

MassWorkforce Issuance

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☒ **Policy** ☐ **Information**

To: Chief Elected Officials
Workforce Development Board Chairs
Workforce Development Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIOA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: February 3, 2017

Subject: **Title I Reallotment and Reallocation**

Purpose: To notify Chief Elected Officials (CEOs), Local Workforce Development Boards, One-Stop Career Center Operators and other local workforce partners of guidance regarding the need for timely obligations of Title I funds, and to establish a policy for reallocation of unobligated Title I funds.

Background: The Workforce Innovation and Opportunity Act (WIOA) 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.

WIOA 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 reallotment. WIOA §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.

Policy: The Commonwealth's Reallocation and Reallocation Policy is specified herein. Any provisions contained in the Workforce Innovation and Opportunity Act Regulations, or other applicable laws and regulations shall apply, even if they are not explicitly stated in this policy.

Action Required: Please ensure that all appropriate individuals in your organization are cognizant of the content and meaning of this policy.

Effective: Immediately

Inquiries: Please email all questions to PolicyQA@MassMail.State.MA.US. Also, indicate Issuance number and title.

References: 20 CFR §§683.135 and 683.140
WIOA Sections 127(c), 128(c), 132(c) and 133(c)

WIOA REALLOTMENT AND REALLOCATION

I. Reallotment Among States

The first reallotment of Workforce Innovation and Opportunity Act (WIOA) funds among States will occur during PY2015 based on obligations in PY2014. The Secretary determines, during the second 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 (2 CFR 200.71) is “the amounts of orders placed for property and services, contracts, and subawards made and similar transactions during a given period that require payment by the non-Federal entity 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 20 CFR 683.135 and WIOA Sections 127(c) and 132(c). 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 20 CFR 683.140 and WIOA Sections 128(c) and 133(c). 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 balance 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. DCS will determine this amount based on quarterly 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 a reallocation will be separately determined for each funding stream.