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(SN 14)
WIOA BULLETIN NO. 14 - 17

DATE: September 8, 2017

TO: WIOA Partners

SUBJECT: Policy on Recapture and Reallocation

I. PURPOSE:

To communicate the recapture and reallocation policy for WIOA Title I Adult, Youth and Dislocated Worker funds.

II. BACKGROUND:

The U.S. Department of Labor (USDOL) requires eighty percent (80%) of a State's WIOA Title I formula funds to be obligated at the end of the first program year. Unobligated amounts exceeding twenty percent (20%) of the state's allocation for a program year is recaptured and reallocated in accordance with 20 CFR 683.135.

To meet federal requirements, the State will impose similar requirements on the Local Workforce Development Boards (LWDBs) in accordance with 20 CFR 683.140. WIOA provides the State authority to recapture and reallocate Adult, Youth and Dislocated Worker funds among local areas within the State. The policy set forth in this bulletin specifies the procedure to be used by the State.

III. POLICY:

The State may elect to recapture WIOA Adult, Youth and Dislocated Worker funds from the local areas for purposes of reallocation in accordance with federal regulations and the following procedures:

- a. At the end of each program year, the Expenditure Registers will be reviewed for the quarter ending June 30 to determine the amounts subject to recapture.
- b. The Expenditure Registers for the Adult, Youth and Dislocated Worker programs will be analyzed to determine if eighty percent (80%) of the

allocated funds were obligated at the end of the program year. Obligations are defined in 2 CFR 200.71 as orders placed for property and services, contracts and subawards executed and similar transactions that require payment by the local area for the specified program period.

- c. Adjustments will be made for approved transfers between the Adult and Dislocated Worker programs. Transfers must be approved by May 31 of the program year.
- d. The Adult, Youth and Dislocated Worker Program funds subject to recapture are unobligated balances exceeding twenty percent (20%) of the allocated amounts for each funding source.
- e. The unobligated balance recaptured from a LWDB will result in a reduced allocation for that program year's grant for that specific funding source.
- f. The State may waive recapture when all four of the following conditions are met:
 - 1. The LWDBs unobligated balance for any one (but only one) funding source (Adult, Youth or Dislocated Worker) exceeds twenty percent (20%) but is less than twenty-five percent (25%) at the end of the program year;
 - 2. The LWDB met the eighty percent (80%) obligation requirement for that specific funding source in the prior program year;
 - 3. The LWDB provided specific notification to the Workforce Development Council's (WDC) Executive Director by May 31 of the program year that the eighty percent (80%) obligation requirement may fail to be met, and the corrective action to be taken; and
 - 4. The State is not subject to recapture from USDOL.
- g. Recaptured funds will be reallocated to the eligible local areas as deemed eligible by the WDC.
- h. To be eligible to receive reallocated funds, a local area must have obligated at least eighty percent (80%) of its allocation for each funding source.
- i. The local areas eligible to receive reallocated funds must obtain approved budget modifications prior to the expenditure of the increased allocation.

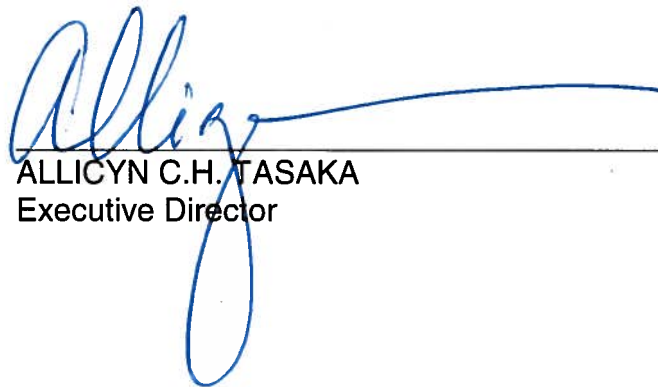
- j. The funding source and effective period of the recaptured funds will be retained when the funds are reallocated. Example: Recaptured PY16 Adult Program funds will be reallocated as PY16 Adult Program funds and will be available for the local area's use until June 30, 2018.
- k. Program year funds not expended by LWDBs at the end of a two-year period will be returned to the State.

IV. INQUIRIES:

Inquiries regarding this bulletin may be directed to Kim Saito, Kim.A.Saito@hawaii.gov or (808) 586-8903.

V. REFERENCES:

- Title I of the Workforce Innovations and Opportunity Act (WIOA) of 2014 Sections 128(c) and 133(c); and
- 20 CFR 683.140.



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