

DEPARTMENT OF WORKFORCE DEVELOPMENT
DIVISION OF EMPLOYMENT AND TRAINING
ADMINISTRATOR'S MEMO SERIES

ACTION
 NOTICE 08-03

ISSUE DATE: 05/09/2008
DISPOSAL DATE: 06/30/2010

*PROGRAM CATEGORIES:

AS FL ML TR
 CR IT RA WIA
 FM JC TC YA
 LM TA

To: Workforce Development Board Directors

From: Ron Danowski /s/
Division Administrator

RE: Workforce Investment Act Rescissions: Updated Program Year 2006 and 2007 Original Allocations

PURPOSE: To provide the Wisconsin Workforce Development Boards (WDBs) with information and requirements on the federal Fiscal Year (FY) 2007 and FY 2008 rescissions that impact Program Year (PY) 2006 and PY 2007 original Workforce Investment Act (WIA) formula allocations.

BACKGROUND: The details of three separate rescissions are available in Training and Employment Guidance Letter (TEGL) No. 24-07. Due to the additional complexity of these rescissions, this memo will refer to all three rescissions by using Program Year to make the statements more understandable.

To PY 2006 original WIA allocations, a 1 percent across-the-board (ATB) rescission to Adult and Dislocated Worker programs is applied to all WDBs based on the original allocation percentages. There is no rescission to the Youth program. Please see Attachment 1.

To PY 2007 original WIA allocations, a 1.747 percent ATB rescission to Adult and Dislocated Worker programs is applied to all WDBs based on the original allocation percentages. There is no rescission to the Youth program. Please see Attachment 2.

There is no flexibility for applying PY 2006 and PY 2007 ATB rescission, since the rescission must be applied to the programs and funds specified by the statute.

*PROGRAM CATEGORIES:

AS--Apprenticeship Standards	FM--Financial Management Requirements	LM--Labor Market Information	TR--Transportation
CR--Civil Rights	FL--Foreign Labor Certification	ML--Migrant Labor	WIA--Workforce Investment Act
	IT--IT Systems	RA--Refugee Assistance	YA--Youth Apprenticeship
	JC--Job Center	TC--Tax Credit Programs	
		TA--Trade Assistance	

For the \$250 million congressional rescission of WIA Youth, Adult and Dislocated Worker programs unexpended balances (unexpended balances of formula funds appropriated for PY 2005 and PY 2006), a rescission to all WIA programs is applied to WDBs based on two factors: one is WDB actual spending reported as of the 6/30/07 submittal to DOL, and the other is the calculating methodologies defined by DOL. The State of Wisconsin's WIA PY 2005 unexpended balance was zero as reported on 6/30/07. However, for the same reporting period, Wisconsin had an unexpended balance of PY 2006 allotment. The \$250 million rescission was applied by DOL in two parts: one is for unexpended balance in excess of 30% and the other is based on a pro-rata share of all unexpended balance. Wisconsin was required to share in only pro-rata allocation under the guidance of federal regulations, expressed in House Report 110-424 pages 91 and 92.

DWD requested and received permission from the Secretary of Labor to utilize PY 2007 funds, therefore allowing us the flexibility to apply the rescission to different fund year sources. The rescission methodologies have been dictated by DOL.

- The first step was to identify PY2006 expenditures of each program including the local administrative portion according to the Financial Status Report (FSR) June 30, 2007.
- Secondly, we entered the expenditures and the available funds into several spreadsheets with formulas provided by DOL, thus we get Youth, Adult and Dislocated Worker unexpended proportions mingled with administrative portion.
- Thirdly, we applied the rescinding amounts issued from TEGE 24-07 attachments.
- Finally, three sets of rescission numbers (programs only) have been copied from DOL's work sheet to DET's work sheet for the calculation of administrative amounts.

On completion of all the procedures, we applied the results to each WDB from PY 2006 to PY 2007 funds, although PY 2007 has already experienced a 1.747% cut. In other words, PY 2007 grants/contracts (Admin, Adult and Dislocated Worker) amounts have two steps of reductions. Youth grant/contract amount has just one reduction from Unexpended Balances Rescission. Please see Attachments 3A and B.

Theoretically, three separate rescissions span several Program Years. However, all above retroactive rescissions will ultimately influence PY 2007 cash flow.

POLICY: Although the rescissions significantly impacted PY 2007 WIA Formula appropriations, all WDBs must update their original PY 2006 and PY 2007 budget plan and financial record by following the direction of this memo.

ACTION SUMMARY STATEMENT:

Contract balances will be reduced by DWD through issuance of a unilateral grant modification. This modification process will automatically reduce the contract amounts on CORE.

Workforce Development Boards must make adjusting entries to their books as necessary, and file amended CORE reports to match the revised contract amounts.

The PY 2006 funds are the x7xx series of codes in CORE:

PY 06 (FY 07) Code	PY 07 (FY08) Code	Descriptions
X701	X801	ADM WIA Administration
X702	X802	YTH WIA Youth
X705	X805	ADT WIA Adult
X706	X806	DLW WIA Dislocated Worker

Fiscal staff of WDBs should submit changes on your April FSR (due by May 30). You must reduce your Cash Requests on 0701 - 0706 and your Expenditures reported on 2701 – 2706 by the rescission amounts listed in Attachment 3A.

For example: if your rescission amount on Line Code 0701 is \$1,000 and you previously reported \$10,000 for April 2008, you would report \$9,000 on Line Code 0701 in your April FSR. You may then move these amounts to the PY2007 funds by increasing your amounts reported on the x8xx series of CORE codes: 0801 – 0806 for Cash Requests and 2801 – 2806 for Expenditures. Remember that expenditures that you move from one period to another must be allowable under that new period.

If these changes are not made on April FSR, the PY 2006 rescission will reduce your next cash request(s) until the amount has been satisfied.

For the PY 2007 rescission, no action is needed by the WDBs on your CORE expenditure reports at this time. DWD Finance will automatically de-obligate the rescission amounts from the original contract amounts (CORE Line Code 08XX series). WDBs will need to adjust spending to remain within the new contract balance amounts.

The following is a summary of the rescission amounts for quick reference:

WDA	1% ATB	1.747% ATB	\$250 M Resc.	Total Rescission Amt
SE	\$ 12,741	\$ 19,414	\$ 74,671	\$106,826
Mi	36,919	67,111	62,429	\$166,459
WOW	6,959	10,812	20,190	\$ 37,961
FV	11,548	19,126	4,859	\$ 35,533
Bay	15,744	24,209	73,051	\$113,004
NC	11,507	19,537	31,997	\$ 63,041
NW	10,354	16,224	27,829	\$ 54,407
WC	10,393	15,564	33,037	\$ 58,994
Western	5,147	10,412	17,421	\$ 32,980
SC	12,771	23,448	27,623	\$ 63,842
SW	8,112	13,458	19,228	\$ 40,798
Total:	\$142,195	\$239,315	\$392,335	\$773,845

DWD will issue grant modifications that reflect Attachments 3A & B to WDBs immediately following the publishing of this memo.

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You may also contact your Local Program Liaison if you have questions or comments on this memo and related policies.

Attachment: Spreadsheets