Lower Savannah Council of Governments

LOWER SAVANNAH WORKFORCE INVESTMENT AREA

SC WORKS LOWER SAVANNAH

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LSWIA INSTRUCTION NUMBER:	**PY 13-001**
DISTRIBUTION LIST:	**See below**
ISSUANCE DATE:	**July 9, 2013**
EFFECTIVE DATE:	**JULY 1, 2013**
SUBJECT:	**WIA FUND UTILIZATION POLICY**

PURPOSE: The purpose of this Instruction is to provide information and guidance to the Lower Savannah Workforce Investment Area (LSWIA) sub-recipient organizations regarding **WIA Fund Utilization Policy.** Sub-recipient organizations include LSWIA service providers, contractors, one-stop center operators, and other applicable agencies responsible for operating activities and/or delivery of services to Workforce Investment Act (WIA) customers.

REFERENCES: Training and Employment Guidance Letters (TEGLs) #28-10, #24-07, #16-03 Changes 1-4

BACKGROUND: The LSWIA routinely issues Instructions to its sub-recipients regarding Policies and Procedures for handling various situations relating to Workforce Development within the region.

On a national level, WIA annual expenditure rates have often resulted in the appearance that the program did not require all the funds it was previously appropriated. This appearance has been used to justify budget reductions and even mid-year rescissions. Several actions on the part of Congress and/or USDOL have alerted the workforce system to the importance of timely and accurate expenditure reporting.

- Over the last several years, Congress has lowered its appropriation amounts for WIA programs based largely on the low rates of expenditures the previous year. Nationally, WIA appropriations have decreased an average of 5.6% annually over the last three years.
- Congress has also considered in its WIA Reauthorization discussions a required 70% expenditure rate for formula-funded programs to encourage grantees to utilize their fiscal capacity in serving individuals.
- Such expenditure thresholds have already been implemented by USDOL in reviewing the need for requested funding under National Emergency Grants (NEGs). TEGL 16-03 states:

  The expected June 30 annual accrued expenditure rate for Dislocated Worker formula program funds when applying for NEG resources is 70 percent of "total available" (prior year carryover plus annual allotment). A review of each state's success in meeting this rate will be conducted at the end of each program year and will be part of the review of a state's need for NEG funds as applications are received.
- In program year 2007, WIA experienced two across-the-board rescissions as well as a significant rescission that was based largely on unexpected balances above 30%.

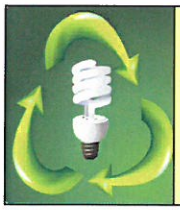
An Equal Opportunity Employer/Program. Auxiliary aids and services are available to individuals with disabilities upon request.

POLICY: ***THIS POLICY IS EFFECTIVE IMMEDIATELY UNTIL FURTHER NOTICE***

Although the WIA Statue and Regulations provide two years for local areas to expend formula funds, the reality is that states and local areas are judged on timely use of the funds. Since program year 2011, LWIAs are direct recipients of 89% of the total WIA funds allotted to the state, versus 79% received in prior years. This increases the need and expectation that each LWIA expend funds both wisely and timely.

Therefore, the State Workforce Investment Board (SWIB) has instituted an annual target for expenditure of local funds that mirrors that used by USDOL in reviewing WIA formula-funded grants. **Effective with the start of Program Year 2013**, an annual 70 percent fund utilization rate for each of the three local fund streams (Adults, Dislocated Worker, and Youth) will be required. The rate will be calculated for each LWIA by dividing total accrued expenditures as reported through June 30th by total available funds (unexpended carry-in funds plus current annual allocation).

Should an LWIA fail to meet the 70 percent expenditure rate in any fund stream, a written explanation must be submitted detailing the reasons and outlining corrective measures that will ensure future compliance with the policy.



***Good Sense Tip**: Service providers are also required to meet the 70 percent expenditure rate in any fund stream. Failure to meet the required 70 percent expenditure rate in any fund stream will result in a written explanation being submitted to the LWIA, detailing the reasons and outlining corrective measures that will ensure future compliance with the policy. Further, failure to meet the required 70 percent expenditure rate will result in sanctions.*

ACTION: ***PLEASE COPY AND DISTRIBUTE TO ALL WIA FUNDED (PARTLY or FULLY) STAFF***

INQUIRIES: Direct all inquiries regarding this Instruction to the Lower Savannah Council of Governments' Workforce Development Staff, Post Office Box 850, Aiken, South Carolina 29801-0850; telephone (803) 649-7981; fax (803) 649-2248; or e-mail sjordan@lscog.org.

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Attachments: N/A
Placed on LSWIA Website