

Requests for additional funding to cover DVOP specialists and/or LVER staff positions that exceed the numbers described in the State Plan or Annual Funding Modification Request can be submitted at any time. When VETS does not have sufficient resources to fully fund all such requests, they will be placed in a pool so that States may receive an equal proportion of any funds that are available for this purpose. Additional requests for any remaining FFY funds to purchase equipment or to conduct training conferences must explain how approval will enhance or improve services to Veterans, Transitioning Service Members or other eligible persons.

VIII. State Veterans' Program Coordinators and other Supervisory or Managerial

Staff: States are required to have an approved VETS waiver if more than one grant-funded supervisory or managerial program staff person directly charges to the JVSG. If a State's staffing plan indicates that more than such staff person will directly charge the grant and has not secured an approved waiver during the five-year grant cycle, a waiver request with justification must be submitted as part of the Interim Modification Request. All waiver requests are subject to approval by the Assistant Secretary for Veterans' Employment and Training.

- IX. Monitoring Use of Grant Funds:** Beginning in FY 2010, the amount of JVSG funds forecast to pay for grant-funded staff salaries and benefits, i.e. Personal Services (PS) and Personnel Benefits (PB) as a percentage of total funding is reviewed to ensure the grant funds are used primarily to staff DVOP and LVER positions. While there is currently no cap on administrative overhead, beginning in FY 2011, VETS will require a justification when the forecast PS + PB to Total ratio is less than 65%. Once an annual Budget Plan or modification is approved, the PS + PB to Total ratio forecast will be compared to the actual ratio each subsequent FFY quarter to ensure expenditures are in line with the approved ratio. As per the Annual Funding Modification VPL, currently VPL 04-10, if reported ratios deviate down from the approved ratio by 2% or more, the State may be placed on a Corrective Action Plan after receiving technical assistance from the DVET.

Within the modification process, VETS will allow a larger deviation between the approved ratio and the modification forecast ratio because the activities requested in the modification are more likely to skew the PS + PB to Total ratio. For example, if a State requests a modification for a training conference, a large portion of the additional funding will be used to pay for costs other than salaries and benefits, i.e. travel, National Learning Center fees, supplies, etc. This may cause the PS + PB to Total ratio to deviate more than 2% from the ratio approved with the Annual Funding Modification Request. If the ratio of the amounts forecast of PS + PB as a percent of Total for each program deviates by 5% or more from the comparable total found in the most recently approved Annual Budget Plan, the reason for the deviation must be addressed in the transmittal memorandum.

X. Proper Signatory Authority: Two of the documents required for any modification request for additional funding - the Transmittal Memorandum and SF 424 - must be signed by a person authorized to enter into an agreement with the U.S. Department of Labor (USDOL). Under normal circumstances, Governors delegate this signature authority to the person who manages the grantee agency, i.e. State Agency Administrator, Director, Commissioner, etc. This person may further designate his or her signature authority. If the documents listed above are signed by the person given signature authority by the Governor, the Transmittal Memorandum must contain a statement that the signatory is authorized to enter into an agreement with the USDOL. If one or both of the documents are signed by someone else, a delegation of signature authority must be included with the modification. These documents cannot be signed "For" another person unless the name of the person who signed can easily be discerned and a signature delegation for that person is included with the modification.

XI. Modification Request Requirements: Current versions of all forms needed to support a modification request can be found on the VETS homepage at: <http://www.dol.gov/vets/grants/state/jvsg.htm>. The SF 424 and VETS 401 provided as separate electronic worksheets contain standardized information and locked cells where calculations are completed or no entry of information is needed. States are strongly encouraged to use the electronic SF 424 provided on the VETS homepage to minimize errors and/or inclusion of extraneous information. The VETS 401 must be used.

The following documents will be submitted to request modification to an existing, approved State Plan as indicated:

A. Transmittal Memorandum (required) - This memorandum must be signed by an authorized agency representative as described in paragraph X. above and include an assurance to that effect. It should include a clear description of the changes requested in the modification to include intended results, particularly how the targeted category of Veterans, Transitioning Service Members or other eligible persons will benefit.

First-In, First-Out (FIFO) principles will be followed when expending or liquidating obligations carried over from the previous fiscal year, i.e. all funds from a previous fiscal year are to be liquidated before expending funds allocated for the

current fiscal year. Therefore, the memorandum must include an assurance that all FFY funding, including any additional funding received as a result of an approved modification, will be obligated by December 31st.

Requests for additional funding can be made to support more than one initiative or project. Each need for additional funding has a different priority when considered for approval. Therefore, each portion of the request will be considered separately based on its merit, need, and availability of funding. To ensure requests are prioritized properly, the transmittal memorandum must clearly show:

- The amount of the total request that will be used for each purpose; and
- The quarter(s) in which the funds for each purpose will be expended or obligated.

The following table is an example of one method that could be used to display a modification request that will support more than one initiative. It shows the amount of funding needed for each quarter for each purpose.

Funding Request For:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
REALifelines IPA (DVOP)			\$22,000	\$22,000	\$44,000
Additional TAP Workshops (LVER)		\$2,000	\$2,000	\$2,000	\$6,000
Training Conference (DVOP)				\$22,000	\$22,000
Training Conference (LVER)				\$33,000	\$33,000
Total		\$2,000	\$24,000	\$79,000	\$105,000

All \$48,000 of the funding requested in the example below will support one initiative. The table shows the amount needed by quarter to support that request.

Funding Request For:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
REALifelines IPA (DVOP)			\$24,000	\$24,000	\$48,000
Total			\$24,000	\$24,000	\$48,000

If the modification includes a request for funding for training conferences, meetings, or other related activities, the memorandum must include a description and justification for related costs as well as an annotation if the National Veterans' Training Institute or National Learning Center will participate in training provided.

If the ratio of the amounts forecast of PS + PB as a percent of Total for each program deviates by 5% or more from the comparable total found in the most

recently approved Annual Budget Plan, the reason for the deviation must be addressed in the transmittal memorandum.

B. Modified Budget Plan (required if the modification affects current funding allocation due to either redistribution of, reduction of or addition to current funding) – The modified Budget Plan will reflect the total adjusted amount of funding being requested, i.e. previously awarded or allocated funding plus or minus the amount requested in the modification. The Budget Plan must include:

- 1. SF 424 – Application for Federal Assistance**, completed in accordance with the instructions provided with the form. The SF 424 must be signed by an authorized signatory as described above. The form must be free of white-out or pen and ink changes when submitted by the State. If it contains any such changes, a revised and signed original copy must be resubmitted to the DVET free of such changes. If minor errors are identified during the VETS review process, pen and ink changes may be made by a VETS staff person only after consent is obtained from the State. The Grant Office must be able to clearly identify who made the change and that it was made with approval from the State or the form will be returned for correction.

Line 18a of the SF 424 should contain the total cumulative amount requested for DVOP and LVER activities, including the newly requested amounts. Line 18e should contain the total amount requested for Special Initiatives and the Transition Assistance Program, including the newly requested amounts. Line 18g should reflect the new annual total of the grant including the modification requested.

The JVSG is covered by Executive Order 12372. States should check Line 19a and insert a date the application was submitted for review only if the State maintains a Single Point of Contact (SPOC). If the State does not have an entity designated as a SPOC, or the SPOC did not elect to review this submission, the State should check 19b. Box 19c should **never** be checked by any entity requesting JVSG funding. A current list of States that maintain SPOC for reviewing applications for Federal assistance can be found at: <http://www.whitehouse.gov/omb/grants/spoc.html>.

- 2. VETS 401 – JVSG Budget Information Summary**, completed in accordance with the instructions provided with the form. The Object Class Category for "Equipment" should be blank unless part or all of the forecast spending will be used to purchase equipment with a useful life of more than one year and a per-unit cost of \$5,000 or more. If this is the case, the Transmittal Memorandum must contain a description of the equipment that would be purchased if approved. Costs for computers and other automated data processing equipment that does not meet the definition above may be forecast as "Supplies."

C. VETS 501, JVSG Staffing Directory (required only if requesting funding for additional staff, reducing staff, reassigning staff between the DVOP

and LVER programs, or reassigning staff to locations other than where listed in the most current approved State Plan) - The VETS 501 provided on the VETS homepage at <http://www.dol.gov/vets/grants/state/jvsg.htm> contains all staffing information needed by VETS to meet its responsibility to monitor the mandatory training for grant-funded staff, vacancies, and assignment of non-veterans to DVOP and LVER positions in accordance with statutory requirements. When needed, it should be completed in accordance with instructions provided with the form.

D. VETS 601, JVSG TAP Employment Workshop Forecast (required only if the modification request intends to make changes to the number and/or scope of TAP Employment Workshops forecast by grant-funded staff approved with the most recent annual funding request or modification) -

The VETS 601 provided at <http://www.dol.gov/vets/grants/state/jvsg.htm> contains all information needed by VETS to approve funding to facilitate TAP Employment Workshops. When needed, it should be completed in accordance with instructions provided with the form.

E. Assurance/Certifications Signature Page (required only if the Agency administering the grant has changed since the most current SF 424 was approved for this grant) –

The Signature Page attached to the Assurances and Certifications for Non-Construction Programs provided on the VETS homepage at <http://www.dol.gov/vets/grants/state/jvsg.htm> is used to indicate that the new agency will comply with the Assurances and Certifications required for grantees that enter into an agreement with the U.S. Department of Labor. When submitted, the Signature Page must be signed by an authorized signatory as described for the Transmittal Memorandum and SF 424 in paragraph X, above. **NOTE:** This Signature Page is not a delegation of signature authority nor is it required when there is change in designated signature authority(s). It is only required when the State Agency that will receive grant funding is new or has been renamed.

F. Proposed Program Plan Amendments (required only if requesting approval of amendments to the approved State Plan as described in Paragraph VII).

XII. Actions Required:

- A. DVETs will provide technical assistance to State Agencies as needed, particularly when determining the optimal use of DVOP and LVER staff resources, and/or the need to modify an approved State Plan or Annual Budget Plan.
- B. States should monitor adherence to their State Plan and consult with the DVET when changes are proposed. When it is determined that a modification is needed, States should submit requests in accordance with the instructions indicated in paragraph XI, and the timeframes indicated in paragraphs VI, above. States should allow 15 working days for review by the DVET, the RAVET, and receipt in the National Office no later than the deadlines indicated in paragraph VI, above.

C. States will submit all State Plan modification requests to their respective DVET in hard copy with original signatures when required as described above.

XIII. Inquiries: States may address questions to the appropriate DVET.

XIV. Expiration Date: Until superseded or rescinded.