



Mark Sanford  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

Joe E. Taylor, Jr.  
Secretary

**STATE WIA INSTRUCTION NUMBER: 07-03**

**TO: Local Workforce Investment Areas (LWIAs)**

**SUBJECT: Obligation and Expenditure Requirements**

**ISSUANCE DATE: November 26, 2007**

**EFFECTIVE DATE: Immediately**

**EXPIRATION DATE: June 30, 2008**

**PURPOSE:** This instruction (1) sets policy concerning obligation requirements; (2) transmits instructions for the Annual Obligations Compliance Report; and (3) transmits policy on expenditure of funds.

**REFERENCES:** Sections 127(c), 128(c), 132(c), 133(c), and 189(g)(2) of the Workforce Investment Act (WIA) of 1998, and Sections 667.107, 667.150, and 667.160 of the Regulations, as well as the WIA Program Year 2007 Incentive Policy.

**BACKGROUND:** The references given above state the requirements for the obligation and expenditure of WIA funds distributed to states and local workforce investment areas. These requirements are intended to promote the effective use of WIA funds by setting minimum acceptable levels of fund obligation and setting maximum time limits for fund expenditure.

**INSTRUCTION:**

1. A LWIA must obligate at least 80% of the *program portion* of its current (Program Year 2006) PY/FY allocation for each of the three fund streams – Youth, Adult, and Dislocated Worker– by February 1, 2008. If more than 20% of the program funds remain unobligated as of February 1, 2008, these excess program funds, along with associated administration funds, will be recaptured by the State and reallocated to those local areas that met the requirement.
2. Each LWIA must complete the Annual Obligations Compliance Report for each fund stream. These reports are due to Workforce Development staff at the SC Department of Commerce by February 15, 2008.

3. A LWIA has only two years to expend formula funds. Compliance must be separately determined for each funding stream. Funds not expended in the two-year period must be returned to the State and will be available for expenditure during the third and final year of availability. At the discretion of the State Workforce Investment Board, such funds will be used for statewide projects and/or reallocated to those local areas which fully expended their allocation of funds for the same program year within the two-year period.

To facilitate timely expenditure of available funds, the State Workforce Investment Board again approved a 75% fund utilization rate in the Program Year 2007 Incentive Policy. By June 30, 2008, LWIAs must expend a minimum of 75% of total available funds in each of the three fund streams (Youth, Adult, Dislocated Worker), as well as the pooled Administrative funds. In calculating the fund utilization rate, total available funds include carry-in funds, new PY/FY allocations, and applicable transfers. The State will not impose a recapture provision if the 75% fund utilization rates are not met. However, failure to meet this expenditure level in all four categories will result in ineligibility to receive the **full** 15% portion of incentive funds associated with this requirement. (The Incentive Policy does allow LWIAs to earn 3% in incentive funds for each single category in which the fund utilization is met.)

#### Voluntary Rescission

A LWIA may decide to voluntarily return a portion of its Youth, Adult and/or Dislocated Worker funds should the local area find that 1) the funds available to the area will not be expended within the allowable two-year time period and 2) the funds are needed by another local area and can be expended in the time remaining. In such an instance, both the giving and receiving local areas must jointly submit a Rescission/Reallocation Request Form to Workforce Development staff at the SC Department of Commerce. Approval of the Workforce Investment Board and the Chief Elected Official(s) for both local areas is required to initiate such a request. The request can be submitted at any time. Voluntary Rescission must occur in whole dollars, consisting of 90% program funds and 10% administration funds.

**ACTION:** LWIAs must submit the Annual Obligations Compliance Report to their state grant manager by February 15, 2008 and ensure fiscal accountability through compliance with the above policies and procedures.

**INQUIRY:** Questions may be directed to Ms. Pat Sherlock at 803-737-2601 or [psherlock@SCcommerce.com](mailto:psherlock@SCcommerce.com).



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Margaret Torrey  
Deputy Secretary for Workforce

#### Attachments:

Annual Obligations Compliance Report  
Rescission/Reallocation Request Form

**ANNUAL OBLIGATIONS COMPLIANCE REPORT  
Program Year 2007**

LWIAs must obligate at least 80% of the *program* portion of their current PY/FY allocation for each fund stream by **February 1, 2008. Please complete a compliance report for each fund stream.**  
Attach the face sheet of each grant and/or contract listed.

LWIA: \_\_\_\_\_

Fund Stream: \_\_\_\_\_

<b>Program Year 2006 Carryin Program Funds</b>	<b>PY'07/FY'08 Program Allocation</b>	<b>PY'07/FY'08 Transfer (+ or -)</b>	<b>Total PY'07/FY'08 Program Allocation</b>	<b>Total Program Year 2007 Program Funds Available</b>
			\$0	\$0

List below grants and contracts, including those associated with local workforce investment board and local area operations that meet the definition of obligations as stated in 20 CFR 660.300.

<b>Grantee/Contractor</b>	<b>Grant/Contract #</b>	<b>Contract Period</b>	<b>Program Funds Obligated</b>

**Total Program Funds Obligated** \$0

**Percent Obligated of Total Available** #DIV/0!

**Percent Obligated of PY'06/FY'07 Funds** #DIV/0!

**STATE OF SOUTH CAROLINA  
WORKFORCE INVESTMENT ACT  
RESCISSION/REALLOCATION REQUEST FORM**

Date Submitted \_\_\_\_\_ Effective Date \_\_\_\_\_

The \_\_\_\_\_ Workforce Investment Area requests to voluntarily rescind WIA funds detailed below to the \_\_\_\_\_ Workforce Investment Area.

Amount\* (Program) \$ \_\_\_\_\_  
 (Admin) \$ \_\_\_\_\_  
 TOTAL \$ \_\_\_\_\_

Program Year Identification \_\_\_\_\_  
 Fund Stream \_\_\_\_\_

\*Rescission must occur in whole dollars, which consist of 90% program and 10% administration funds.

Type or Print Name	Signature of WIB Chairperson	Date
Type or Print Name	Signature of Chief Elected Official(s)	Date

The \_\_\_\_\_ Workforce Investment Area agrees to accept funds in the amount of \$ \_\_\_\_\_ as voluntarily rescinded by the \_\_\_\_\_ Workforce Investment Area.

Type or Print Name	Signature of WIB Chairperson	Date
Type or Print Name	Signature of Chief Elected Official(s)	Date

**For Workforce Development Use Only:**

Date Request Received \_\_\_\_\_  
 Approved  YES  NO  
 Effective Date \_\_\_\_\_  
 Date NFA Issued \_\_\_\_\_  
 Comments \_\_\_\_\_

Please submit three originals of this form for each rescission/reallocation request to:

**Workforce Development  
 SC Department of Commerce  
 1201 Main Street  
 Suite 1600  
 Columbia, SC 29201-3200  
 ATTN: Pat Sherlock**