

Mass Workforce Issuance

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☒ **Policy** ☐ **Information**

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

cc: WIOA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: March 16, 2016

Subject: **2-Year Local WIOA Expenditure Limitation**

Purpose: To establish guidance on the WIOA Expenditure Limitations. The period of performance for grants is the statutory period of availability for expenditure, unless otherwise provided in the grant agreement. Funds must be spent in a timely manner; if they are not expended by the end of the performance period, they risk losing their availability. Funds with the shortest period of availability must be expended first unless otherwise provided in the grant agreement or subsequent modifications.

Background: The State adheres to the requirements of WIOA sec.189 through spending controls and is required by the US Department of Labor to issue a formal notice in order to ensure strict adherence to the requirements of WIOA sec. 189.

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 WIOA grant award funds:

§683.110 What is the period of availability for expenditure of WIOA funds?

(a) *Grant funds expended by States.* Funds allotted during any program year are available for expenditure by the State only during that program year and the 2 succeeding program years (WIOA sec. 189(g)(2)).

(b) *Grant funds expended by local areas.* (1) Funds allocated by the State to a local area for any program year are available for expenditure only during that program year and the succeeding program year (WIOA sec. 189(g)(2)). (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.

NOTE: An exception to the 2-year performance period for local areas in the case of WIOA Pay-for-Performance contracting strategies;

In accordance with sec. 189(g)(2)(D) of WIOA, funds used by local areas to carry out WIOA Pay-for-Performance contract strategies remain available until expended.

Grants awarded for research or evaluations under WIOA sec. 169, funds remain available until expended, in accordance with sec. 189(g)(2)(B)(i) of WIOA, or for the period of performance specified in the terms and conditions of the award. The Secretary has the authority to limit the period of expenditure of these funds in the terms and conditions of the grant award.

Funds allotted for other programs under Title I of WIOA, including secs. 170 (National Dislocated Worker Grants (NDWGs)) and 171 (Youth Build program), are available for expenditure for the period of performance identified in the grant or contract.

EOLWD Roles & Responsibilities:

- To formalize and communicate the requirements of these provisions and ensure that local areas understand that this is a 2-year WIOA expenditure requirement that does not permit the local carry forward of obligations into the 3rd year
- To recapture WIOA funds contracted to local areas that are not expended during the 2-year expenditure period
- To ensure that WIOA 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 WIOA funds are expended during the year of award and the succeeding year
- To be advised that WIOA funds not fully expended during the 2-year expenditure period will be recaptured by the State

- To report all WIOA 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 WIOA funds are informed of and well versed in the content and impact of this policy.

Effective: Immediately

Inquiries: Please email all questions to PolicyQA@detma.org. Also, indicate Issuance number and description.

References: WIOA sec. 169 Evaluations and research
WIOA sec. 189(g)(2) Secretarial administrative authorities and responsibilities
WIOA sec. 189(g)(2)(B)(i) Secretarial administrative authorities and responsibilities
WIOA, secs. 170 (National Dislocated Worker Grants (NDWGs))
WIOA, secs. 171 (Youth Build Program)