



June 29, 2009

**Workforce Investment Act Policy Letter No. 08-16**

To: Workforce Investment Act (WIA) Local Workforce Investment Boards (WIBs), Fiscal Agents, Administrative Entities, and One-Stop Operators

From: Douglas E. Lumpkin, Director

Subject: Workforce Investment Act (WIA) Funding in the American Recovery and Reinvestment Act of 2009 (ARRA) Implementation - Expenditure Rates, Recapture and Redistribution of Funds

**I. Purpose**

To establish the timely expenditure of ARRA formula funds awarded to local areas. These funds were awarded through the American Recovery and Reinvestment Act (ARRA) of 2009. Local areas will be required to expend 100% of allocated ARRA Adult, Dislocated Worker, and Youth formula funds by June 30, 2010. This policy establishes clearly defined expenditure rate deadlines and outlines procedures for the recapture and redistribution of ARRA funds in the event local areas do not meet these expenditure rate requirements.

**II. Effective Date**

Immediately

**III. Background**

WIA funding in ARRA and its accompanying regulations require funds to be spent expeditiously and effectively, with full transparency and accountability. Also, WIA and its accompanying regulations require prompt reporting of expenditures.

In order to help as many job seekers find employment as fast as possible, the State has determined it is necessary to establish expenditure requirements on each of the ARRA formula funding streams allocated to the local areas, ensuring maximum available funding is provided for Ohio's

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citizens. Prompt reporting of expenditures and the recapturing of funds for redistribution will be required.

Local areas that do not meet the required expenditure rates established in this policy will be subject to the recapture of the allocated ARRA formula funds. Funds will be reallocated to local areas that have met the required expenditure rates. The recaptured funds will be issued based on the original ARRA allocation methodology and will exclude those local areas from which funds were recaptured.

### Definitions

The following terms define the factors used when determining the percent of the local areas' expenditure rate.

Accrued Expenditures: The sum of cash expenditures through the end of the report period plus amounts owed for goods and services received but not yet paid. Expenditures accrue regardless of when cash payments are made.

Liquidated Expenditure: Sum of actual cash disbursements for direct charges for goods and services, the amount of allocated indirect expense incurred, and the amount of payments made to contractors and subgrantees.

## **IV. Requirements**

### A. Distribution and Recapture of ARRA Funds

#### Reporting Period 1

##### Step 1

Each local area must have accrued expenditures of at least forty percent (40%) of each ARRA Adult, ARRA Dislocated Worker funds, and seventy percent (70%) of ARRA Youth funds by October 31, 2009. Local area accrued expenditure rates for each program will be determined by dividing the reported October cumulative accrued expenditures amounts by the area's County Financial Information System (CFIS) budget amount for that funding stream. Expense reports are uploaded to CFIS no later than November 20, 2009. The October 31, 2009 expenses reported after the November 20, 2009 deadline will not be included in the November recapture calculation. If the cumulative accrued expenditure rate for ARRA Adult or ARRA Dislocated Worker funds is less than forty percent (40%), or the cumulative accrued expenditure rate for ARRA Youth funds is less than seventy percent (70%), a portion of ARRA funds for that funding stream shall be recaptured.

### Step 2

ODJFS will determine the amount to be recaptured from each funding stream by subtracting the cumulative accrued expenditure rate from forty percent (40%) of ARRA Adult funds, forty percent (40%) of ARRA Dislocated Worker funds, and from seventy percent (70%) of ARRA Youth funds. The resulting percentage will be multiplied by the area's total allocation for that funding stream and will be recaptured. (See Attachment A) Recaptured funds will then be redistributed to the local areas pursuant to Section IV. B. of this policy. The recapture of funds will be retroactive in the CFIS budgets back to November 1, 2009.

### Reporting Period 2

#### Step 1

Each local area must have cumulative accrued expenditure rate of at least sixty percent (60%) for each ARRA Adult, ARRA Dislocated Worker and ninety percent (90%) of ARRA Youth funds by January 31, 2010. Local area cumulative accrued expenditure rates for each program will be determined by dividing the January cumulative accrued expense amounts by the area's January 31, 2010 CFIS budget amount for that funding stream. Expense reports are uploaded to CFIS no later than February 20, 2010. The January 31, 2010 expenses reported after the February 20, 2010 deadline will not be included in the February recapture calculation. If the cumulative accrued expenditure rate for ARRA Adult funds or ARRA Dislocated Worker funds is less than sixty percent (60%), or the cumulative accrued expenditure rate for ARRA Youth funds is less than ninety percent (90%), a portion of ARRA funds for that funding stream shall be recaptured.

#### Step 2

ODJFS will determine the amount to be recaptured from each funding stream by subtracting the cumulative accrued expenditure rate from sixty percent (60%) for ARRA Adult funds, sixty percent (60%) ARRA Dislocated Worker funds and from ninety percent (90%) of ARRA Youth funds. The resulting percentage will be multiplied by the area's January 31, 2010 allocation for that program and will be recaptured. (See Attachment A) Recaptured funds will then be redistributed to the local areas pursuant to Section IV. B. of this policy. This recapture will be retroactive in CFIS budgets back to February 1, 2010.

Local areas must fully spend and liquidate 100% of WIA ARRA funds by June 30, 2010. Local area cumulative liquidated expenditure rates will be determined by the June expense report upload that is due to BCFTA no later than July 20, 2010. These expense rates will be communicated to WIA area fiscal agents by July 30, 2010. Local areas will have a grace period to correct and report final expense data that must be uploaded to BCFTA during the 30 day reporting period after BCFTA sends the first preliminary reconciliation report to the area. All unspent and unliquidated WIA ARRA funds will be recaptured at that time based

on the final reconciliation report. These funds will not be reallocated to the local areas but will be converted to WIA ARRA Statewide Discretionary funds. ARRA expenses reported after issuance of the final reconciliation report will be disallowed under the ARRA funding streams.

## B. Redistribution of Funds

Redistribution of recaptured ARRA funds will take place in November 2009 and February 2010.

Local areas eligible for November 2009 redistribution must have met the October 2009 cumulative expenditure requirement for the fund being reallocated (40% ARRA Adult, 40% ARRA Dislocated Worker and 70% ARRA Youth). Any recaptured funds will be reallocated for each relative funding stream at the same percentage share as was issued for ARRA. The percentage share is derived when the state calculates area allocations using the approved allocation methodology at the beginning of the program year. For each funding stream, the percentage share of the redistribution amounts for non qualifying areas will be designated as statewide funds. In the event a local area declines to receive redistributed funds, the redistributed funds shall be designated as statewide funds.

Local areas eligible for February 2010 redistribution must have met the January 2010 cumulative accrued expenditure requirement for the fund being reallocated (60% ARRA Adult, 60% ARRA Dislocated Worker and 90% ARRA Youth). Any recaptured funds will be reallocated for each relative funding stream at the same percentage share as was issued for ARRA. The percentage share is derived when the state calculates area allocations using the approved allocation methodology at the beginning of the program year. For each funding stream, the percentage share of the redistribution amounts for non qualifying areas will be designated as statewide funds. In the event a local area declines to receive redistributed funds, the redistributed funds shall be designated as statewide funds.

## V. **Technical Assistance**

For additional information, you may send your questions to the Office of Workforce Development: [WIAQNA@JFS.OHIO.GOV](mailto:WIAQNA@JFS.OHIO.GOV).

## VI. **References**

TEGL 14-08 Workforce Investment Act (WIA) Funding in the American Recovery and Reinvestment Act of 2009 (ARRA) Implementation

Workforce Investment Act (WIA) of 1998, Public Law 105-220, August 7, 1998

WIA Final Rules and Regulations - 20 CFR: §660.300, §667.107, §667.160

OAC 5101:9-7-04, WIA Area Financing, Reconciliation, and Closeout

OAC 5101:9-31-02, WIA Initial Formulary Allocation Methodology

**Attachment A – Sample Recapture and Redistribution Table**

\* Please note: figures are not reflective of actual allocation/award amounts.

Example of ARRA Recapture and Redistribution		ARRA Adult Program		ARRA Dislocated Worker Program		ARRA Youth Program	
		Area A	Area B	Area A	Area B	Area A	Area B
Area Initial Award \$100,000		\$100,000		\$100,000		\$100,000	
<b>Step 1</b> October 31, 2009	10/31/09 Spending Requirement -- 40% for Adult -- 40% for Dislocated Worker -- 70% for Youth Program	\$40,000	\$40,000	\$40,000	\$40,000	\$70,000	\$70,000
	Area Cumulative Spending for 10/31/09 as Reported in CFIS by 11/20/09	\$30,000	\$52,000	\$35,000	\$55,000	\$65,000	\$75,000
	Variance between Spending and Required Spending	(\$10,000)	\$12,000	(\$5,000)	\$15,000	(\$5,000)	\$5,000
	Amount to be Recaptured	(\$10,000)	\$0	(\$5,000)	\$0	(\$5,000)	\$0
	Redistribution Process Additional Funds*	\$0	\$5,000	\$0	\$5,000	\$0	\$8,000
	November Revised Award Level (Initial Award minus Recaptured funds plus Redistributed Funds)	<b>\$90,000</b>	<b>\$105,000</b>	<b>\$95,000</b>	<b>\$105,000</b>	<b>\$95,000</b>	<b>\$108,000</b>

Example of ARRA Recapture and Redistribution		ARRA Adult Program		ARRA Dislocated Worker Program		ARRA Youth Program	
		Area A	Area B	Area A	Area B	Area A	Area B
Award After November 2009 Redistribution		\$90,000	\$105,000	\$95,000	\$105,000	\$95,000	\$108,000
<b>Step 2</b> January 31, 2010	1/31/20109 Spending Requirement -- 60% for Adult -- 60% for Dislocated Worker -- 90% for Youth Program	\$54,000	\$63,000	\$57,000	\$63,000	\$85,500	\$97,200
	Area Cumulative Spending for 1/31/10 as Reported in CFIS by 02/20/10	\$51,000	\$75,000	\$50,500	\$75,000	\$75,000	\$98,000
	Variance between Spending and Required Spending	(\$3,000)	\$12,000	(\$6,500)	\$12,000	(\$10,500)	\$800
	Amount to be Recaptured	(\$3,000)	\$0	(\$6,500)	\$0	(\$10,500)	\$0
	Redistribution Process Additional Funds*	\$0	\$7,500	\$0	\$7,500	\$0	\$8,000
	February Revised Award Level (November Award Level minus Recaptured funds plus Redistributed Funds)	<b>\$87,000</b>	<b>\$112,500</b>	<b>\$88,500</b>	<b>\$112,500</b>	<b>\$84,500</b>	<b>\$116,000</b>

\* Redistribution amounts to eligible local areas are examples only. Actual amounts will vary based on the actual amount of funds recaptured.