

## WorkSource Information Notice (WIN)

Employment System Administration & Policy

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Number: WIN - 0054  
Date: March 26, 2014  
Expiration Date: N/A

**TO:** Workforce Development System Partners

**FROM:** Amy L. Smith, Director of Workforce System Policy

**SUBJECT:** Guidance on Use of Federal Formula Funding to Compensate Local Staff for Time Lost During the 2013 Federal Shutdown

**Purpose:**

To communicate guidance received from US DOL/ETA in response to questions regarding the use of federal formula funds following the October 2013 Federal government shutdown and pursuant to the Continuing Appropriations Act, 2014.

**Action Required:**

Workforce Development Councils (WDCs) and their contractors, as well as Employment Security Regional Directors, must familiarize themselves with the content and requirements.

**Summary:**

Following the Federal government shutdown beginning October 17, 2013, the Continuing Appropriations Act appropriated FY 2014 funds through January 15, 2014 to allow government operations to resume, end Federal furloughs and fully compensate furloughed Federal employees for lost wages.

Certain state/local employees were also impacted and furloughed due to the shutdown.

The Act specified that interest would be earned on:

- any state funds used due to the shutdown if those expenditures would normally have been paid with Federal funds; and
- the cost of compensating furloughed state employees whose compensation is advanced or reimbursed, either fully or partially, by the Federal government.

The Act also provided that furloughed State and furloughed direct federal grantee staff would be compensated for the time lost at their standard rate of pay. The Act did not address the compensation of local Workforce Development Council and sub-contractor staff paid with federal formula funds.

As a result, the State requested guidance and clarification on compensation for WDC and sub-contractor staff paid with federal formula funds.

On March 25, 2014, US DOL/ETA issued TEGL 14-13 in response to this request.

### **Clarification/responses to questions on Section 116 of the CR Act 2014, Pub. L. 113-46**

1. Section 116(a) of the CR requires that compensation be provided to furloughed employees of state or other Federal “grantees.” Under the CR, “state” and “grantee” have the same definition. All state grantees in the Department’s grant programs must compensate state workers who were furloughed due to the shutdown for the portion of their salaries that would have otherwise been paid by the Federal government.
2. Local employees (including employees of American Job Centers and Workforce Investment Boards) may **NOT** be compensated for the portion of their salaries that would have been paid with Federal funds absent the government shutdown.
3. Payment to local workers who are funded by WIA formula grants is **NOT** an allowable cost under Section 116 of the CR, which requires compensation be provided to furloughed employees of “state” or other Federal “grantees”, but does not provide authority to compensate employees of other entities. WIA defines “grantee” as “the direct recipient of grant funds from the Department of Labor” (20 CFR 660.300).

Local workforce investment areas are not states, nor are they direct recipients of formula grants under WIA. Rather, local areas receive funds through allocations from the states in the form of sub grants. However, furloughed local employees who are funded out of direct competitive grants would be reimbursed.

To be allowable, a cost charged by a state grantee to a Federal award must meet the Circular A-87 guidelines, *Cost Principles for State, Local, and Indian Tribal Governments*, including that the cost be necessary and reasonable for proper and efficient performance and administration of Federal awards. Normally, it is not allowable to pay salary costs for work not performed under the grant.

4. Furloughed local employees who are funded out of **DIRECT competitive grants** from the federal government **can** be reimbursed under Section 116(a) of the CR.

### **References:**

- [TEGL 14-13](#)
- [WIN 0050](#): Procedural Guidance Relative to the Federal Government Shutdown

### **Website:**

[http://www.wa.gov/esd/1stop/policies/state\\_guidance.htm](http://www.wa.gov/esd/1stop/policies/state_guidance.htm)

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