



INSTRUCTION LETTER

INSTRUCTION NUMBER: WIOA 17-06, Amendment 1

TO: WIOA Staff

SUBJECT: WIOA Fund Utilization

DATE ISSUED: March 19, 2021 **DATE EFFECTIVE:** Immediately **DATE EXPIRES:** Indefinitely

PURPOSE: To issue revised guidance regarding local workforce development areas that fall below the 70 percent fund utilization rate, as outlined in local instruction 19-05, amendment 1, WIOA Title I Sanctions Policy. No other changes have been made to the policy.

REFERENCES:

- Workforce Innovation and Opportunity Act, Public Law 113-128, Section 101(d)(2), Section 101 (d)(12), Section 102(b)(2)(D)(i)(I), Section 116(b)(2)(B)
- 20 CFR Part 679.130(b), Part 679.130(I), Part 676.110, Part 677.165
- Training and Employment Guidance Letter 2-15

BACKGROUND: Local Workforce Development Areas receive approximately 80% of WIOA Title I funds allotted to the State (85% in Adult and Youth fund streams; 70% in Dislocated Worker fund stream). Although local funds have a two-year life, it is critical that annual expenditure rates, customer services, and performance outcomes justify the continued national investment in the public workforce system. In the past, annual expenditure rates have resulted in federal budget reductions and even mid-year rescissions. Current budget proposals and appropriations discussions continue to alert the workforce systems to the importance of timely and effective utilization of funds.

POLICY: This guidance maintains the local fund utilization rate established in Program Year 2013 under the Workforce Investment Act (WIA), while updating the policy for WIOA. Per WIOA Public Law 113-128, Section 116(b)(2)(B), a minimum fund utilization rate policy is required as an additional State performance accountability indicator. Each local workforce development board shall ensure that an annual 70 percent fund utilization rate is met for each of the WIOA Title I funding streams (Adult, Dislocated Worker, Youth).

- The rate will be calculated for each local area by dividing total expenditures by total available funds (unexpended carry-in funds plus current annual allocation.)
- Both program and administration cost category funds will be included in calculating the fund utilization rate.

- June Financial Status Reports (FSRs) submitted by each local workforce area will be used to determine total expenditures.
- As an additional State performance accountability indicator, the fund utilization rates for each local area will be included in the WIOA Annual Report.

Any Workforce area that falls below the 70 percent fund utilization rate must submit a local board approved Corrective Action Plan that includes, but is not limited to:

Failed Performance Measures(s) in One Program Year

If a local area fails to meet this additional state indicator of performance in one program year, a notice will be sent to the signatory official, the Chief Elected Official(s) (CEO), the Local Workforce Development Board (LWDB) Chairperson, the LWDA Administrator, and the State Workforce Development Board (SWDB) Chairperson. The LWDB will be required to submit a Corrective Action Plan (CAP) within 45 days of the notice, describing how it will improve and meet performance. The CAP must include, but is not limited to:

- A description of the reason(s) for failure, including an analysis of the reason(s) for failure and how the cause was determined.
- A description of immediate and long-term actions that will be taken to improve performance measures.
- A timeline for completing each action identified.
- Identification of technical assistance needed to implement the plan.
- A description of how the LWDB will monitor and measure the effectiveness of the corrective action activities to ensure performance improvement.
- Signatures of the LWDB chairperson and the signatory official. A copy must be sent to the CEO(s).

DEW will review the CAP and notify the signatory official, the CEO, the LWDB Chairperson, the LWDA Administrator, and the SWDB Chairperson in writing of the plan acceptance. Appropriate parties will be notified within 15 days if additional information is required.

Upon acceptance of the CAP, the LWDB will submit progress reports to DEW on a mutually agreed upon schedule. Report submission will continue until the end of the program year.

Failed Same Performance Measure(s) in Two Consecutive Program Years

If a local area fails the same additional state indicator(s) of performance for two consecutive years, DEW will issue a written notice to the signatory official, the CEO, the LWDB Chairperson, the local area Administrator, and the SWDB Chairperson. In addition, DEW will present to the full local Board the performance, sanctions, and potential consequences to the LWDB and LWDA of continued failed performance.

The LWDA will be required to commit funds for dedicated external technical assistance and will be ineligible for incentive funds earned in the second consecutive year of failing a performance measure.

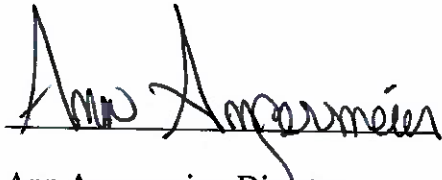
DEW will work with appropriate local area staff to amend the CAP as needed. Timelines for further local area action, additional monitoring, reporting, and technical assistance will be determined by a joint LWDB, DEW, local service provider(s), and administrative entity Ad Hoc Committee.

Failed Same Performance Measure(s) in Three Consecutive Program Years

With the expanded awareness, actions, and technical assistance being provided to LWDA over the previous two years, it is not expected that there will be a third consecutive year of failed performance, including failure to meet this additional state indicators of performance. However, should this occur, DEW, as the Governor's designated administrative entity, and the SWDB may impose sanctions in accordance with State Instruction, 19-04, Change 1 WIOA Title I Sanctions Policy.

ACTION: Ensure that this policy is distributed to all finance staff within your organization.

INQUIRIES: Should you have any questions concerning this instruction, please contact Dana Wood, Associate Director at wood@upstaterworkforceboard.org or via telephone at 864-596-2028 (TTY: 711).



Ann Angermeier, Director

Source: State Instruction Letter 17-05, Change 1. This instruction letter amends Local 17-06.