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**STATE EMPLOYMENT SERVICES INSTRUCTION NUMBER: 12-16**

**TO:** LWIA Administrators

**SUBJECT:** WIA Fund Utilization Policy

**ISSUANCE DATE:** June 26, 2013

**EFFECTIVE DATE:** July 1, 2013

**PURPOSE:** To issue State policy regarding WIA annual expenditure rates to promote maximum investment of funds, increased levels of service to customers, and increased WIA fund utilization statewide.

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

**BACKGROUND:** 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.

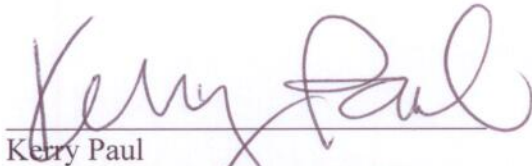
- Over the last several years, Congress has lowered its appropriation amounts for WIA programs based largely on the low rates of expenditures the previous year. Nationally, WIA appropriations have decreased an average of 5.6% annually over the last three years.
- Congress has also considered in its WIA 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 largely based on unexpended balances above 30%.

**POLICY:** Although the WIA Statute 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 (Adult, Dislocated Worker and Youth) will be required. The rate will be calculated for each LWIA by dividing total accrued expenditures as reported through June 30<sup>th</sup> 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.

**ACTION:** Please ensure this policy guidance is distributed to appropriate staff and implemented in your LWIA.

**INQUIRIES:** Questions may be directed to Mary jo Schmick at 803-737-2166 or [mschmick@dew.sc.gov](mailto:mschmick@dew.sc.gov).



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