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Nikki R. Haley
Governor

Abraham J. Turner
Executive Director

STATE EMPLOYMENT & TRAINING INSTRUCTION NUMBER: WIA 11-15

TO: Local Workforce Investment Area Administrators

SUBJECT: WIA Obligation and Expenditure Requirements

ISSUANCE DATE: May 30, 2012

EFFECTIVE DATE: Immediately

PURPOSE: To provide Local Workforce Investment Areas (LWIAs) instruction for compliance related to obligation and expenditure of WIA funds; and to transmit the *Voluntary Reallocation Request Form*.

REFERENCES: Sections 127(c), 128(c), 132(c), 133(c), and 189(g)(2) of the Workforce Investment Act of 1998; Sections 667.107, 667.150, and 667.160 of the Code of Federal Regulations; and TEGL 28-10 *Federal Financial Management and Reporting Definitions*.

BACKGROUND: The references given above state the requirements for the obligation and expenditure of WIA funds distributed to states and local workforce 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. Please note the addition of TEGL 28-10 as a reference source. This TEGL provides further clarification of definitions and examples of expenditures and obligations.

INSTRUCTION:

1. Each LWIA must obligate at least 80 percent of the *program portion* of its current PY/FY allocation for each of the three fund streams - Youth, Adult, and Dislocated Worker - by June 30th of each program year. If more than 20 percent of the program funds remain unobligated as of June 30th, these excess program funds will be recaptured by the State and reallocated to those local areas that meet the obligation requirement. LWIAs are responsible for keeping accurate records to document obligations as reported on the fourth quarter (June 30th) *Financial Status Reports*.
2. LWIAs have 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.

Voluntary Reallocation

A local workforce area may decide to voluntarily return a portion of its Youth, Adult and/or Dislocated Worker funds should the LWIA 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 *Voluntary Reallocation Request Form* (attached) to Local Operations staff at the SC Department of Employment and Workforce. Approval of the Local Workforce Investment Board and the Signatory Official of both local areas is required to initiate such a request. The request can be submitted at any time. Voluntary reallocation must occur in whole dollars, consisting of 90 percent program funds and 10 percent administration funds.

ACTION: LWIAs must ensure fiscal accountability through compliance with the above policies and procedures. Please ensure that all appropriate staff receive and understand this policy.

INQUIRIES: Questions may be directed to Mary jo Schmick at 803-737-2708, or mschmick@dew.sc.gov.



Dennis M. King
Interim Assistant Executive Director
Employment and Training

Attachment:
Reallocation Request Form

Workforce Investment Act
Voluntary Reallocation Request

Program Year: _____ Local Area: _____

Funding Stream: _____ Percentage of Funds to be Reallocated: _____

Grant Award/Allocation: (Program) \$ _____ (Admin) \$ _____ (Total) \$ _____

Deobligation Amount: (Program) \$ _____ (Admin) \$ _____ (Total) \$ _____

Grant Award Balance: (Program) \$ _____ (Admin) \$ _____ (Total) \$ _____

_____ Local Workforce Area is hereby requesting:

The amount of \$ _____ be reallocated to _____ Local Area.

Type or Print Name of Signatory Official

Type or Print Name of LWIB Chair

Authorized Signature

LWIB Chair Signature

Date

Date

The _____ Local Workforce Area agrees to accept the reallocated funds.

Type or Print Name of Signatory Official

Type or Print Name of LWIB Chair

Authorized Signature

LWIB Chair Signature

Date

Date