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## OVERVIEW OF WIA TITLE I AND WAGNER-PEYSER FISCAL YEAR 2013 ALLOCATIONS

### A. NATIONAL-TO-STATE WIA TITLE I AND WAGNER-PEYSER ALLOTMENTS

Massachusetts receives program funding allotments through the U.S. Department of Labor's Employment and Training Administration. In accordance with the Workforce Investment Act of 1998, the U.S. Department of Labor (DOL) posted a Federal Register Notice on March 16, 2012 announcing the WIA Title I and Wagner-Peyser allotments to the states for July 1, 2012 – June 30, 2013, the state Fiscal Year 2013 (also known as DOL Program Year 2012). Training and Employment Guidance Letter (TEGL) 19-11 issued on March 16, 2012 also contained the allotments and a description of the federal allotment process. The funds for Title I Adult, Youth, and Dislocated Worker, and Wagner-Peyser programs are distributed nationally as described below.

#### 1. WIA Title I Adult:

- **The number of economically disadvantaged** residents, age 22 to 72 years. A disadvantaged adult is an individual who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of the poverty line or 70 % of the lower living standard income level. DOL calculates this factor using the 2000 U.S. Census.
- **The number of unemployed within "Areas of Substantial Unemployment"** in each state. ASUs are areas that have had an average unemployment rate of at least 6.5% for the most recent 12-month period. ASU areas can vary considerably in size. An ASU area can be as large as an entire state, if the statewide unemployment rate meets the qualifying threshold; it can be an entire workforce investment area, if the area as a whole qualifies; or, if the area-wide unemployment rate is below 6.5% but pockets of high unemployment exist within it, the ASU can be as small as a city/town, or even a neighborhood within a town, but in no case can it be an area with a population of less than 10,000 people. USDOL uses a July-to-June reference period to determine Areas of Substantial Unemployment based on local unemployment data supplied by the states. For the FY2012 allotments, DOL used the reference period of July 2010 to June 2011. Based on this data, Massachusetts met the criteria as an ASU and each of the workforce areas had an unemployment rate of 6.5% or higher. Thus, both the state and each workforce area qualify as Areas of Substantial Unemployment (ASUs) in FY2012.
- **The number of "Excess Unemployed"** in each state, i.e., the number of unemployed *in excess of* 4.5% of the labor force in areas with greater than a 4.5% unemployment rate. USDOL calculates excess unemployment against the same July-to-June period that it uses for the "ASU" factor. DOL calculates the "Excess" factor against the entire state if the statewide unemployment rate exceeds 4.5% *or* against ASUs within the state if either the statewide rate is less than 4.5% or the ASU-based count will yield a higher number of "Excess Unemployed" than the statewide calculation. As the state was designated as an ASU, excess unemployed was determined for the state and each workforce area.

#### 2. WIA Title I Youth

- **The number of economically disadvantaged** residents, age 16 to 21 years.
- **The number of unemployed within "Areas of Substantial Unemployment"** in each state. The same calculation of total unemployed is used for both Adult and Youth formulas.

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- **The number of "Excess Unemployed"** in each state. The same calculation of total excess unemployed is used for both Adult and Youth formulas.

### 3. WIA Title I Dislocated Worker

- **The number of unemployed** residents in each state. USDOL calculates this factor using the averages for the 12-month period of October 2010 to September 2011.
- **The number of excess unemployed** residents in each state. The term "excess unemployed number" means the number that represents unemployed individuals in excess of 4.5 % of the civilian labor force in the state. USDOL calculates this factor using the averages for the 12-month period of October 2010 to September 2011.
- **The number of long-term unemployed** residents in each state. Long-term unemployed means individuals who have been unemployed for 15 weeks or more who reside in the state. USDOL calculates this factor using the averages for the 12-month period of October 2010 to September 2011.

### 4. Hold-Harmless

The three formula factors for the Adult and Youth programs are weighted equally, and each state's share (or proportional entitlement) of the national funding in each program area is the sum of its share of the national totals for each factor, divided by three. WIA requires minimum state allotments equal to 90% hold-harmless of their prior year allotment percentage as well as stop-gain maximum allotments of 130% of the prior year allotment percentage.

It is important to note that the Dislocated Worker allotment formula has neither "hold-harmless" nor "stop-gain" provisions. Thus, state allotments for WIA Dislocated Workers may show large gains or losses from the previous year due to changes in the relative share of unemployment.

### 5. Wagner-Peyser

Allotments to states are calculated using the formula set forth at Section 6 of the Wagner-Peyser Act (29 United States Code 49e). Under Section 7(b) of the Wagner-Peyser Act, ten percent (10%) of the state allotment is reserved for use by the governor to provide performance incentives, services for groups with special needs, and to support exemplary models for delivering job services. The formula is based on each state's share of calendar year 2011 (the 12-month period of January 2011 to December 2011) monthly averages of the civilian labor force (2/3 weight) and unemployment (1/3 weight).

## B. STATE-TO-LOCAL WIA TITLE 1 AND WAGNER-PEYSER FORMULA ALLOCATIONS

### 1. WIA Title I Adult and Youth

States must distribute 95% of their state allotment (July 1, 2012-June 30, 2013) for Adult programs to workforce investment areas based on the same three factors used in the national formula distribution. States must distribute 95% of the allotment for Youth activities to local workforce investment areas based on the same three factors used in the national formula distribution.

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Allocations to local areas for WIA Adult and Youth funds are based on the following factors.

- **Economically Disadvantaged Adults and Youth:** The data for economically disadvantaged adults and youth residing in local workforce investment areas is based on the 2000 U.S. Census. This factor is 1/3 of the formula-based share before hold-harmless levels are determined.
- **Unemployed Residents in Areas of Substantial Unemployment (ASUs):** The FY2012 reference period is July 2010 to June 2011. All local areas met the 6.5% minimum criteria as did the state. Thus, the state and each workforce area are designated as ASUs. The data used are the unadjusted unemployment levels from the benchmark period used for the state ASU determination. This factor is 1/3 of the formula-based share before hold-harmless levels are determined.
- **Unemployed Residents in Areas of Excess Unemployment:** The reference period for determining the number of residents in areas of excess unemployment is the same as that used for ASU determinations. All workforce areas met the 4.5% qualifying level of unemployment for designation as an area of “Excess Unemployment”. This factor is 1/3 of the formula-based share before hold-harmless levels are determined.
- **Hold Harmless:** WIA requires minimum workforce area allotments for Adults and Youth to be not less than 90% of the average allocation percentage of the local area for the two (2) preceding fiscal years (hold-harmless level). The hold-harmless guarantees local areas 90% of their prior two-year average share of the state allotment if their formula-based share should fall below this level. WIA specifies that amounts necessary for raising local formula-based shares to comply with these requirements shall be obtained by ratably adjusting the shares of all other local areas. Thus, an area’s final adjusted percentage share may be higher or lower than its unadjusted formula-based share before the hold-harmless provision is applied.

### 2. WIA Title I Dislocated Worker

A Governor’s reservation of twenty-five percent (25%) of the State’s Dislocated Worker allotment is held for statewide rapid response activities.

States must distribute 70% of their allotment (July 1, 2012-June 30, 2012) for Dislocated Workers to local workforce investment areas according to the formula developed by each state to meet the requirements of WIA Section 133(b). It is not the same as the formula used in the national-to-state distribution. The Workforce Investment Act (WIA) provides general guidance on the categories of information that should be used in the formula, but does not prescribe the specific factors. The factors and weights used in the Dislocated Worker formula distribution were determined by a state level WIA Steering Committee established to implement the Workforce Investment Act in the Commonwealth. The six (6) factors are described below.

- **UI Claimants.** To meet the WIA category of insured unemployment data. Source: Statewide Survey of UI Claimants, Calendar Year 2011 monthly average. Weight: 20%.
- **Average Unemployment Rate.** To meet the WIA category of unemployment concentrations. Source: Local Area Unemployment Statistics, Calendar Year 2011 average. Weight: 25%.

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- **Claimants in Mass Layoff Events.** To meet the WIA category of plant closing and mass layoff data. Source: Mass Layoff Statistics, Calendar Year 2011. Weight: 25%.
- **Industries with 3 Year Job Loss.** To meet the WIA category of declining industries. Source: ES-202 annual data, 2008-2010. Weight: 10%.
- **Long-Term Claimants.** To meet the WIA category of long-term unemployment data. Source: Statewide Survey of UI Claimants, average number with 15+ weeks in current spell, Calendar Year 2011. Weight: 10%.
- **UI Exhaustees.** To meet the WIA category of long-term unemployment data. Source: Statewide Survey of UI Claimants, benefit exhaustees, Calendar Year 2011. Weight: 10%.

### 3. Wagner-Peyser Employment Service Formula

Wagner-Peyser legislation does not mandate any specific formula distribution to local areas. However, state-to-local Wagner-Peyser allocations in the Commonwealth have by precedent been based largely on the federal-to-state formula. The state Wagner-Peyser allotment is divided into two parts: 90% funds and 10% funds. Massachusetts distributed 80% of the 90% Wagner-Peyser allotment to local areas based on a formula allocation described below.

- Two-thirds is based on the relative number of individuals in the civilian labor force in each area compared to the total number of such individuals in all sixteen workforce areas. The data used for FY 2013 allocations are the average number of residents in the labor force in each local area in Calendar Year 2011.
- One-third is based on the relative number of unemployed individuals in each area compared to the total number of such individuals in all sixteen workforce areas. The data used for FY 2013 allocations are the average number of unemployed residents in each local area in Calendar Year 2011.
- Each area's FY2013 formula share must fall between a hold-harmless lower limit set at 90% of the local area's FY2012 formula share and a hold-harmless upper limit set at 110% of the local area's FY2012 formula share. Hold-harmless limits reduce wide year-to-year swings in an area's allocation. Amounts necessary for increasing or decreasing local formula-based shares to comply with this requirement are made by ratably adjusting the shares of all other local areas.

Massachusetts distributed the 10% Wagner-Peyser allotment as follows: 62% to local areas as incentive based on the formula distribution described above; 20% for state oversight and staffing; and 18% for technological improvements for service delivery.

### C. US DEPARTMENT OF LABOR NOTICE OF OBLIGATION (NOO)

The funds for WIA Title I activities are appropriated by Congress in two portions. This has the following effects on the availability of funds to the State, to be issued by the U.S. Department of Labor (USDOL) through Notices of Obligation (NOOs) under the WIA Title I grant agreements.

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The funds for the allotments announced for Fiscal Year 2013 (in TEGL 19-11, issued March 16, 2012) are part of the funds appropriated in the U.S. Department of Labor Appropriations Act, 2012, Title I of Division F of the Consolidated Appropriations Act, 2012, P.L. 112-74, signed into law December 23, 2011. Section 527 of Title V of Division F of the Consolidated Appropriations Act, 2012, incorporated a mandatory across the board (ATB) rescission of 0.189 percent impacting the FY2013 funding for programs covered in TEGL 19-11. For the Adult and Dislocated Worker programs, the 0.189 percent rescission only impacts the “base” funds that states receive on July 1, 2012.

*Note: All data on WIA and Wagner-Peyser allotments for Fiscal Year 2013 (federal Program Year 2012) provided in this document are based on information published in the Federal Register and TEGL 19-11, both issued on March 16, 2012. WIA and Wagner-Peyser funding is subject to change during the fiscal year based on congressional action. This document will not be updated to reflect funding changes that may occur during the fiscal year. Please refer to Training and Employment Guidance Letters or other documents issued by the U.S. Department of Labor for any changes to funding during the fiscal year. Additional information may be found in state MassWorkforce Issuances available on [massworkforce.org](http://massworkforce.org).*

### 1. WIA Title I Dislocated Worker:

Initial Allotments Issued March 16, 2012: Congress appropriated funds for the Dislocated Worker program in two portions, with approximately 13.97% of the funds available on July 1, 2012 and the balance to be made available on October 1, 2012. Allotments to states have been prorated based on these amounts. Of the Massachusetts Dislocated Worker allotment of \$18,123,153, USDOL will issue an NOO in the amount of \$2,663,262 for July 1, 2012 and issue the balance of \$15,459,891 on October 1, 2012.

Local Dislocated Worker program funds (\$12,686,207) will also be available in two stages. Of the total, 14.95% or \$1,864,283 will be available as of July 1, 2012, with the balance made available when the USDOL October NOO is issued to the State.

### 2. WIA Title I Adult:

Initial Allotments Issued March 16, 2012: Congress appropriated funds for the Adult program in two portions, with approximately 7.63% available on July 1, 2012 and the balance to be made available on October 1, 2012. Of the Massachusetts allotment of \$13,525,014 for Adults, USDOL will issue a NOO in the amount of \$1,031,920 for July 1, 2012 and will issue the balance of \$12,493,094 for October 1, 2012.

Local Adult program funds (\$12,848,763) will also be available in two stages. Of the total, 7.63% or \$980,324 will be available as of July 1, 2012, with the balance made available when the USDOL October NOO is issued to the State.

### 3. WIA Title I Youth:

Initial Allotments Issued March 16, 2012: Congress appropriated all funds for the Youth program from the same federal fiscal year. The State’s allotment of \$15,009,154 will be issued by USDOL as of July 1, 2012 upon execution of the FY2013 WIA Annual Funding Agreement. *Youth funds available to local areas total \$14,258,696.*

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### **D. LOCAL ADMINISTRATIVE COST POOL AND TRANSFERS**

Of the amounts allocated to a local area, not more than 10% of each allocation may be used for the administrative costs of carrying out local workforce investment activities. Funds made available for administrative costs, however, may be used for the administrative costs of any of the local workforce investment activities, regardless of whether the funds were allocated under the Adult, Dislocated Worker, or Youth sections of the Act.

WIA provided the authority for local workforce investment areas to transfer up to 20% of the Adult funds to Dislocated Worker, and up to 20% of Dislocated Worker funds to Adult. The DOL Appropriations Act of 2010 raised transfer limits to 30%, applicable for the life of the funds. The U.S. Dept. of Labor, Employment and Training Administration, approved a waiver request for Massachusetts allowing the State to increase the transfer authority from 30% to 50% for Adult and Dislocated Worker funds. Refer to MassWorkforce Policy Issuance 08-26, *WIA Funds Transfer Authority*, July 1, 2008.