

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> WIA/Wagner-Peyser/WOTC
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**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 23-07**

**TO:** ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS

**FROM:** Brent R. Orrell /s/  
Acting Assistant Secretary

**SUBJECT:** Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2008; Additional PY 2008 Funding from WIA Section 173(e) for Adult/Dislocated Worker Activities for Eligible States; Final Wagner-Peyser Act Allotments for PY 2008; Workforce Information Grants to States for PY 2008; and Work Opportunity Tax Credit (WOTC) Allotments for Fiscal Year (FY) 2008

- 1. Purpose.** To provide states and outlying areas with WIA Title I Adult, Dislocated Worker and Youth Activities Program allotments for Program Year (PY) 2008; final allotments for PY 2008 Wagner-Peyser Act activities or programs, as required by Section 6(b)(5) of the Wagner-Peyser Act, as amended; Workforce Information Grants to States for PY 2008; and the Work Opportunity Tax Credit (WOTC) allotments for FY 2008.
- 2. References.** Workforce Investment Act of 1998, (29 U.S.C. 2801 et seq.), P.L. 105-220, as amended; Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.); WIA Final Rule, 20 Code of Federal Regulations parts 660-671; Planning Guidance and Instructions for Submission of Two Years of the Strategic Five-Year State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act (70 Federal Register (FR) 19206 (April 12, 2005)); Revisions to the Workforce Investment Act Title I, Wagner-Peyser Act, and the Senior Community Service Employment Program Unified Planning Guidance (70 FR 19222 (April 12, 2005)); and Training and Employment Guidance Letter (TEGL) 13-06, "Instructions for Workforce Investment Act and Wagner-Peyser Act State Planning and Waiver Requests for Years Three and Four of the Strategic Five-Year State Plan (Program Years 2007 and 2008)".

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Conti nui ng
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3. **Background.** The funds for the allotments announced in this TEGL are part of the funds appropriated in the Department of Labor Appropriations Act, 2008, Division G, Title I of the Consolidated Appropriations Act, 2008, P.L. 110-161, signed into law December 26, 2007.

The WIA allotments for states are based on formula provisions defined in the Act (see Attachment I for WIA and Wagner-Peyser formula descriptions). The WIA allotments for the outlying areas (e.g., American Samoa, Guam, Northern Marianas, Palau, and the Virgin Islands) are based on a discretionary formula as authorized under WIA Title I. The Marshall Islands and Micronesia no longer receive WIA Title I funding, pursuant to P.L. 108-188, Compact of Free Association Amendments of 2003, (December 17, 2003); instead, these areas now receive funding from the Department of Education's appropriation. The Compact, as amended by the Consolidated Appropriations Act 2008 (Division F, Sec. 124), continues the availability of programs previously available to Palau through September 2009, including WIA Title I funding provisions.

All allotments and descriptions of the allotment formulas will be published in the Federal Register on March 28, 2008. Comments from the public on the formula used to distribute outlying areas funds only are due on April 28, 2008.

4. **State Youth Activities Funds: Title I--Chapter 4--Youth Activities.**

- A. **State Allotments.** The appropriated level for PY 2008 for WIA Youth Activities totals \$924,069,465, which includes \$13,861,042 for Native Americans, \$907,898,249 for states, and \$2,310,174 for outlying areas. Attachment II contains a breakdown of the WIA Youth Activities program allotments by state for PY 2008 and provides a comparison of these allotments to PY 2007.

The three data factors required by WIA for the PY 2008 Youth Activities state formula allotments are:

1. The number of unemployed for Areas of Substantial Unemployment (ASUs), averages for the 12-month period, July 2006 through June 2007, as prepared by the states using special 2000 Census data based on households, obtained under contract with the Census Bureau and provided to states by the Bureau of Labor Statistics (BLS);
2. The number of excess unemployed individuals or the ASU excess (depending on which is higher), averages for the same 12-month period as used for ASU unemployed data; and

3. The number of economically disadvantaged youth (age 16 to 21, excluding college students and military), from special 2000 census tabulations.

Since the total amount available for states in PY 2008 is below the required \$1 billion threshold specified in WIA Section 127(b)(1)(C)(iv)(IV), which was also the case in PY 2007, the WIA additional minimum provisions are not applicable. Instead, as required by WIA, the JTPA section 262(a)(3) (as amended by section 701 of the Job Training Reform Amendments of 1992) minimums of 90 percent hold-harmless of the prior year allotment percentage and 0.25 percent state minimum floor are applicable. WIA also requires the application of a 130 percent stop-gain of the prior year allotment percentage.

- B. PY 2008 Funding Agreement/Notice of Obligations (NOOs). Pursuant to WIA section 189(g)(1)(B), youth program allotments will be issued on April 1, 2008.
- C. Within-State Allocations. Youth Activities funds are to be distributed among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions of WIA Section 128 and the approved WIA/Wagner-Peyser Act State Plan. For purposes of identifying ASUs for the within-state Youth Activities allocation formula, states should continue to use the special 2000 Census data based on households which was obtained under contract with the Census Bureau and provided to states in October 2006 by BLS. These data will continue to be used for this purpose until further notice. For purposes of developing the number of economically disadvantaged Youth Activities for the statutory formula, the special 2000 census data provided to states for the within-state Youth Activities allocations beginning in PY 2004 should continue to be used.
- D. Transfers of Funds. There is no authority for local workforce investment areas to transfer funds to or from the Youth Activities program.
- E. Reallotment of Funds. WIA section 132(c) requires the Secretary to conduct reallotment of WIA program formula funds based on state financial reports submitted at the end of the prior program year. The procedures the Department of Labor (DOL) uses for recapture and reallotment of funds are described in WIA regulations at 20 CFR 667.150. The language in P. L. 110-161 requires a rescission of \$250 million to the unexpended balances of PY 2005 and PY 2006 funds available at the end of PY 2006 for the WIA Youth, Adults, and Dislocated Workers formula programs. P.L. 110-161 authorizes the Secretary to waive WIA requirements as may be necessary to carry out instructions relating to this rescission in House Report 110-424. The Secretary is directed to carry out the rescission in a manner that will minimize burdens on states and local areas, consistent with the specifications set forth in the instructions. DOL has

determined that the reallocation process would exacerbate the burden on states and local areas under these circumstances. Therefore, based on the authority provided in P.L. 110-161, DOL has determined that the reallocation process will not be done for PY 2007.

**5. State Adult Employment and Training Activities Funds: Title I--Chapter 5--Adult and Dislocated Worker Employment and Training Activities.**

- A. State Allotments. The total appropriated funds for PY 2008 for Adult Activities are \$861,540,083 of which \$859,386,233 is for states and \$2,153,850 is for outlying areas. Attachment III-A shows the PY 2008 Adult Activities allotments and a comparison to PY 2007 allotments by state.

The three formula data factors for the Adult Activities program are the same as those used for the Youth Activities formula, except that data for the number of economically disadvantaged adults (age 22 to 72, excluding college students and military) are used. Since the total amount available for the Adult Activities program for states in PY 2008 is below the required \$960 million threshold specified in WIA Section 132(b)(1)(B)(iv)(IV), as was also the case in PY 2007, the WIA additional minimum provisions are not applicable. Also, like the youth program, the provision applying the 130 percent stop-gain of the prior year allotment percentage was used.

- B. NOOs. For PY 2008, Congress appropriated funds for this program in two portions: \$149,540,083 available for obligation on July 1, 2008 (PY 2008), and \$712,000,000 available for obligation on October 1, 2008 (FY 2009). Allotments to states and outlying areas are prorated based on these total amounts and two NOOs will be issued: one for July 1, 2008, under the PY 2008 WIA grant agreement, and the other for October 1, 2008, also under the PY 2008 WIA grant agreement (see Attachment III-B).

- C. Within-State Allocations. Adult Activities funds for PY 2008 allotments are to be distributed among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA Section 133 and the approved WIA/Wagner Peyser Act State Plan.

Similar to the Youth Activities program, for purposes of identifying ASUs for the within-state Adult Activities allocation formula, the special 2000 census data provided to states by BLS in October 2006 is to be used for census sharing until further notice. For purposes of developing the number of economically disadvantaged adults for the statutory formula, the special 2000 census data provided to states for the within-state Adult Activities allocations beginning in PY 2004 should continue to be used.

D. Transfers of Funds. WIA Section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 20 percent of Dislocated Worker Activities funds to Adult Activities. The Consolidated Appropriations Act, 2008 raises the transfer limits to 30 percent, which is applicable for the life of the funds.

E. Reallotment of Funds. DOL has determined that the reallotment process will not be done for PY 2007, for the reasons explained in the Youth program paragraph 4.

**6. State Dislocated Worker Employment and Training Funds: Title I--Chapter 5--Adult and Dislocated Worker Employment and Training Activities.**

Appropriated funds for PY 2008 for the Dislocated Worker Activities program total \$1,464,707,055, with \$1,183,839,562 for states, \$3,661,768 for outlying areas, and \$277,205,725 for the National Reserve.

A. State Allotments. Attachment IV-A shows the PY 2008 Dislocated Worker Activities fund allotments by state and a comparison to PY 2007.

The three data factors required in WIA for the PY 2008 dislocated worker state formula allotments are:

1. The number of unemployed, averaged for the 12-month period, October 2006 through September 2007;
2. The number of excess unemployed, averaged for the 12-month period, October 2006 through September 2007; and
3. The number of long-term unemployed, averaged for calendar year 2006.

B. NOOs. For PY 2008, Congress appropriated funds for this program in two portions for both formula funds and National Reserve funds. For formula funds, \$335,839,562 is available for obligation on July 1, 2008 (PY 2008), and \$848,000,000 is available for obligation on October 1, 2008 (FY 2009). For the National Reserve, \$68,867,493 is available for obligation on July 1, 2008 (PY 2008), and \$212,000,000 is available for obligation on October 1, 2008 (FY 2009). Allotments to states and outlying areas are prorated based on the two amounts for formula funds and National Reserve, respectively. Allotments will be issued in two NOOs: one for July 1, 2008, under the PY 2008 WIA grant agreement, and the other for October 1, 2008, (also under the PY 2008 WIA grant agreement) (see Attachment IV-B).

- C. Within-State Allocations. Dislocated Worker Activities funds for PY 2008 allotments are to be distributed among local workforce investment areas (subject to reservation of up to 25 percent for statewide rapid response activities and up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA Section 133 and the approved WIA/Wagner-Peyser Act State Plan.
  - D. Transfers of Funds. WIA Section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 20 percent of Dislocated Worker Activities funds to Adult Activities. The Consolidated Appropriations Act, 2008 raises the transfer limits to 30 percent, which is applicable for the life of the funds.
  - E. Reallotment of Funds. DOL has determined that the reallotment process will not be done for PY 2007, for the reasons explained in the Youth program paragraph 4.
7. **Additional PY 2008 Funding from the Dislocated Worker National Emergency Reserve for WIA Adult/Dislocated Worker Activities for Eligible States.**
- A. Background. Section 173(e) of WIA provides that up to \$15 million from the Dislocated Worker national reserve is to be made available to not more than eight states with the largest ratio of Adult Activities program funds (JTPA formula amount to WIA formula amount), in amounts equal to the difference between the allotment that a state would receive for Adult Activities under the WIA formula and the state's allotment as calculated under JTPA Title II-A. Two states are eligible for these additional PY 2008 funds for a total of \$1,777,266. These additional funds are to be used for Adult or Dislocated Worker Activities, as required by Section 173(e). See paragraph 11 below for reporting requirements for these funds.
  - B. NOOs. NOOs to the eligible states for the additional Section 173(e) 2008 funding amounts will be issued on July 1, 2008, under separate PY 2008 WIA grant agreements (see Attachment V).
  - C. Within-State Allocations. In accordance with the requirements of Section 173(e), these additional funds are to be distributed among local workforce investment areas (with no reservation for statewide workforce investment activities) on the basis of the same formulas used by the state to allocate funds within the state for PY 2008 Adult Activities or Dislocated Worker Activities, as described above. The allocation formulas are also to use the same data as used for the Adult/Dislocated Worker formula funds as described above.

8. **Wagner-Peyser Act Final Allotments.** The appropriated level for PY 2008 for grants for Wagner-Peyser Act activities or programs totals \$703,376,524. After determining the funding for outlying areas, allotments to states are calculated using the formula set forth at section 6 of the Wagner-Peyser Act (29 U.S.C. 49e). PY 2008 formula allotments are based on each state's share of calendar year 2007 monthly averages of the Civilian Labor Force and unemployment. The distribution of Wagner-Peyser Act funds for PY 2008 includes \$701,661,936 for states, as well as \$1,714,588 for outlying areas. Attachment VI shows the distribution of PY 2008 ES formula amounts by state compared to PY 2007.

Traditionally, a portion of Wagner-Peyser Act formula funds have been set aside in a reserve to pay for states' postage costs centrally. Beginning October 1, 2007 (FY 2008), states and outlying areas were required to pay for their own postage costs with their formula grants. Consequently, beginning with PY 2008, there is no longer a postage reserve taken off-the-top from funds distributed by formula, and all funds are now distributed by formula.

Under section 7(b) of the Wagner-Peyser Act, ten percent of the total sums allotted to each state shall be reserved for use by the Governor to provide performance incentives, services for groups with special needs, and for the extra costs of exemplary models for delivering job services.

9. **Workforce Information Grants.** Total funds for PY 2008 are \$31,863,448. Funds are distributed to states by administrative formula with \$176,472 for Guam and the Virgin Islands. The remaining funds are distributed to the states with 40% distributed equally to all states, and 60% distributed based on each state's share of the Civilian Labor Force for the 12 months ending September 2007. The allotment figures are listed in Attachment VII.

For the same reasons described above for the Wagner-Peyser Act allotments, beginning with PY 2008, there is no longer a postage reserve taken off-the-top from Workforce Information Grants funds distributed by formula, and all funds are now distributed by formula. All states will use their formula grants to cover postage costs.

10. **Work Opportunity Tax Credit (WOTC).** The appropriated level for FY 2008 totals \$17,368,183. After reserving \$20,000 for the Virgin Islands, funds are distributed to states by administrative formula with a \$66,000 minimum allotment and a 95 percent stop-loss/120 percent stop-gain from the prior year allotment share percentage. The FY 2008 formula allotment data factors and related percentages are as follows:

1. 50 percent based on each state's relative share of total FY 2007 certifications issued for the WOTC program;

2. 30 percent based on each state's relative share of the Civilian Labor Force averages for the 12-month period, October 2006 through September 2007; and
3. 20 percent based on each state's relative share of adult recipients of Temporary Assistance for Needy Families (TANF), averages for the 12-month period, October 2005 through September 2006.

The final distribution of WOTC funding includes \$17,348,183 for states and \$20,000 for the Virgin Islands. Attachment VIII shows the distribution of FY 2008 WOTC formula amounts by state compared to FY 2007.

As in the Wagner-Peyser program, for FY 2008, there will no longer be a postage reserve taken from funds distributed by formula; all funds will be distributed by formula and all states will use their formula grants to cover postage costs.

The legislative authority for the Work Opportunity Tax Credit Program was reauthorized on May 25, 2007, for an additional 44-month period, through August 31, 2011.

**11. Reporting.** For the WIA formula programs, states are required to submit the seven designated WIA quarterly financial status reports covering funds received for each of the programs (including separate reports for each of the fund year periods for the Adult and Dislocated Worker Activities programs --July 1 funds and October 1 funds). These seven reports provide financial data for statewide youth, statewide adult, statewide dislocated worker, statewide rapid response (Dislocated Worker Activities), local youth, local adult, and local dislocated worker activities. States are also to submit the designated financial report formats each quarter for the Wagner-Peyser Act funds and Work Opportunity Tax Credit program funds.

The additional WIA Section 173(e) funding for Adult/Dislocated Worker Program Activities (see Section 7 above) is tracked separately. The affected states are not to combine these funds with regular local area Adult Activities or local area Dislocated Worker Activities funds for reporting purposes. Instead, states are required to submit separate quarterly financial status reports for these designated funds using the same local adult and local dislocated workers report formats, depending on how the state chooses to distribute the funds. However, all program participants are subject to the WIA performance criteria outlined in Section 136 of WIA. Outcomes for participants whose activities are funded under Section 173(e) should be combined and reported with regular WIA outcomes.



**12. Inquiries.** Questions regarding these allotments and planning requirements may be directed to the appropriate Regional Office. Information may also be found at the Employment and Training Administration (ETA) Web site at <http://www.doleta.gov>.

**13. Attachments.**

- I. WIA and Wagner-Peyser Statutory Formula Descriptions
- II. WIA Youth Activities Allotments,  
PY 2008 vs PY 2007
- III-A. WIA Adult Activities Allotments,  
PY 2008 vs PY 2007
- III-B. WIA Adult Activities Allotments,  
July 1 and October 1 Funding
- IV-A. WIA Dislocated Worker Activities Allotments,  
PY 2008 vs PY 2007
- IV-B. WIA Dislocated Worker Activities Allotments,  
July 1 and October 1 Funding
- V. WIA Additional PY 2008 Funding from WIA Section 173 (e) for  
Adult/Dislocated Worker Activities for Eligible States
- VI. Wagner-Peyser Act Allotments,  
PY 2008 Final vs PY 2007 Final
- VII. Workforce Information Grants,  
PY 2008 vs PY 2007
- VIII. Work Opportunity Tax Credit and Welfare to Work Tax Credit Programs,  
FY 2008 vs FY 2007