

**Workforce Development System
Technical Advisory #16-03
March 10, 2016**

To: Workforce Development Community

SUBJECT: Policy on the Recapture and Redistribution of Local Workforce Development Board (LWDB) Formula Funds

PURPOSE

Advise LWDBs of the New York State Department of Labor's (NYSDOL's) policy on:

- The recapture of Workforce Investment Opportunity Act (WIOA) Title I formula funds from LWDBs which do not achieve the required obligation and expenditure rates; and
- NYSDOL's right to redistribute recaptured WIOA (and/or Workforce Investment Act) formula funds to LWDBs that reach or exceed targeted obligation rates and fully expend funds as required.

This Workforce Development System Technical Advisory (WDS-TA) rescinds and replaces WDS-TA#15-2 "Policy on the Recapture and Redistribution of Local Workforce Investment Area Formula Funds" (02/13/2015).

POLICY

WIOA formula funds are allocated to local areas via a Notice of Obligational Authority (NOA) for the three Title I programs (Adult, Dislocated Worker, and Youth). Additionally, the NOA includes a fourth line for local administration (admin) costs at 10% of total formula funding. These admin funds are for administrative activities that benefit all three programs and are generally referred to as the 10% Local Admin pool.

Funds issued in a certain Program Year (PY) cover a two-PY Period: the PY in which they are issued, and the subsequent PY. For Adult, Dislocated Worker and Youth formula funds, funding must be obligated/spent as follows:

- LWDBs must obligate at least 80% of the formula funds by the end of the PY in which they were issued; and
- LWDBs must spend 100% of the carry in formula funds by the end of the subsequent PY in which they were issued.

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LWDBs that fail to meet these criteria will have appropriate funds recaptured. Note that:

- The obligation compliance requirement will be calculated by individual funding stream;
- All transferred funds between Adult and Dislocated Worker will be treated as remaining in their original funding stream until obligated. Once obligated, the obligations of transferred funds will be treated as the obligations of the funding stream the funds have been transferred to; and
- Recaptured amounts will be taken out of the following PY's Adult, Dislocated Worker, and Youth local allocations.

Also note that admin funds play an important role in the calculation. The admin funding pool is pro-rated back to each of the three programs, and admin obligations are also pro-rated to the three programs. These actions equitably distribute the benefit of local admin obligations to the three program funding streams.

There are two additional situations that affect the recapture calculation, as follows:

1. Unobligated funding reserved for local admin will not be included in the calculation of the 80% obligation requirement. This action maximizes the amount of unobligated local admin funds that can be carried into the subsequent PY.
2. Funds allocated to LWDBs in the form of a supplemental distribution will not be included in the 80% obligation requirement.

Attachment A: Examples of 80% Obligation Rate Computation provides two examples of 80% obligation rate calculations. Examples are based on current PY's available WIOA formula funds including obligated admin funds prorated back to program.

Scenario A reflects the calculation when no transfers between Adult and Dislocated Worker have occurred. Scenario B reflects the impact of transferred funds on the calculation.

ACTION

LWDBs must:

- Regularly review current expenditures and obligations, and ensure that the Local Workforce Development Area (LWDA) will meet the requirements outlined in this WDS-TA; and
- Understand that this policy will be applied to WIOA formula funds for the PY in which they are issued, and for WIOA formula funds carried into the PY.

NYSDOL Field staff will contact LWDB Directors throughout the PY regarding local expenditure and obligation projections as well as plans for meeting the required

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thresholds. LWDBs may contact NYSDOL Field staff at any time for assistance in developing spending plans.

BACKGROUND

Concerning the 80% obligation requirement and recapture, the WIOA regulations in 20 CFR § [683.140](#) describe the procedures for reallocating Youth, Adult, and Dislocated Worker funds among local areas in the State, in accordance with WIOA Sections 128(c) and 133(c), and clarifies that the amount to be recaptured, if any, must be separately determined for each funding stream, and the calculations of unobligated balances in each stream must be adjusted to account for any funds that are transferred between funding streams.

REFERENCES

WIOA Sections 128(c) and 133(c)

Code of Federal Regulations (CFR) § [683.140](#)

Workforce Investment Act Final Rule: 20 CFR § [667.160\(b\)](#)

INQUIRIES

Questions regarding this WDS-TA may be directed to your LWDA Financial Oversight and Technical Assistance (FOTA) representative.

ATTACHMENTS

A. [Examples of 80% Obligation Rate Computation](#)

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