

Governor's Workforce Investment Division Policy Information Notice No. 4-03

Subject: WIA Title I Recapture and Reallotment

Effective: June 30, 2002

Purpose: To provide information and instructions to Chief Elected Officials (CEOs) and Local Workforce Investment Boards (LWIBs) regarding the need for timely obligation of funds, and to provide information regarding the process for the recapture and reallocation of unobligated Workforce Investment Act (WIA) (the Act) Title I funds.

Reference: WIA § 127, 128, 132, 133; 20 CFR 667.107, 667.150, 667.160, 660.300

Background: The WIA sets forth procedures for the annual allotment of funds from the United States Department of Labor (DOL) to the States for the operation of formula funded programs under Title I of the Act (which covers formula allocations for adult, dislocated worker, and youth activities). Such allotments are made for each program year running from July 1 to June 30.

Under the WIA, States are required to have spent or obligated at least eighty percent (80%) of Title I funds available during the first program year for which said funds are allocated. If at the close of that first year a state has not met the eighty percent (80%) requirement in any of the three Title I funding streams (adult, dislocated worker, and youth), DOL may recapture the portion of the eighty percent (80%) minimum that is unobligated and reallot the funds to those states that have met the obligation requirement.

The WIA requires the States to establish uniform procedures to recapture funds from LWIBs failing to meet the requirement of obligating at least eighty percent (80%) of Title I funds by the conclusion of the first program year for which the funds are allocated. Additionally, any funds remaining unexpended or unobligated after the second year of availability must also be returned to the State. All funds recaptured by the State following the first or second year of availability may then be retained by the State for statewide projects or reallocated to eligible LWIBs based on the provisions of the WIA and its accompanying regulations.

Information Guidance: The Governor's Workforce Investment Division (GWID), as the state agency charged with WIA administration, reserves the authority to recapture and reallocate adult, dislocated worker, and youth funds within the State according to the provisions of the WIA and its accompanying regulations. If this authority is exercised, the following provisions apply.

For Title I programs, the amount to be recaptured from each LWIB, if any, shall be based on the amount by which the prior year's unobligated balance of allocated funds exceeds twenty percent (20%) of that previous year's allocation for the program, less any amount reserved for administration (up to ten percent). Unobligated balances shall be determined individually for each funding stream, and will be based on allocations adjusted for any allowable transfer between funding streams. For funds reaching the end of the second year of availability, all such funds that are unexpended or unobligated shall be recaptured by the State. The GWID will determine amounts to be recaptured based on quarterly expenditure reports submitted by the LWIBs.

The process described above will be implemented for the program year ending June 30, 2002, and will continue for each successive program year. Determinations as to the amounts to be recaptured, if any, will be made as soon as possible after the submission of quarterly expenditure reports for the quarter ending June 30 each year (with such reports currently due approximately 45 days from June 30).

Funds recaptured by the State may be retained at the State level for statewide projects. However, recaptured funds may also be reallocated to eligible LWIBs. Reallocation to LWIBs may be based on the LWIBs relative

share of the prior year's allocation as determined by existing formula or through a statewide grant application process for local enhancement projects. The State will determine the use of recaptured funds based on the amounts recaptured and needs identified.

To be eligible to receive any funds being reallocated to LWIBs under this procedure, a LWIB must have expended at least eighty percent (80%) of the prior year's allocation, less any amount reserved for administration (up to ten percent) for the funding stream in question. Such determinations will be made individually for each funding stream.

It is important to note that the term "obligation(s)" as used in this policy is defined by 20 CFR 660.300 as the following: "the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require a payment by the recipient or subrecipient during the same or future period". Only items meeting this definition may be considered obligations.

Action: LWIBs and all others affected by this information will note the effect date of the notice and be prepared to take any actions necessary to comply with this notification. This notice should be placed in the binder or other filing mechanism used to maintain an updated collection of state policy and informational issuances.

Questions: Contact the Governor's Workforce Investment Division, Building 6, Room B-617, 1900 Kanawha Blvd., East, Charleston, WV 25305. Toll free 1-877-967-5498.

Expiration Date: Effective until rescinded or modified by the West Virginia Workforce Investment Council.