

TRAINING AND EMPLOYMENT NOTICE	NO. 28-10
	DATE March 21, 2011

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Advanced Allotments Planning Based on Updated Data Factors for the Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth Activities Programs; Wagner-Peyser Act Employment Service Program; and Workforce Information Grants to States

1. Purpose. To assist states in their annual budget planning in the absence of a Fiscal Year (FY) 2011 budget, this Training and Employment Notice (TEN) provides states and outlying areas with advanced notification of the potential impacts that changes in demographic and employment data factors may have on allotment formulas for the WIA Title I Adult, Dislocated Worker and Youth Activities Programs; Wagner-Peyser Employment Service (ES) Program; and the Workforce Information Grants to States. The notice provides prior Program Year (PY) 2009 allotment levels, current year levels (PY 2010), and an illustrative PY 2011 scenario based on PY 2010 funding (see tables in attachment).

2. References.

- Department of Labor Appropriations Act, 2010, Division D of Title I of the Consolidated Appropriations Act, 2010, Public Law (PL) 111-117, December 17, 2009
- Workforce Investment Act of 1998 (29 United States Code 2801 et seq.), Public Law 105-220, as amended
- Wagner-Peyser Act, as amended (29 United States Code 49 et seq.)
- Planning Guidance for the Strategic State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act [(73 Federal Register 72853) (Dec. 1, 2008)], (Office and Management Budget No. 1205-0398)

3. Background. As we await the passage of the FY 2011 DOL Appropriations Act, the Employment and Training Administration (ETA) is making every attempt to properly notify states of how changes in demographic and employment data impact state funding through formula allocations.

Until a budget is passed outlining FY 2011 appropriations for the WIA Youth program, the Department of Labor will not be able to provide a pro-rata portion of the April 1 allotments. For the WIA Adult and Dislocated Worker programs, the outcome of the appropriation's process will also have a direct bearing on the level of funds made available for obligation July 1 (i.e. PY 2011 "base" funds), as well as funds available for obligation October 1 (i.e. FY 2011 "advance" funds). Together, these two portions will comprise the complete PY 2011 WIA Adult and Dislocated Worker allotments.

Again, without knowing the outcome of the FY 2011 appropriation's process, actual PY 2011 allotment levels are still unknown. Therefore, this is not an allotment notice but rather an information notice. ETA can only illustrate the impact of the updated data factors by developing a hypothetical scenario using the appropriation made available in last year's budget (i.e. Consolidated Appropriations Act, 2010, PL 111-117). As the attachments illustrate, new data will cause levels to fluctuate by state, especially in the dislocated worker formula which is sensitive to a state's relative share of unemployed persons.

We recognize that planning under these uncertain conditions is a real challenge for the workforce system. We hope that this advanced planning tool will provide you with a starting point in developing your procedures to accommodate potential increases or decreases in your annual allotment levels. Our goal in issuing this notification is to optimize our ability to respond appropriately as resources are made available.

4. State Formula Allotment Methodology Factors.

A. Youth Formula Factors. The three data factors used by the WIA Youth program and updated for the PY 2011 hypothetical scenario are:

1. The number of unemployed for Areas of Substantial Unemployment (ASUs), averages for the 12-month period, July 2009 through June 2010, as prepared by the states since PY 2006 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. Compared to last year, 29 states showed a decrease in their share of unemployed persons. Therefore, even in states where the number of unemployed rose, the loss in their share of the total could cause a drop.
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.

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

An analysis of the data showed that, compared to last year, 29 states had a decrease in their share of unemployed persons and 25 states showed a decrease in their share of excess unemployed. Similar changes were noted for the economically disadvantaged data. It should be noted that even in states where the number of persons in these categories rose since the prior year, the loss in the overall share of these data factors may equate to a relational drop in overall funding. The PY 2011 hypothetical scenario helps illustrate how a state's share of the funding may be impacted in terms of relative gain or loss compared to the PY 2010 levels.

In the PY 2011 hypothetical scenario, levels are below the required \$1 billion threshold specified in WIA Section 127(b)(1)(C)(iv)(IV), which was also the case in PY 2010. Therefore, the WIA additional minimum provisions are not applicable. Instead, as required by WIA, the Job Training Partnership Act 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 apply. WIA also requires the application of a 130 percent stop-gain of the prior year allotment percentage.

- B. WIA Adult Formula Factors. The three formula data factors used for the Adult Activities program are the same as those used for the Youth Activities formula, except the Department used data for the number of economically disadvantaged adults (ages 22 to 72, excluding college students and military personnel). The analysis described in the Youth section is also applicable here. Since the PY 2011 hypothetical scenario is below the required \$960 million threshold specified in WIA section 132(b)(1)(B)(iv)(IV), as was also the case in PY 2010, the WIA additional minimum provisions are not applicable. Also, like the Youth program, the Department used the provision applying the 130 percent stop-gain of the prior year allotment percentage.
- C. WIA Dislocated Worker Formula Factors. The three data factors required by WIA for the Dislocated Worker program and used in the PY 2011 hypothetical scenario are:
 1. The number of unemployed, averaged for the 12-month period, October 2009 through September 2010.
 2. The number of excess unemployed, averaged for the 12-month period, October 2009 through September 2010.

3. The number of long-term unemployed, averaged for the 12-month period, October 2009 through September 2010.

An analysis of the data showed that 29 states lost some share (ranging from -1 to -28 percent) of the overall number of long-term unemployed persons nationally; 23 states showed a decrease in their share of excess unemployed (ranging from -3 to -35 percent); and 29 states lost a share in the overall number of unemployed (-1 to -16 percent).

Unlike the adult and youth statutory allotment formulas which are governed by “hold-harmless” provisions where no state will get less than 90 percent of its percentage share of the prior year’s total allotments to states, the dislocated worker program contains no such provision. Therefore, the formula is much more sensitive to changes in the unemployment data. If a state’s share of the unemployment data has declined in the last year, the loss will also equate to a relational drop in their share of funding. This is true even for states where the number of persons in the unemployment categories rose since the prior year, since the formula is based on share, not a prior year baseline. The PY 2011 hypothetical scenario helps illustrate how a state’s share of the three data factors combines to impact the state’s share of funding.

- D. Discontinuance of Additional Funding from the Dislocated Worker National Reserve for WIA Adult/Dislocated Worker Activities for Eligible States. In accordance with language in the Consolidated Appropriations Act, 2010, no PY 2010 funds were authorized to carry out Section 173(e) of WIA. Since advanced planning scenarios in this TEN are based on PY 2010 assumptions, and no funding was made available at that time, ETA conducted no further analysis for PY 2011.
- E. Wagner-Peyser Employment Service Formula. After determining funding for outlying areas, allotments to states are calculated using the formula set forth at Section 6 of the Wagner-Peyser Act (29 United States Code 49e). The PY 2011 hypothetical scenario is based on each state’s share of calendar year 2010 monthly averages of the Civilian Labor Force and unemployment. Under Section 7(b) of the Wagner-Peyser Act, ten percent of the total sums are 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.

An analysis of the data shows that share of the Civilian Labor Force remained fairly stable for all states. The share of unemployment, however, did show some fluctuation with some states gaining up to 20 percent with others losing as much

as 15 percent. A state's relative share of overall appropriated level (still unknown) would be expected to rise or fall dependant upon the gain or loss in labor force and unemployment.

F. Workforce Information Grants Formula. Funds are allotted to states by administrative formula with some portion available for Guam and the Virgin Islands. The remaining funds are distributed to the states with 40 percent distributed equally to all states, and 60 percent distributed based on each state's share of the Civilian Labor Force for the 12 months ending September 2010.

5. **Inquiries**. Questions regarding this advanced budget planning tool may be directed to the appropriate Regional Office. At the point when the Department of Labor FY 2011 appropriations are enacted, ETA will revise the tables contained in this TEN based on the actual appropriated levels; this information will be formally issued in a Training and Employment Guidance Letter.

6. **Attachments**.

A. WIA and Wagner-Peyser Statutory Formula Descriptions

B. WIA Youth Activities Allotments Illustration
PY 2009 - PY 2011

C. WIA Adult Activities Allotments Illustration
PY 2009 - PY 2011

D. WIA Dislocated Worker Activities Allotments Illustration
PY 2009 - PY 2011

E. Employment Service (Wagner-Peyser) Allotments Illustration
PY 2009 - PY 2011

F. Workforce Information Grants Illustration
PY 2009 - PY 2011