

TEXAS WORKFORCE COMMISSION LETTER

| | |
|-------------------|--------------|
| ID/No: | WD 21-08 |
| Date: | May 16, 2008 |
| Keyword: | Fiscal Admin |
| Effective: | Immediately |

To: Local Workforce Development Board Executive Directors
Commission Executive Offices
Integrated Service Area Managers



From: Laurence M. Jones, Director, Workforce Development Division

Subject: **Workforce Investment Act Rescission during Fiscal Year (FY) 2008**

PURPOSE:

To provide Local Workforce Development Boards (Boards) with:

- Program Year (PY) 2006 rescission amounts by local workforce development area (workforce area) for the Workforce Investment Act (WIA) adult, dislocated worker, and youth programs;
- procedures for remitting the rescission amount to the Texas Workforce Commission (Commission); and
- procedures for reporting final expenditures and closing the PY 2006/FY 2007 WIA contracts.

BACKGROUND:

On April 29, 2008, the Commission approved the PY 2006 WIA rescission amounts by workforce area. The approved PY 2006 rescission amounts are shown in Attachment 1 to this WD Letter.

As required by Public Law (P.L.) 110-161, the U.S. Department of Labor (DOL) is required to apply three different rescissions during FY 2008. As a result, DOL issued Training and Employment Guidance Letter (TEGL) No. 24-07 on March 26, 2008, entitled "Rescissions During Fiscal Year 2008 For Workforce Investment Act (WIA) Programs," providing the amounts to be rescinded and instructions for the methodology in applying the rescission. At the state level, the Commission is absorbing two of the three rescissions; however, the third rescission, which involves unexpended PY 2005 and PY 2006 balances, is to be applied to each workforce area in a manner that conforms to DOL's calculations of state rescission amounts.

DOL determined the rescission of PY 2005 and PY 2006 unexpended balances by using financial data reported by the states as of January 15, 2008, for the reporting period as of June 30, 2007. DOL provided detailed instructions and Excel file

templates for states to use in performing workforce area calculations to ensure that all states use a uniform methodology that is consistent with the statute and the instructions. The unexpended balance amounts rescinded can be taken from PY 2005 or PY 2006 funds. The Commission has elected to take the unexpended balance amounts rescinded from PY 2006 funds, thereby affecting only the PY 2006/FY 2007 contract.

As a result of the rescission and the Commission action on April 29, 2008, Boards' PY 2006/FY 2007 WIA contracts will be unilaterally amended to reduce the contract amount by the workforce area rescission amount shown in Attachment 1. The contract funding summary will be amended to show where the reduction is occurring with respect to the program year and fiscal year funding. Except for workforce areas that experienced a change in fiscal agent during the period of July 1, 2006, through June 30, 2007, the entire rescission amount will be applied exclusively to the program year component of the PY 2006/FY 2007 WIA adult, dislocated worker, and youth funding. Workforce areas that experienced a change in fiscal agent during this period will be contacted with additional instructions regarding the application of the rescission amounts. In total, the rescission amount for Boards is approximately \$3.64 million.

PROCEDURES:

Boards must adhere to the following procedures in remitting the rescission amounts, reporting expenditures, and closing the PY 2006/FY 2007 WIA contracts.

NLF

Cash Refund

Boards must draw funds through the Cash Draw and Expenditure Reporting (CDER) system equal to the final amount expended (in most cases, this will be the final contract amended amount) plus the amount rescinded. Although the Boards' PY 2006/FY 2007 WIA contracts will be unilaterally amended to reduce the contract amount by the workforce area rescission amount, the purchase order in CDER will not be decreased to reflect the change.

NLF

Boards must submit a check equal to the rescission amount shown in Attachment 1 **no later than Friday, May 30, 2008**. Checks must be:

NLF

- made payable to the Texas Workforce Commission;
- accompanied by the appropriate, complete cash remittance form; and
- mailed to the following address:

Texas Workforce Commission
Attn: Revenue and Trust Management
P.O. Box 322
Austin, Texas 78778-0322

The appropriate cash remittance form will be e-mailed to Board Executive Directors and Chief Financial Officers.

Note: The cash refund will not be processed through the CDER system.

Reporting and Closeout for PY 2006/FY 2007 WIA Contracts

Boards must submit and certify the June 2008 monthly expenditure report for the PY 2006/FY 2007 WIA contracts in the CDER system **by July 20, 2008**. This procedure follows the normal reporting process.

NLF

Boards must report and certify final PY 2006/FY 2007 WIA expenditures in the CDER system **by August 11, 2008**, with a Due To/Due From not equal to zero.

NLF

Note: Implementation of the rescission will create a scenario in which cash expended will not equal cash drawn when Boards report final expenditures. In order to work around this issue, a final report will be generated and changed to a revised final report on August 1, 2008. Therefore, Boards must report the final expenditures described above on a revised final expenditure report, which will be due August 11, 2008.

NLF

For most Boards, the final expended amounts will be equal to the amended contract amounts by type of funding, and the Due To/Due From amount in the CDER system will equal the rescinded amount.

Boards must certify the PY 2006/FY 2007 WIA contract closeout **by August 11, 2008**, which is the same due date for certifying the revised final expenditure report.

NLF

INQUIRIES:

Direct inquiries regarding this WD Letter to Kimberly R. Emmerich, Director of Financial Operations, at Fiscal.TA@twc.state.tx.us.

RESCISSIONS:

None

ATTACHMENT:

Attachment 1: Workforce Investment Act (WIA) – Actual Rescission Amounts by LWDA

REFERENCE:

Public Law 110-161, 110th U.S. Congress, First Session, passed December 26, 2007, and entitled “Consolidated Appropriations Act, 2008”

U.S. Department of Labor, Training and Employment Guidance Letter No. 24-07, issued March 26, 2008, and entitled “Rescissions During Fiscal Year 2008 For Workforce Investment Act (WIA) Programs”

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local

flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”