

**INACTIVE 03/14/16**  
**WORKFORCE SERVICES**  
**DIRECTIVE**

Number: WSD15-18

Date: February 26, 2016

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: AMENDMENT TO PY 2015-16 RR ALLOCATIONS AND GUIDANCE ON USE OF THESE FUNDS FOR WIOA TRANSITION ACTIVITIES

**EXECUTIVE SUMMARY**

Purpose

This policy updates the Rapid Response (RR) and Layoff Aversion funding provided to Local Workforce Development Areas (Local Areas) for the period of July 1, 2015, through June 30, 2016. This directive also provides state guidance on whether Local Areas can retain any of their Program Year (PY) 2014-15 RR funding for use in PY 2015-16, and the potential use of these RR funds for the *Workforce Innovation and Opportunity Act* (WIOA) transition activities.

Scope

This directive applies to all Local Areas.

Effective Date

This directive is effective on the date of issuance.

**REFERENCES**

- WIOA, Sections 3(51) and 134(a)(2)(A)
- Training and Employment Guidance Letters (TEGL) 26-14, *Workforce Innovation and Opportunity Act Transition Authority for Flexible Use of State Rapid Response Funds*
- TEGL 38-14, *Operational Guidance to Support the Orderly Transition of Workforce Investment Act Participants, Funds, and Subrecipient Contracts to the Workforce Innovation and Opportunity Act*
- Workforce Services Directive WSD14-03 Subject: *Rapid Response and Layoff Aversion Activities*
- Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principals, and Audit Requirements



## **STATE-IMPOSED REQUIREMENTS**

This directive only contains state-imposed requirements.

## **FILING INSTRUCTIONS**

This directive finalizes Draft Directive WSD-128 and replaces Directive WSD14-16, dated June 26, 2015. Retain this directive until further notice.

## **BACKGROUND**

The Department of Labor (DOL) released Grant Modification No. 2, AA-26768-15-A-6 on October 1, 2015, reflecting a .02108 percent rescission contained in the Continuing Appropriations Resolution, 2016, which was applied to round two allotments. Due to the DOL's rescission, the funding California received is amended to \$40,942,359 of PY 2015-16 Dislocated Worker RR funding. State policy sets the formula allocation methodology at 50 percent of the RR funds being allocated to the Local Areas and the other 50 percent of the RR funds being set aside for the Governor's Discretionary Additional Assistance account to respond to large dislocations, plant closures, natural disasters, emergencies, and special projects.

Normally, Local Areas can only use these funds to defray the cost of required and allowable RR activities in response to layoffs, business closures, and natural disasters as described in Sections 3(51) and 134(a)(2)(A) of the WIOA. However, per TEGL 26-14, the DOL has provided additional flexibility to states by authorizing them to use up to 100 percent of previous years' RR unexpended funds and up to 50 percent of their PY 2015-16 RR funds to carry out the WIOA implementation activities, as long as they meet their statutory responsibility to operate a statewide RR program. States are allowed to provide this one-time, "flexible" RR funding to their Local Areas and must coordinate with them on its use.

In providing this flexibility, the DOL has also identified and prioritized the WIOA implementation activities for which these funds can be used; these include Category 1 activities which focus on "system infrastructure for performance data and reporting," and Category 2 activities which "support short and long-term planning."

## **POLICY AND PROCEDURES**

The state recognizes that there will be significant local costs associated with the successful implementation of the WIOA. In consideration of this fact, the state is providing Local Areas with flexibility in the use of their RR and Layoff Aversion funds to fund the WIOA implementation activities. The use of these funds represents one-time flexibility to support the transition to the new law. However, Local Areas must ensure that mandated RR and Layoff Aversion activities are not compromised due to the alternate use of these funds for the WIOA implementation activities.

Consistent with the DOL provided flexibility for these funds, the PY 2014-15 RR and Layoff Aversion funds that were unexpended as of June 30, 2015, will be extended to June 30, 2016. Local Areas were allowed to carry these funds into PY 2015-16 and use up to 100 percent of the PY 2014-2015 RR funds to finance WIOA implementation transition activities. The PY 2015-16 RR and Layoff Aversion allocations were reduced by any “old” RR funding carried into PY 2015-16. Please note that PY 2014-15 RR and Layoff Aversion funds carried into PY 2015-16 became WIOA funds and are thus subject to WIOA requirements.

Please refer to [TEGL 38-14](#) for more detailed information regarding the operational guidance of transitioning funds from the *Workforce Investment Act* (WIA) to the WIOA.

Up to 50 percent of Local Areas’ PY 2015-16 RR allocations (see Attachment 1) can be used for the following WIOA implementation transition activities:

- Category 1 (Top Priority) Allowable Uses
  - Establishing memoranda of understanding among core programs for sharing of data within the state for performance accountability and evaluation purposes.
  - Planning with regard to co-location with *Wagner-Peyser* (which may include costs for terminating leases or modifying space).
  
- Category 2 (Secondary Priority) Allowable Uses
  - Training staff for the new WIOA requirements and activities.
  - Conducting new procurements or revising existing contracts.
  - Hiring of additional staff to support program implementation.
  - Conducting strategic planning efforts, including convening relevant program and stakeholder discussions and meetings.
  - Addressing costs associated with the identification of economic regions, which may include statewide economic and labor market information analyses.
  - Addressing costs associated with the renegotiating all One-Stop MOUs and resource sharing agreements.

As referenced in WSD14-3, RR funds will continue to be issued to each Local Area in their master subgrant, as grant codes 540 and 541. These formula funds may be spent on the wide range of required and/or allowable activities. Local Areas shall continue to report Incumbent Worker Training (IWT) participant enrollments funded with PY 2013-14 and 2014-15 RR formula funds, under grant code 274. Layoff Aversion based RR funding will be issued under grant codes 292 and 293 in each Local Areas’ master subgrant. The layoff aversion funds may not be spent on IWT.

### Financial Reporting

The RR and Layoff Aversion funds used for allowable transition activities must be reported under “Section VII, Miscellaneous Items, line 2 - State Mandated Match” in the “WIA/WIOA

Summary of Expenditures” entry screen in CalJOBS<sup>SM</sup>. The “State Mandated Match” section will be used as a temporary method for the Employment Development Department to track costs related to RR and Layoff Aversion allowable transition activities. Nothing else should be accounted for in the “State Mandated Match” section except those expenditures spent on the WIOA RR and Layoff Aversion allowable transition activities. These costs should be traceable through the Local Areas accounting system. We suggest that Local Areas use a unique identifier for these expenses for tracking and reporting purposes and input the actual expenditures under section “V. Cumulative Expenditures (Program)” in the “WIA/WIOA Summary of Expenditures” entry screen in CalJOBS<sup>SM</sup> to allow drawdown of cash.

Any costs incurred for transitional activities must be reasonable, allowable, and allocable to the WIOA and adhere to “[OMBs Uniform Administrative Requirements, Cost Principals and Audit Requirements](#)” that were in effect at the time the monies were awarded. All costs must be supported through sufficient documentation for monitoring and auditing purposes. Funds may not be spent on activities prohibited under WIOA such as purchase of real property.

#### **ACTION**

Please share with the appropriate Local Area staff.

#### **INQUIRIES**

Contact Viviana Neet at 916-653-9150 if you have any questions regarding this information.

/S/ JOSÉ LUIS MÁRQUEZ, Chief  
Central Office Workforce Services Division

Attachments are available on the internet:

1. [Formula-Based Rapid Response Funding for Program Year 2015-16 w/ Rescission](#)
2. [Summary of Comments](#)