**Recapture, Reallocation, and Expenditure Rate Procedures**

 **First Program Year**

**Obligations**

The DWS shall determine, by the end of the 4th quarter of the first program year based on the June Monthly Financial Reports in WISE, whether a local area has obligated its required level of at least 80 percent of the funds allotted under WIOA Sections 127 and 132 for programs serving youth, adults, and dislocated workers for the prior PY, as separately determined for each of the three funding streams. Unobligated balances are determined based on allotments adjusted for any allowable transfer between the youth, adult, and dislocated worker funding streams. The amount available for reallocation, if any, is equal to the amount by which the unobligated balance of the WDBs allotments for programs serving youth, adults, or dislocated workers, exceeds 20 percent of such allotments, less any amount reserved for the costs of administration (up to 10 percent). This amount, if any, is separately determined for each funding stream. Per 2 CFR 200.1, financial obligations are defined as “when used in connection with a non-Federal entity’s utilization of funds under a Federal award, obligations mean orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period”.

**Second Program Year**

**Recapture**

The DWS shall determine, during the second quarter of the program year (PY) which funds are subject to be recaptured based on the unobligated balances of the allocated funds in the respective funding streams. The amount considered for recapture, if any, is equal to the amount by which the unobligated balance of the WDBs allotments for programs serving youth, adults, or dislocated workers, exceeds 20 percent of such allotments, less any amount reserved for the costs of administration (up to 10 percent). The amount to be recaptured will be determined for each funding stream. These funds will have the availability of being redistributed to the local areas that did not have a recapture of funds. Should funds be available for reallocation, local areas requesting the additional funds shall submit documentation to substantiate the need for said funds. These funds shall be reallocated in the first month of the third quarter and shall be expended by the fourth quarter.

**Reallocation of Funding**

The DWS shall reallocate youth, adult, and dislocated worker funds among eligible WDBs per the provisions of WIOA Sections 127(c) and 133(c), respectively. To be eligible to receive a re-allotment of youth, adult, or dislocated worker funds under the redistribution procedures, a local area must have obligated at least 80 percent of the prior program year's allotment, less any amount reserved for the costs of administration of youth, adult, or dislocated worker funds. A WDB’s eligibility to receive additional funding is separately determined for each funding stream.

The local area must have expended all its funding for the funding stream in which they are seeking additional funds. The local area requesting the additional funding must have met all program outcomes outlined in their grant administration agreement.

For example:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Applicable Funds** | **80% Obligated** | **Funds Recaptured** | **Funds Reallocated** |  **Funds Expire** |
| **PY23** | April-June 2024 | Oct-Dec 2024 | January 2025 | June 2025 |
| **PY24** | April-June 2025 | Oct-Dec 2025 | January 2026 | June 2026 |
| **PY25** | April-June 2026 | Oct-Dec 2026 | January 2027 | June 2027 |

**Expenditure Requirements**

The DWS will review expenditures for each WDB at the end of the first program year. The DWS will notify the WDB whether each Local Board met the 70% minimum expenditure requirement.

Any WDB that does not meet the minimum expenditure requirement will be required to submit a corrective action plan to the DWS that provides reasons for not meeting the requirement and actions the WDB will take to address the training expenditure deficiencies. The corrective action plan will be due within 90 days of receiving DWS notification that the Local Board did not meet the expenditure requirement. The Local Board’s corrective action plan must be submitted by email to their assigned Planner.

After the first year of noncompliance, a subsequent consecutive year of noncompliance will result in the DWS recapturing and reallocating a percentage of the local area funds and the WDB may not be eligible to receive additional state-issued awards. The percentage of recaptured funds will be determined after a financial analysis by DWS.