




## VIRGINIA BOARD OF WORKFORCE DEVELOPMENT

<b>Policy Area:</b> Performance	
<b>Title of Policy:</b> Recapture and Reallotment of Workforce Innovation and Opportunity Act Title I Local Formula Funds	<b>Number:</b> 02-02 Change 2
<b>Effective Date:</b> March 28, 2024	<b>Approved Date:</b> March 28, 2024
<b>Revision History:</b> 02-02 Change 1 Revised April 2010	<b>Approved by:</b>  <small>DDEFCCB7860041E</small>

### I. Purpose

The Workforce Innovation and Opportunity Act (WIOA) Sections 128(c) and 133(c) allows the Governor in consultation with the Virginia Board of Workforce Development to recapture and reallocate WIOA Title I formula funds to eligible local areas under certain conditions. This policy rescinds and replaces Virginia Board of Workforce Development Policy 02-02 Change 1 and sets forth the parameters for recapturing and reallocating WIOA Title I local program formula funds.

### II. References

- Workforce Innovation and Opportunity Act (WIOA) (Pub. L. 113-128) (July 22, 2014)
- United States Department of Labor, Workforce Innovation and Opportunity Act; Section 128(c) and 133(c)
- Title 20 Code of Federal Regulations, Part 683, Subpart A, § 683.110 & 683.140
- Training and Employment Guidance Letter 28-10: *Federal Financial Management and Reporting Definitions* (May 27, 2011)

### III. Policy

Funds allocated to Local Workforce Development Boards (LWDBs) under the WIOA for any program year are available for expenditure only during that program year and the succeeding program year. At the end of the first year of the allocation cycle the state **may** recapture 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 and reallocate to eligible local areas (WIOA Section 128(c)(2) and 133(c)(2)). At the end of the second year of the allocation cycle, the state **must** recapture all unexpended funds and may use the funds for statewide activities (20 CFR 683.110 (c)(2))

The term “financial obligation” is defined at 2 CFR 200. A financial obligation means orders placed for property and services, contracts and subaward made, and similar transaction that require payment. Further clarification defining obligations is provided in the Training and Employment Guidance Letter 28-10.

The WIOA Title I Administrator will evaluate local area obligations at the end of the first year of availability and provide the data to the Virginia Secretary of Labor and Virginia Board of Workforce Development. The fund utilization analysis will be based on the



## VIRGINIA BOARD OF WORKFORCE DEVELOPMENT

Monthly Expenditure Detail Reports (MEDR) certified by each LWDB. The amount that may be recaptured, if any, is separately determined for each funding stream. Unobligated balances must be determined based on allocations adjusted for any approved transfer between funding streams. Local areas may provide written justification to the WIOA Title I Administrator for obligation rates under 80% for consideration by the Virginia Secretary of Labor and Virginia Board of Workforce Development. Ultimately the Governor; in consultation with the VBWD, will make the final determination if funds will be recaptured and reallocated under this policy (WIOA Section 128(c)(1) and 133(c)(1)).

For local areas to be eligible to receive funds under the reallocation process, a local area must have expended and/or obligated at least 80% of the prior program year's allocation, less any amount reserved (up to 10%) for the costs of administration (WIOA Section 128(c)(3)&(4) and 133(c)(3)&(4)). A local area's eligibility to receive a reallocation will be separately determined for each funding stream. Reallocation of recaptured funds must be based on the relative amount of each eligible local area's allocation for the program year compared to the total of all local area allocations for the program year. Local areas that either have funds recaptured or reallocated as part of the recapture and reallocation process will be notified through revised Notice of Obligations. The governor's reallocation of recapture funds will be distributed to all eligible LWDBs.

The reduction in WIOA Title I program formula funds does not result in the loss of administrative funds available to the local area. Conversely, the acceptance of a reallocation of recaptured funds does not result in an increase of the administrative funds available to the local area. LWDBs that accept reallocated funds understand that the additional funds impacts all fiscal performance goals such as Youth Work Expenditure Requirement, Out-of-School expenditure requirements, and Adult and Dislocated Worker minimum training expenditure requirements. Funds retain their year-of-appropriation identity and must be accounted for and reported accordingly.