

MASSACHUSETTS

Workforce Investment Act

STEERING COMMITTEE

WIA Communication No. 01-05

☒ **Policy** ☐ **Information**

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DET Regional Directors
DET Area Directors

cc: WIA State Partners

From: Jonathan Raymond, President
Corporation for Business, Work, and Learning

Date: February 1, 2001

Subject: WIA Title I Reallotment and Reallocation

Purpose: To provide guidance to Chief Elected Officials (CEOs) and Local Workforce Investment Boards (LWIBs) about the need for timely obligations of Title I funds, and to establish a policy for reallocation of unobligated Title I funds.

Background: The Workforce Investment Act (WIA) establishes procedures for the annual fiscal year allotment of funds from the U.S. Department of Labor (DOL) to States for the operation of formula funded programs under Title I (youth, adults and dislocated workers). The fiscal year runs from July 1 through June 30.

DOL requires states to have spent or obligated at least 80% of the Title I funds available within the first fiscal year for which the funds are allocated. If, at the close of the fiscal year, a state has not met the 80% requirement in any of the three Title I funding streams, DOL will recapture the portion of the 80% minimum that is unobligated and will reallot the funds to those states that have met the 80% obligation requirement.

WIA requires the states to establish uniform procedures to recover funds from local areas who have not met the requirement of obligating at least 80% of the Title I funds available within the first fiscal year for which the funds are allotted, and to make available to eligible local areas those funds received from DOL by reallocation.

WIA §127(c)(5) requires the Governor of each state to establish uniform procedures for the obligation of Title I funds by local areas in order to avoid the requirement that funds be made available for reallocation.

Action Required: Please distribute copies of this policy to all appropriate individuals in your organization.

Effective: This policy is effective for all grant recipients of WIA Title I funds from CBWL.

References: WIA Sections 127(c), 128(c), 132(c), and 133(c), and 20 CFR 667.150 and 667.160.

Inquiries: Any questions related to this correspondence should be directed to Elizabeth Durkin (ext. 1304) at (617) 727-8158.

Filing: Please file this in your notebook of previously issued WIA Communications as #01-05.

WIA REALLOTMENT AND REALLOCATION

I. Reallotment Among States

The first reallotment of Workforce Investment Act funds among States will occur during PY2001 based on obligations in PY2000. The Secretary determines, during the first quarter of the program year, whether a State obligated its required level of at least 80 percent of the funds allotted for serving youth, adults, and dislocated workers for the prior year as separately determined for each of the three funding streams.

The definition of obligations (29 CFR 95.2) is “the amounts of orders placed, contracts and grants awarded, goods and services received and similar transactions that will require payment by the recipient during the same or future period”.

Unobligated balances are determined based on allotments adjusted for any allowable transfer between the adult and dislocated worker funding streams. The amount to be recaptured from each State for reallotment, if any, is based on State obligations of the funds for youth, adults, and dislocated workers, less any amount reserved (up to 5 percent at the State level and up to 10 percent at the local level) for the costs of administration. This amount, if any, is separately determined for each funding stream.

The Secretary reallots Title I funds among eligible States in accordance with the provisions of WIA Sections 127(c) and 132(c) and 20 CFR 667.150. To be eligible to receive a reallotment of youth, adult, or dislocated worker funds, a State must have obligated at least 80 percent of the prior program year allotment, less any amount reserved for the costs of administration. A State’s eligibility to receive a reallotment is separately determined for each funding stream.

II. Reallocation Among Local Areas

The Governor reserves the authority to reallocate youth, adult, and dislocated worker funds within the State in accordance with WIA Sections 128(c) and 133(c) and 20 CFR 667.160. If the Governor chooses to reallocate funds, the following provisions apply.

For the Title I Programs (youth, adult and dislocated worker), the amount to be recaptured from each local area for purposes 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. CBWL will determine this amount based on monthly expenditure reports submitted by the local area.

To be eligible to receive youth, adult, or dislocated worker funds under the reallocation procedures, a local area must have obligated at least 80 percent of the prior program year’s allocation, less any amount reserved (up to 10 percent) for the costs of administration, for youth, adult, or dislocated worker activities, as separately determined. A local area’s eligibility to receive reallocations will be separately determined for each funding stream, and will be based on monthly expenditure reports submitted by the local area.