

## **Executive Summary**

### **Workforce Services Policy – Recapture and Re-allotment**

**1. What is the purpose of the update to this policy?**

We are slightly adapting our re-allocation process to include more performance based initiative. Our updated process was adopted from the New York State process with process changes that are more in line with our state process. Also, the policy has expired and needs to be updated.

**2. What is the purpose of this policy?**

This policy shows the process in which we hold the local areas accountable to the required 80% obligation rate of all formula funds. It also shows the process of reallocating funds between the local areas that meet required contractual performance metrics. Layout examples of the calculations are attached to the policy showing the mathematical process that takes place.



STATE OF TENNESSEE  
**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**  
DIVISION OF WORKFORCE SERVICES  
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**Effective Date:** November 8, 2019

**Duration:** Automatic Annual Renewal

**Workforce Services Policy – Re-Allotment of Formula Funds<sup>1</sup>**

**Subject:**

This policy outlines the procedure for recapture and re-allotment of WIOA program formula funds.

**Purpose:**

To provide the Local Workforce Development Boards (LWDB) with Tennessee Department of Labor and Workforce Development's (State) policy procedures for re-allotment of program formula funds.

**Scope:**

Office of the Governor, Tennessee Department of Labor and Workforce Development (TDLWD); Division of Workforce Services (WFS); Tennessee Department of Economic and Community Development (ECD); Tennessee Department of Education (TNED); Tennessee Department of Human Services (DHS); State Workforce Development Board (SWDB); **Title I** – Adult, Dislocated Worker, and Youth Programs, **Title II** – Adult Education and Family Literacy Act Program(AE); **Title III** – Wagner-Peyser Act Program (WP); **Title IV** – Vocational Rehabilitation Program (VR); Regional Planning Council (RPC); Local Workforce Development Boards (LWDB); Local Workforce Development Areas (LWDA); American Job Center (AJC); One-Stop Operator (Operator); Workforce System Sub-Recipients (Sub-Recipients); Workforce System Partners (Partners)

**Background:**

WIOA Sections 128(c) and 133(c) allows the Governor to, in accordance with the aforementioned subsections and after consultation with the State board, reallocate to eligible local areas within the State amounts that are made available to local areas from allocations made available for reallocation.

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<sup>1</sup> WIOA Section 127(c)

**Instructions:**

Tennessee Department of Labor and Workforce Development's (State) re-allotment policy procedure is as follows:

1. The State determines, during the first quarter of the program year based on the Local Workforce Development Area (LWDA) June quarterly reports, whether a LWDA has obligated its required level of at least 80 percent of funds allotted for program serving youth<sup>2</sup>, adults<sup>3</sup>, and dislocated workers<sup>4</sup> for the prior year, as separately determined for each of the three funding streams. The amount to be recaptured from each LWDA for re-allotment, if any, is based on the LWDA obligations of the funds allotted to each LWDA<sup>5</sup> for programs serving youth, adult, or dislocated workers, less any amount reserved for the costs of administration (up to ten [10] percent). This amount, if any, is separately determined for each funding stream.
2. The State reallocates youth, adult, and dislocated worker funds among eligible LWDAs in accordance with the provisions of WIOA Sections 128(c) and 133(c), respectively. To be eligible to receive a re-allotment of youth, adult, or dislocated worker funds under the re-allotment procedures, a LWDA 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. The amount of funding to be subject to re-allotment to eligible LWDAs will be determined by utilizing labor market information pertaining to the applicable program year. Funds will be re-allotted consistent with the state-approved sub-state allocation methodologies<sup>6</sup>. LWDAs receiving re-allotted funds must expend the re-allotted funds first before utilizing any proceeding year's funding.
3. Reissued contracts using the above methodology will consist solely of programmatic funds.
4. See Attachments A & B for further clarification regarding the process of recapture and reallocation outlined in the sections above.

**Reference:**

2 CFR 200.71; WIOA Section 127(c); WIOA Sections 128, 128(c); WIOA Section 132(c); WIOA Sections 133, 133(c)

**Contact:**

For any questions related to this policy, please contact the Program Integrity Unit at [Workforce.Board@tn.gov](mailto:Workforce.Board@tn.gov)

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<sup>2</sup> WIOA Section 128

<sup>3</sup> WIOA Section 133

<sup>4</sup> WIOA Section 133

<sup>5</sup> WIOA Sections 128(c) and 133(c)

<sup>6</sup> WIOA Sections 128 and 133

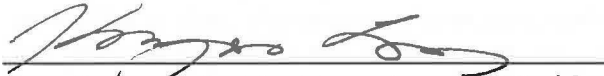
**Attachment:**

Attachment 1: Recapture Calculation Example- Program Year 2019

Attachment 2: Recapture Calculation Example- Program Year 2018

**Effective Date:** November 8, 2019

**Duration:** November 8, 2021



Kenyatta Lovett, Assistant Commissioner - Workforce Services Division

**Attachment 1: Recapture Calculation Example- Program Year 2019 WIOA Formula Funds (80% Obligation Requirement at 6/30/2020)**

	Youth	Adult	Dislocated Worker	Total
PY 2019 Formula Funds				
Administration Allotment	\$ 20,000.00	\$ 15,000.00	\$ 17,500.00	\$ 52,500.00
Program Allotment	\$ 180,000.00	\$ 135,000.00	\$ 157,500.00	\$ 472,500.00
Total Allotment	\$ 200,000.00	\$ 150,000.00	\$ 175,000.00	\$ 525,000.00
<b>Scenario: Obligation Threshold Not Satisfied</b>				
Total Obligations	\$ 135,000.00	\$ 100,000.00	\$ 120,000.00	\$ 355,000.00
Reported Obligation Rate (as of 6/30/2020)	75.00%	74.07%	76.19%	75.13%
Obligation Requirement Shortfall	\$ 9,000.00	\$ 8,000.00	\$ 6,000.00	\$ 23,000.00
<b>Scenario: Total Amount to be Recaptured</b>	<b>\$ 9,000.00</b>	<b>\$ 8,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 23,000.00</b>
<b>Scenario: Potential Reallocation to eligible LWDA's</b>				
LWDA AA- Percent Share of LMI Data	23.00%	24.00%	26.00%	24.13%
LWDA AA- Share of Reallocated Funds	\$ 2,070.00	\$ 1,920.00	\$ 1,560.00	\$ 5,550.00
LWDA AB- Percent Share of LMI Data	45.00%	35.00%	32.00%	38.13%
LWDA AB- Share of Reallocated Funds	\$ 4,050.00	\$ 2,800.00	\$ 1,920.00	\$ 8,770.00
LWDA AC- Percent Share of LMI Data	32.00%	41.00%	42.00%	37.74%
LWDA AC- Share of Reallocated Funds	\$ 2,880.00	\$ 3,280.00	\$ 2,520.00	\$ 8,680.00
<b>Scenario: Final Reallocated Amount</b>	<b>\$ 9,000.00</b>	<b>\$ 8,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 23,000.00</b>
<b>Notes:</b>				
1. If Reported Obligation Rate as of June 30th of the first-year of formula funds is less than 80%, then the shortfall will be recaptured				
2. Obligation threshold is calculated by multiplying the total program allotment by 80%; not the total allotment of the award.				
3. Recaptured and reallocated amounts will be reissued via contract amendments to qualifying LWDA's				

**Attachment 2: Recapture Calculation Example- Program Year 2018 WIOA Formula Funds (100% Expenditure Requirement at 6/30/2020)**

	Youth	Adult	Dislocated Worker	Total
PY 2018 Formula Funds				
Administration Allotment	\$ 35,000.00	\$ 25,000.00	\$ 25,000.00	\$ 85,000.00
Program Allotment	\$ 315,000.00	\$ 225,000.00	\$ 225,000.00	\$ 765,000.00
Total Allotment	\$ 350,000.00	\$ 250,000.00	\$ 250,000.00	\$ 850,000.00
<b>Scenario: Expenditure Threshold Not Satisfied</b>				
Administration Expenditures	\$ 35,000.00	\$ 24,500.00	\$ 20,000.00	\$ 79,500.00
Program Expenditures	\$ 300,000.00	\$ 225,000.00	\$ 150,000.00	\$ 675,000.00
Total Expenditures	\$ 335,000.00	\$ 249,500.00	\$ 170,000.00	\$ 754,500.00
Rate of Expenditure	95.71%	99.80%	68.00%	88.76%
<b>Scenario: Total Amount to be Recaptured</b>	<b>\$ 15,000.00</b>	<b>\$ 500.00</b>	<b>\$ 80,000.00</b>	<b>\$ 95,500.00</b>
<b>Scenario: Potential Reallocation to eligible LWDA's</b>				
LWDA AA- Percent Share of LMI Data	23.00%	24.00%	26.00%	25.52%
LWDA AA- Share of Reallocated Funds	\$ 3,450.00	\$ 120.00	\$ 20,800.00	\$ 24,370.00
LWDA AB- Percent Share of LMI Data	45.00%	35.00%	32.00%	34.06%
LWDA AB- Share of Reallocated Funds	\$ 6,750.00	\$ 175.00	\$ 25,600.00	\$ 32,525.00
LWDA AC- Percent Share of LMI Data	32.00%	41.00%	42.00%	40.42%
LWDA AC- Share of Reallocated Funds	\$ 4,800.00	\$ 205.00	\$ 33,600.00	\$ 38,605.00
<b>Scenario: Final Reallocated Amount</b>	<b>\$ 15,000.00</b>	<b>\$ 500.00</b>	<b>\$ 80,000.00</b>	<b>\$ 95,500.00</b>
<b>Notes:</b>				
1. Eligibility requirements needed to be satisfied in order to receive recaptured third-year funds are as follows: Must expend 100% of carry in formula funds and have met the MPCR requirement for the previous Program Year(s)				
2. Recaptured and reallocated third-year funds will be reissued as separate contracts and will be 100% programmatic				