



STATE OF TENNESSEE  
**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**  
DIVISION OF WORKFORCE DEVELOPMENT  
220 French Landing Drive  
Nashville, TN 37243-1002  
(615) 741-1031

July 15, 2008

**Workforce Investment Act Memorandum Number 08-41**

- Topic:** Recapturing unexpended Workforce Investment Title I funds
- Subject:** Recapturing unexpended funds from Local Investment Areas showing under-expenditure
- Purpose:** To ensure that funds allocated to Local Workforce Investment Areas (LWIAs) are used before contract ending date.
- Background:** Under WIA Sections 127(c) and 132(c), the Secretary conducts a re-allotment of WIA funds. This re-allotment is based on state financial reports submitted at the end of the Program Year. The method that the Secretary uses, to re-capture and to re-allot funds, is described in WIA regulation 20 CFR Section 667.150. The Tennessee Department of Labor and Workforce Development (TDLWD) will use the same procedures to recapture unexpended or unreported (accruals), unliquidated obligations of formula funds, and statewide funds.
- Instructions:** Beginning July 1, 2008, workforce development staff will send a letter to LWIAs about any active contracts showing relatively-low expenditures. The notice will remind LWIAs that they should be constantly examining their contracts and that the state is preparing to reallocate the unexpended funds.
- Process to Recapture Funds:** LWIAs, receiving the above-mentioned notices, that have not remedied their under expenditures or adequately documented why they have not done so, face recapture of unexpended funds. The LWIA must send acceptable documentation including the dates (within the contract period) when these remaining funds will be expended.
- Recapture of Formula funds:** Funds issued on July 1, 2008, and thereafter, must show a 70% expenditure rate at the end of the first year of the contract period and a 100% expenditure rate at the end of the second year of the contract period. Formula funds that show fewer expenditures will be reduced by calculating the difference between the actual expenditure and the required amount.

**Example:**

1. Funds received July 1, 2008.
2. June 2009 fiscal expenditure report reviewed.
3. If funds are expended at only 65%,\* LWIA will be requested to return 5% of the total allocation.
4. December 2009 fiscal expenditure report reviewed to determine if further action is necessary.
5. All funds below 100% at the end of the two-year period will be returned as required in the contract.

\*If funds are at or above 70% expended, no action will be taken.

**Recapture of  
Statewide funds:**

Statewide funds issued to LWIAs will be evaluated on a case-by-case basis, since these contracts are issued for a shorter period of time and are issued any time during a program year.

**Authority:**

This policy was approved by the State Workforce Development Board on March 14, 2008, pending waiver approval from the United States Department of Labor.

**Contact:**

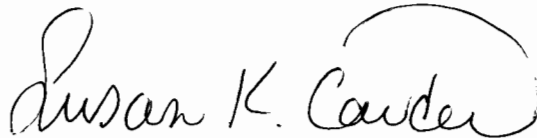
For questions regarding this policy, please contact Susie Bourque, Assistant Administrator, Workforce Development Division at (615) 741-1031.

**Effective Date:**

July 1, 2008

**Expiration Date:**

July 1, 2009



Susan Cowden, Administrator  
Division of Workforce Development

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