



**Workforce Innovation and
Opportunity Act Policy
Employment System Administration and Policy**

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5275

To: Washington WorkSource System

Effective Date: July 1, 2015

Subject: Recapture and Reallotment of Workforce Innovation and Opportunity Act (WIOA) Title I Formula Funds

1. Purpose:

To communicate the state's policy on recapture and reallocation of local WIOA Title I formula funds.

2. Background:

The U.S. Department of Labor (DOL) recaptures and reallots unobligated funds exceeding 20 percent of the total WIOA Title I formula funds made available to a state in any single program year (July 1 to June 30). As part of its state administrative and oversight responsibilities, the Employment Security Department (ESD) will apply the same requirement to Local Workforce Development Boards (LWDBs) to ensure that Washington avoids DOL recapture.

3. Policy:

- a. ESD must recapture and reallocate local youth, adult, and dislocated worker formula funds for a prior program year in accordance with the Act and the following procedures:
 - i. The amount available from an LWDB for recapture will be determined in accordance with WIOA Sections 127(c) and 132(c), which address recapture

- among local areas.
- ii. The amount that must be recaptured is based on the unobligated balance of youth, adult, or dislocated worker funds that exceed twenty percent of a program year allotment at the end of that program year, based on LWDB financial reports for the quarter ending June 30.
 - iii. ESD will track LWDB obligations to determine if they have unobligated balances exceeding 20 percent of their current year formula allotment. If an LWDB's unobligated balance for any one fund source (i.e., youth, adult, dislocated worker) exceeds 20 percent, ESD must recapture that amount (i.e., the amount must be returned to ESD by local fiscal agents).
 - iv. Recaptured funds will be reallocated to the program of origination (i.e., adult funds to the adult program, youth funds to the youth program, and dislocated worker funds to the dislocated worker program) using local formula allotment criteria for those programs. Only LWDBs that have met an 80 percent obligation rate are eligible to receive reallocated funds.
 - v. Additional factors to be considered by ESD in reallocating recaptured funds are the specific needs identified by eligible LWDBs and expenditure and obligation levels of each eligible LWDB to ensure that recipient LWDBs can expend the reallocated funds in a timely manner.
- b. Program year funds not expended by LWDBs at the end of a two-year period must be returned to ESD. LWDB financial reports for the quarter ending June 30 will be used to calculate unexpended funds. Funds returned to ESD at the end of the second year must be expended in the remaining third year and must only be used for statewide activities.

4. **Definitions:**

Obligation - The amount of orders placed, contracts and subawards made, goods and services received, and similar transactions and items specified on an obligation record during a funding period that will require payment during the same or future period. Examples of this are contract and subrecipient agreements and purchase orders.

5. **References:**

- Public Law 128-133, Workforce Innovation and Opportunity Act of 2014, Sections 127(c) and 132(c)

6. **Supersedes:**

NA

7. **Website:**

<http://www.wa.gov/esd/1stopolicies/systems.htm>

8. **Action:**

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

None.

Direct Inquiries To:

*Darrell Stoa, Funds Manager
Financial and Administrative Services Division
Employment Security Department
PO Box 9046
Olympia, WA 98507
360-902-9327
DStoa@esd.wa.gov*

Direct Other Inquiries To:

*Employment System Administration and Policy Unit
Employment System Policy and Integrity Operations Division
Employment Security Department
P.O. Box 9046
Olympia WA 98506-9046
(360) 902-9666
SystemPolicy@esd.wa.gov*