

**New York State
Workforce Development System
Technical Advisory #15-2
February 13, 2015**

To: Workforce Development Community

Subject: Policy on the Recapture and Redistribution of Local Workforce Investment Area Formula Funds for PY 2014

Purpose

The purpose of this Workforce Development System Technical Advisory (WDS-TA) is to advise Local Workforce Investment Areas (LWIAs) of the New York State Department of Labor's (NYSDOL's) policy on:

- The recapture of Workforce Investment Act (WIA) formula funds from LWIAs which do not achieve the required obligation rates at the end of the first year or do not fully expend at the end of the second year; and
- NYSDOL's right to redistribute recaptured WIA formula funds to LWIAs that reach or exceed targeted first year obligation rates, and fully expend second year funds.

This WDS-TA rescinds and replaces the previous WDS-TA#13-12 "Policy on the Recapture and Redistribution of Local Workforce Investment Area Formula Funds" (November 4, 2013).

Action

Local Workforce Investment Boards (LWIBs) should:

- Regularly review current expenditure and obligations, and ensure that the LWIA will meet the requirements outlined in this WDS-TA; and
- Understand that this policy will be applied to Program Year (PY) 2013 carry-in WIA formula funds and PY 2014 WIA formula funds.

NYSDOL Field staff will contact LWIB Directors throughout the program year regarding local expenditure and obligation projections and plans for meeting the required thresholds. LWIAs may contact NYSDOL Field staff at anytime for assistance in developing spending plans.

Policy

For Adult, Dislocated Worker and Youth formula funds, LWIAs are to:

- 1) Spend 100% of their PY 2013 carry-in formula funds by June 30, 2015. LWIAs that have not reported accrued expenditures of 100% of PY 2013 carry-in formula funds by this deadline will have those funds recaptured.
- 2) Obligate at least 80% of their PY 2014 formula funds by June 30, 2015. LWIAs that have not reported obligations of at least 80% by funding stream will have unobligated formula funds in excess of 20%, less any PY 2014 reserved amount for local administration recaptured.
 - 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 “To” fund.
 - Any funds allocated to LWIAs during the program year in the form of a supplemental distribution or for 1% local Workforce Innovation and Opportunity Act transition activities will not be included in the 80% calculation.
 - The recapture amounts will be taken out of PY 2015 Youth and PY 2015-October distribution of Adult and Dislocated Worker local allocations.
 - All PY 2014 WIA formula funds must be fully expended by June 30, 2016.

Example

The 80% obligation rate calculation will be based on each LWIA’s PY 2014 available formula funds including obligated administration funds disaggregated back to program. Attachment 1 provides examples of the calculation.

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. For simplicity, total obligations by program are unchanged from Scenario A, but a \$30,000 transfer allocation from Dislocated Worker to Adult has been processed, with \$25,000 of obligations reported against this transfer allocation. For purposes of the calculation, the \$25,000 transfer obligation is counted as an increase to total Adult (“To”) funding. The remaining unobligated \$5,000 of the transfer allocation will remain counted as part of Dislocated Worker (“From”) funding, until it is obligated. Even with no actual increase in total obligations by program, the transfer reduces the Dislocated Worker recapture by \$20,000.

Background

WIA reg. 20CFR 667.160(b) stipulates that “for the Youth, Adult and Dislocated Worker programs, the amount to be recaptured from each local area for purpose of reallocation, if any, must be based on the amount by which the prior year’s unobligated balance of allocated funds exceeds 20 percent of that year’s allocation for the program, less any amount reserved (up to 10 percent) for the costs of administration. Unobligated balances must be determined based on allocations adjusted for any allowable transfer between funding streams. This amount, if any, must be separately determined for each funding stream.”

References

Workforce Investment Act Final Rule: 20CFR 667.107(b) and 20CFR 667.160(b)

Inquiries

Questions regarding this TA may be directed to: FOTA Representative

Attachments

- 1: [Example of 80% Obligation computation](#)

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