

## Department of Labor

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# New York State Workforce Development System Technical Advisory #16-3 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 WIA) 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).

### ACTION

Local Workforce Development Boards (LWDBs) must:

- Regularly review current expenditures and obligations, and ensure that the LWDA will meet the requirements outlined in this WDS-TA; and
- Understand that this policy will be applied to WIOA formula funds for the program year (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 thresholds. LWDBs may contact NYSDOL Field staff at anytime for assistance in developing spending plans.

### 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 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.
- LWDBs must spend 100% of the carry in formula funds by the end of the subsequent PY in which they were issued.

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.
- Recaptured amounts will be taken out of the following program year'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.

## **ADDITIONAL INFORMATION**

**Attachment A** provides two examples of 80% obligation rate calculations. Examples are based on current program year'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.

## **BACKGROUND**

Concerning the 80% obligation requirement and recapture, the WIOA proposed regulation in § 683.140 describes the procedures for reallocating Youth, Adult, and Dislocated Worker funds among local areas in the State, in accordance with § 128(c) and 133(c) of WIOA, 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**

Workforce Innovation and Opportunity Act of 2014, sections 128(c) and 133(c).  
Proposed regulations: Workforce Innovation and Opportunity Act - section 683.140 paragraph (a), (b), (c).

Workforce Investment Act Final Rule: 20CFR 667.160(b)

## **INQUIRIES**

Questions regarding this WDS TA may be directed to your LWDA FOTA representative.

## **ATTACHMENT**

- A. [Examples of 80% Obligation computation](#)