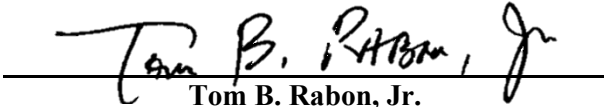
	NCWorks Commission
	NCWorks Commission Policy Statement Number: CPS 03-2025
	Date: May 14, 2025
	Subject: Recapture, Reallocation, Minimum Obligation and Minimum Expenditure Requirements of Workforce Innovation and Opportunity Act Title I Formula Funds
	From:  Tom B. Rabon, Jr. Chair, NCWorks Commission

Purpose:

The Workforce Innovation and Opportunity Act (WIOA), Public Law No. 113-128, Section 127(c)(5) requires the Governor to prescribe uniform procedures for the obligation of funds by Local Area Workforce Development Boards (WDBs) within the State to avoid a re-allotment of funds as required by the Act and to prescribe equitable procedures for making funds available from the State and local areas in the event of a reallocation. This policy sets forth the parameters for recapturing and reallocating WIOA Title I formula funds and implements a minimum Adult, Dislocated Worker, and Youth formula funds obligation requirement of 80%, and expenditure requirement of 70%.

Background:

Recapture and Reallocation

The WIOA establishes procedures for the annual fiscal year allotment of funds from the U.S. Department of Labor (USDOL) to States for the operation of formula-funded programs under Title I (Youth, Adults, and Dislocated Workers). The program year runs from July 1 through June 30.

Per 2 CFR 683.135, DOL requires states to have spent or obligated at least 80% of the Title I funds available within the first program year for which the funds are allocated. If, at the end of the first program 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 reallocate the funds to those states that have met the 80% requirement.

The WIOA requires the states to establish uniform procedures to recover funds from local areas that have not met the requirement of obligating at least 80% of the Title I funds available within the first program year for which the funds are allotted and to make available to eligible local areas those funds received from DOL by reallocation. WIOA Section 127(c)(5) requires the Governor of each state to establish uniform procedures for the obligation of Title I funds by local areas to

avoid the requirement that funds be made available for reallocation.

Obligation Requirement

Each WDB must ensure that at least 80% of the WIOA Title I Adult, Dislocated Worker, and Youth funds are obligated within the first program year for which the funds are allocated. Administrative costs are not subject to, nor included in, the 80% obligation requirement.

The term financial obligation is defined at 2 CFR 200.1. A financial obligation means orders placed for property and services, contracts and sub-awards made and similar transactions that require payment. Further clarification of financial obligations is provided in the Training and Employment Guidance Letter 28-10.

Expenditure Requirement

The North Carolina Department of Commerce, Division of Workforce Solutions (DWS), has oversight responsibilities for the WIOA. These responsibilities include management of resources appropriated to the state to maximize use of funds to address success of workforce development efforts.

Each WDB must ensure that a combined total of at least 70% of the WIOA Title I Adult, Dislocated Worker, and Youth funds are expended within the first program year for which the funds are allocated. Administrative costs are not subject to, nor included in, the 70% expenditure requirement.

Action:	It is expected that each WDB will meet the aforementioned obligation and expenditure requirements within the first program year the Title I funds are awarded. Local WDBs should incorporate this guidance and update related policies, as appropriate.
Effective Date:	Immediately
Expiration:	Indefinite
Contact:	DWS Finance Director
Attachment:	Obligation, Expenditure, Recapture, and Reallocation Guidelines