

Mass Workforce Issuance

Workforce Issuance No. 14-95

Policy **Information**

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: November 12, 2014

Subject: **2-Year Local WIA Expenditure Limitation (20 CFR 667.107 (b) (1&2))**

Purpose: To formalize the requirements and the state and local operational effects of 20 CFR 667.107 (b) (1 & 2) which stipulate that “Funds allocated by a state to a local area under WIA sections 128(b) and 133(b) for any program year are available for expenditure only during that program year and the succeeding program year.”

Background: The 3-year review recently conducted by the US Department of Labor noted that, in spite of the state’s practice to adhere to the requirements of 20 CFR 667.107 (b) (1&2) through FIFO spending controls, the State must issue a formal notice in order to ensure strict adherence to the requirements of 20 CFR 667.107 (b) (1&2).

The state has determined to accomplish this through issuance and aggressive enforcement of this policy which communicates the details of the applicable CFR provisions. This policy is therefore intended as formal notice that the State will strictly enforce those provisions as written. Contracting cites will be added through that medium as necessary to support this policy.

Policy: The following provisions delineate the two-year expenditure rule for WIA funds:

§ 667.107 What is the period of availability for expenditure of WIA funds?

(a) *Grant funds expended by States.* Funds allotted to States under WIA sections 127(b) and 132(b) for any program year are available for expenditure by the State receiving the funds only during that program year and the two succeeding program years.

(b) *Grant funds expended by local areas.* (1) Funds allocated by a State to a local area under WIA sections 128(b) and 133(b), for any program year are available for expenditure only during that program year and the succeeding program year. (2) Funds which are not expended by a local area in the two-year period described in paragraph (b)(1) of this section, must be returned to the State. Funds so returned are available for expenditure by State and local recipients and sub-recipients only during the third program year of availability. These funds may:

(i) Be used for Statewide projects, or (ii) Be distributed to other local areas which had fully expended their allocation of funds for the same program year within the two-year period.

EOLWD Roles & Responsibilities:

- To formalize and communicate the requirements of these provisions and ensure that local areas understand that this is a 2-year WIA expenditure requirement that does not permit the local carry forward of obligations into the 3rd year
- To recapture WIA funds contracted to local areas that are not expended during the 2-year expenditure period
- To ensure that WIA funds retained by the state at the direction of the local area are expended during the 2-year expenditure period
- To identify strategies for the use of recaptured local funds and to ensure expenditure during the 3rd year

Local Area Roles & Responsibilities:

- To implement appropriate procedures that will ensure that contracted WIA funds are expended during the year of award and the succeeding year
- To be advised that WIA funds not fully expended during the 2-year expenditure period will be recaptured by the state
- To report all WIA expenditures timely through the state's designated financial reporting system which will be used as the vehicle to assess expenditure compliance

Action

Required: Please assure that all staff responsible for obligating, expending or accounting for WIA funds are informed of and well versed in the content and impact of this policy.

Effective: Immediately

Inquiries: Please email questions PolicyQA@detma.org

References: Workforce Investment Act of 1998 (WIA), as amended (29 U.S.C. 2801 et seq.)

<http://www.doleta.gov/usworkforce/wia/wialaw.pdf>

WIA Regulations, 20 CFR 667.107 (b) (1&2)

PART 667—ADMINISTRATIVE PROVISIONS UNDER TITLE I OF THE
WORKFORCE INVESTMENT ACT

<http://www.doleta.gov/usworkforce/wia/finalrule.pdf>