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NEW YORK STATE WORKFORCE DEVELOPMENT SYSTEM TECHNICAL ADVISORY

Workforce Development System Technical Advisory #09-12

TO: Workforce Development Community

DATE: May 27, 2009

SUBJECT:

Policy on the Recapture and Redistribution of Local Workforce Investment Area (LWIA) WIA Formula Funds and Recovery Act funds

Purpose

To advise Local Workforce Investment Areas (LWIAs) of the State's policy on the recapture of funds from those local areas which do not achieve the required program expenditure rates and the subsequent redistribution of those funds to those local areas that reach or exceed targeted expenditure rates.

To advise LWIAs that TA 07-10 (Policy on the Recapturing of Workforce Investment Area (WIA) funds from local areas which carryover more than thirty percent (30%) of their current year available formula funding into the subsequent program year) will continue to be applied to PY 2008 formula funds and prior funds expended by 6/30/09. This technical advisory will be applied to PY 2008 formula carry-in, PY 2009 formula and Recovery Act funds.

Background

LWIAs are authorized to begin obligating Recovery Act funds as of February 17, 2009. Per USDOL's Training and Employment and Guidance Letter 14-08 *Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009*, WIA funds made available under the Recovery Act must be expended by June 30, 2011. However, states and LWIAs are expected to spend Recovery Act funds quickly and effectively. It is the intent of Congress and the Administration that the majority of these funds will be utilized within the first year of availability.

In consultation with the Governor and the State Workforce Investment Board, the New York State Department of Labor (NYSDOL) is implementing a new policy effective immediately due to the distribution of Recovery Act funds issued to the Department.

Action

Formula and Recovery Act Funds – Adult, Dislocated Workers and Youth

To ensure rapid expenditure of both the formula funds available during PY 2009 (PY 2008 formula carry-in and PY 2009 funds) and Recovery Act funds, New York State's goal is to spend seventy five percent (75%) of all these funds by June 30, 2010.

To achieve this goal, LWIAs that have not expended seventy five percent (75%) of both their formula funds available during PY 2009 and Recovery Act funds by June 30, 2010 will have their unexpended funds in excess of twenty five (25%) recaptured. This expenditure compliance requirement, for both of these funds, will be calculated by individual funding stream. The 75% rate calculation will be based on each LWIA's total available funding including administration funds.

Recaptured funds will then be redistributed to all those LWIAs reaching the required accrued expenditure rates. The redistribution of funds will occur at the beginning of PY 2010. The amount to be redistributed to any LWIA, in total, will not exceed 15% of their PY 2009 formula and Recovery Act allocations. As a reminder, LWIAs are required to fully expend their oldest funds first. Any undistributed PY 2009 formula or Recovery Act funds will be reserved for the State to distribute on a needs-based system or to use to address regional or Statewide needs.

The American Recovery and Reinvestment Act of 2009 provides for LWIAs, with the approval of the Governor, to transfer up to 30 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 30 percent of Dislocated Worker Activities funds to Adult Activities.

All PY 2009 WIA formula and Recovery Act funds must be fully expended by June 30, 2011.

Inquiries

Please direct all questions regarding this Technical Advisory to your FOTA Representative.
