



August 30, 1999

VETERANS' PROGRAM LETTER NO. 7-99

TO: ALL REGIONAL ADMINISTRATORS (RAVETs) AND DIRECTORS  
FOR VETERANS' EMPLOYMENT AND TRAINING (DVETs)  
ALL STATE EMPLOYMENT SECURITY AGENCY  
ADMINISTRATORS (SESAs)  
ALL REGIONAL ADMINISTRATORS, EMPLOYMENT  
AND TRAINING ADMINISTRATION (INFO)

FROM: *Thomas S. Kumpf*  
*AL* ESPIRIDION (AL) BORREGO

SUBJECT: Fiscal Year (FY) 1999 Fifth Quarter Funding

**I. Purpose:** To provide clarification and guidance to grantees concerning FY 1999 fifth quarter funding for the Disabled Veterans' Outreach Program/Local Veterans' Employment Representative (DVOP/LVER) Program.

**II. References:** Public Law (P.L.) 104-134, "Department of Labor Appropriations Act of 1996"; Solicitation for Grant Applications (SGA) for FY 1998 funds, dated June 20, 1997 (electronic); Veterans' Program Letter (VPL) 6-99, dated June 28, 1999.

**III. Background:** P.L. 104-134 allows States to carry-over unexpended grant funds from one fiscal year into the first quarter of the next fiscal year. This authority allows States to utilize these funds to stabilize and to more effectively use their staff funding resources. By using fifth quarter funding, States have been able to reduce fluctuations in the number of DVOP/LVER staff available to serve veterans as we transition from one fiscal year to the next.

**IV. Clarification and Guidance:**

- A. States should have, in consultation with their DVET, analyzed their June 30, 1999 cost accounting reports to determine if there is a need for additional FY 1999 DVOP or LVER funds in order to avoid deficit spending through

the end of FY 1999. This analysis should have been used to also determine if there is a need to project any surplus funds which (following RAVET approval) may be carried over for obligation during the first quarter of FY 2000.

- B. In accordance with ASVET policies, the primary use of any fifth quarter funds is to enable States to maintain DVOP/LVER staffing at the approved levels; however, States may submit requests through their DVET to utilize funds for other purposes such as equipment, DVOP/LVER training conferences, etc.
- C. Use of "fifth quarter funding" by States for any purpose must be approved by the appropriate RAVET prior to the obligation or expenditure of any such carry over funds.
- D. If unexpended amounts appear to exceed a State's immediate needs, VETS may choose to offset funds (up to the amount carried over into the fifth quarter) by reducing an equal amount from the next fiscal year funding allocations.
- E. After the first, second, and third quarters of each fiscal year DVETs and RAVETs will review States' VETS 300 reports for completeness and accuracy. Unless States submit acceptable justification stating the need for exemption from recapture, 95% of unexpended funds will be recaptured at the end of each of the first three fiscal year quarters. Recaptured funds become available for redistribution to States experiencing funding shortages due to unanticipated staffing costs. This is also known as the normal budgetary adjustment or NBA process. In accordance with appropriations law, there will not be any recapture or redistribution of fourth quarter funds after September 30<sup>th</sup> of any current fiscal year.
- F. SESAs utilizing fifth quarter funds will have until December 31, 1999 to obligate these funds and will have until March 31, 2000 to draw-down and liquidate these funds from the HHS/PMS system. States' access to any allocated FY 1999 funds that are not drawn-down by March 31, 2000 will lapse and all such funds, including those obligated by States, will be returned to the Treasury.

V. Actions Required:

- A. States' fourth quarter VETS 300 reports are due to their respective DVET by October 29, 1999. States planning on utilizing fifth quarter funds must submit, along with their VETS 300 reports, a request for fifth quarter funding outlining their plan for the use of these funds. States must receive written approval of their plan from the RAVET prior to obligating any fifth quarter funds.
- B. DVETs will recommend approval or disapproval of the requests and forward with their comments to their RAVET on or before November 3, 1999.
- C. RAVETs will respond to the States by November 10, 1999, giving their approval/disapproval of their plan. RAVETs will, at the same time, forward a copy of the State's request and their response to the Chicago Regional Lead Center (RLC) and back to the appropriate DVETs.

VI. Inquiries: Grantee questions should be directed to their DVET(s). Questions that cannot be answered at the DVET or RAVET level can be addressed to Joel Delofsky at the Chicago RLC at (312) 353-4932 or to Miguel A. Hernandez at the VETS National Office at (202) 693-4708.

VII. Expiration: September 30, 2000