

DOL Calculation Methodology for State Distribution of FY 2008 \$250 Million Congressional Rescission of WIA Youth, Adult, and Dislocated Worker Programs Formula Unexpended Balances

I. Data Used in Rescission Calculations

- Funds available during Program Year (PY), by program (funding stream), by state, by within-state statewide/local level. Funds are available from fund year sources PY 2004, Fiscal Year (FY) 2005, PY 2005, FY 2006, PY 2006, and FY 2007. (FY funds are appropriated in advance.)
- Unexpended balances carried into PY 2007, by program (funding stream), by state, by within-state statewide/local level. Unexpended balances carried into PY 2007 are from fund year sources PY 2005, FY 2006, PY 2006, and FY 2007.

II. Data Compilation Methodology

Compilation of this data by state uses the same methodology as used to prepare the quarterly WIA spending summary tables.

1. Source of Data

State Workforce Investment Act (WIA) financial status reports (FSR) as of the 6/30/2007 reporting period and as of the 6/30/2006 reporting period as submitted by states as of 1/15/08 for:

- ETA 9076-A, Statewide 15% Activities
- ETA 9076-B, Statewide Rapid Response Activities
- ETA 9076-C, Local Administration
- ETA 9076-D, Local Youth Program Activities
- ETA 9076-E, Local Adult Program Activities
- ETA 9076-F, Local Dislocated Worker Program Activities

for reports covering fund year sources: PY 2004, FY 2005, PY 2005, FY 2006, PY 2006, and FY 2007.

In addition, for rescission calculation purposes, for Arizona and New Mexico, which do not report data for the Navajo Nation, FSR data for WIA formula programs reported separately by the Navajo Nation were allocated to each state based on each state's proportional share of funds provided to the Navajo Nation for each program for each fund year source.

2. Data Category Levels

A. Program level:

1. Adults
2. Dislocated Workers
3. Youth

Each program is the sum of:

- Local program activities, as reported
- DOL estimated portion of statewide 15% Activities for the program
- DOL estimated portion of local administration for the program
- Rapid Response Activities, as reported (for Dislocated Worker program only)

B. Within each program, by within-state level:

1. Statewide level:
DOL estimated portion of Statewide 15% Activities for the program
plus Rapid Response (Dislocated Workers program only)

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2. Local level:

Local Program plus DOL estimated portion of Local Administration for the program

Estimation procedures for breakout of local administration and statewide 15% data by program for each fund year source are as follows:

- a) DOL allocates local administrative authorized data by program in proportion to local program authorized (before transfers) as reported for youth, adults and dislocated worker programs. The resulting proportions are also applied to local administrative expenditures data.
- b) Statewide 15% authorized by program is calculated respectively by program by subtracting local program reported data, rapid response reported data (Dislocated Workers program only), and estimated local administrative authorized by program from the total federal Notices of Obligation for each fund year source to each state for each program.. Statewide 15% expenditures are prorated based on the estimated Statewide 15% authorized.

Below is a summary of these estimation calculations:

	Applied to	Local Administration	Statewide Activities
Auth	Each fund year source	Prorated using reported Local Pgm Auth, by pgm	Fed NOO \$ to state, by pgm less: estimated Local Adm Auth, by pgm reported Local Pgm Auth, by pgm reported Rapid Resp Auth (DW only)
Expend	Each fund year source	Prorated using Local Adm Auth estimated, by pgm	Prorated using Statewide Auth est, by pgm

3. Computation of funds available, expended, and unexpended during PY 2006 for each fund year source

A. Funds available during PY 2006: For the prior (carry-in) fund year sources (PY 2005, FY 2005, PY 2005, FY 2006), availability equals unexpended funds carried into PY 2006 and is calculated by subtracting the cumulative expenditures as of 6/30/06 from the final authorized amounts as of 6/30/07. For the new fund year sources (PY 2006 and FY 2007), availability equals total authorized as of 6/30/07.

Total availability for the Adults and Dislocated Workers programs includes net transfers for each program respectively.

In addition, for the Adults and Dislocated Workers programs, availability for FY 2007 has been reduced by the 1 percent across-the-board rescission amount applicable to the FY 2007 advance funds. The 1 percent rescission is allocated to each within-state level proportionately based on each category's share of total authorized for each program, before transfers.

B. Expenditures during PY 2006: For the carry-in fund year sources, expenditures are calculated by subtracting the cumulative expenditures as of 6/30/06 from the cumulative expenditures as of

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6/30/07. For the new fund year sources, PY 2006 and FY 2007, total cumulative expenditures as of 6/30/07 are used.

- C. Unexpended carryout to PY 2007** is unexpended balances as of 6/30/07 remaining from fund year sources PY 2005, FY 2006, PY 2006, and FY 2007, and available for spending in PY 2007. This is calculated by subtracting expenditures during PY 2006 from total available funding during PY 2006.

Data for all of the categories described above and calculated for each fund year source are then summarized for each state, by program and within-state levels.

III. Rescission Calculations

The rescission calculations are required by Congress to be applicable to each state for each program. In addition, Congress specified that within each state the rescission must be applied to statewide and local areas proportionately to the extent to which unexpended balances for those activities contributed to the amount to be rescinded in the state. To meet this requirement, DOL developed the calculations at three levels:

- Program totals
- State totals, by program
- Within-state statewide/local totals, by state, by program

Congress specified that the rescission be calculated in two steps:

- Step 1: calculation of rescission amount equal to unexpended carryout balances exceeding 30 percent of total funds available during PY 2006, and
- Step 2: calculation of remaining rescission amount based proportionately on unexpended carryout balances remaining after calculation of Step 1.

A. Program total amounts:

1. Step 1: For each state, unexpended carryout balances in excess of 30 percent of total available funds during PY 2006 were calculated and summed for each program. Each program received a dollar-for-dollar rescission amount equal to the excess balances over 30 percent.
2. Step 2: The sum of the excess dollar rescission amounts from Step 1 for all programs was subtracted from the \$250 million rescission total. The remaining unexpended carryout balances excluding the excess balances used in Step 1 were calculated for each program. The remaining rescission amount total was distributed among the three programs proportionately based on each program's share of the remaining unexpended carryout balances.
3. The total rescission amount for each program equals the sum of the two steps.

B. State total amounts:

For each program separately, the rescission for each state was similarly calculated in two steps:

1. Step 1: states that had unexpended carryout balances in excess of 30 percent of total available funds during PY 2006 received a rescission amount equal to the excess unexpended amount over 30 percent

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2. Step 2: all states received a share of the Step 2 remaining rescission amount for the program based on each state's share of the remaining unexpended carryout balance (remaining balance means after reducing its unexpended carryout balance by any unexpended balance in excess of 30%, if applicable).
3. Each state's total rescission amount for each program is the sum of the two steps.

C. Within-state statewide/local level total amounts:

1. Step 1: State unexpended carryout balances for each level in excess of 30 percent of total available funds at the respective level during PY 2006 were calculated. If a state had no Step 1 excess rescission amount for a program at all, then no excess unexpended balances were assigned to either within-state level, and all unexpended balances were used only in Step 2 calculations. If there was a Step 1 excess rescission amount for a program, that amount was distributed proportionately between the two within-state levels based on their share of their summed excess unexpended balances. The proportionate methodology was used because the excess unexpended balance for the program for the state as a whole was calculated first using all activities' funds and may not necessarily equal the sum of the excess unexpended balances calculated for both levels individually, especially if one level did not have excess balances.
2. Step 2: Each within-state level received a share of the state's Step 2 rescission amount for the program in proportion to each level's share of their summed remaining unexpended balances (remaining balance means after reducing its unexpended carryout balance by any unexpended balance in excess of 30 percent of total availability, as described in Step 1, if applicable).
3. Each within-state level's total rescission amount for each program is the sum of the two steps, and the total of both levels for each step in the calculation is equal to the respective step calculation for the program for the state.