

Mass Workforce Issuance

100 DCS 20.100

☐ Policy ☒ Information

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: April 1, 2015

Subject: **Advanced Notice of Proposed FY 16 Title I Dislocated Worker Local Area Allocations Formula**

Purpose: To provide local Workforce Investment Boards, One-Stop Career Center operators, and other local workforce investment partners advanced notice of the Massachusetts Workforce Investment Board's Workforce Allocations Task Force's recommendation for the Fiscal Year 2016 (DOL's Program Year 2015) within-state allocations for Title I Dislocated Worker funds.

Background: The Workforce Investment Act (WIA) of 1998 and the Workforce Innovation and Opportunity Act (WIOA) of 2014 require that for within-state allocations of Dislocated Worker employment and training funds "a State shall allocate the funds based on an allocation formula prescribed by the Governor of the State...Such a formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs... [The formula] shall include insured unemployment data, unemployment concentrations, plant closings and mass layoff data, declining industries, farmer-rancher economic hardship data and long-term unemployment data". Both Acts provide that "such formula may be amended by the Governor not more than once each program year."

In compliance with WIA, the Commonwealth had established a formula and data sources to determine the within-state allocations of Dislocated Worker funds to local Workforce Investment Area (see Chart 1 for the current Dislocated Worker formula, data sources, and factor weights.) In March 2013 the Bureau of Labor Statistics' (BLS) Mass Layoff Statistics (MLS) Program was suspended and BLS ceased producing MLS data; the last complete calendar year of data is for 2012. Massachusetts continued to use the calendar

year 2012 MLS data as the data source for plant closing and mass layoff to determine within-state allocations for fiscal years (FY) 2014 and 2015.

To address the within-state allocations for FY 2016, the Massachusetts Workforce Investment Board (MWIB) convened a Workforce Allocations Task Force (“Task Force”) to recommend a strategy to address the absence of current BLS MLS data for plant closings and mass layoffs and to review the allocation formula. The Workforce Allocations Task Force comprises representatives of local workforce investment boards and career centers, Department of Unemployment Assistance’s Economic Research Department, Department of Career Services, and the Massachusetts Workforce Investment Board. The Task Force met regularly during fall 2014, winter 2015, and is proposing to continue to meet through calendar year 2015.

The Task Force addressed the Dislocated Worker formula, including formula factor weights and data sources, as well as explored alternative sources to capture plant closing and mass layoff data. The Task Force conducted an informal survey of other states to identify national models for developing the Dislocated Worker formula, as well as alternative data sources for plant closings and mass layoff data.

In examining alternative mass layoff data sources the Task Force determined that a viable alternative having the statistical and methodological rigor of the BLS MLS data was not available to be produced in time for the FY 2016 allocations. Therefore, in an effort to comply with the framework of the federally required data factors, the Task Force recommends that Massachusetts continue to use the calendar year 2012 MLS data for FY 2016, and the factor weights be adjusted to account for the use of older data in order to minimize the impact this factor will have on the local area allocations. Chart 1 provides the current Dislocated Worker formula for within-state allocations as well as the Task Force’s recommendation (including proposed weights) for FY 2016:

Chart 1: Current & Proposed Dislocated Worker Formula Factors, Weights, and Data Sources:

Category	Factor	Current Weight	Proposed Weight	Data Source
Insured Unemployment Data	CY Average Monthly UI Claimants	20%	30%	UI Claimant Statistics
Unemployment Concentrations	CY Annual Average Unemployment Rate	25%	25%	Local Area Unemployment Statistics
Plant Closing and Mass Layoff Data	CY Count of Claimants from Mass Layoffs	25%	5%	Bureau of Labor Statistics’ Mass Layoff Statistics (CY 2012)
Declining Industries Data	3-Year Job Loss in Declining Industries	10%	10%	ES-202, Employment and Wages
Long-Term Unemployment Data	CY Average Long Term UI Claims (15+ weeks)	10%	15%	UI Claimant Statistics
Long-Term Unemployment Data	CY Annual Total of UI Exhaustees	10%	15%	UI Claimant Statistics

Additionally, the Task Force is recommending that for FY 2016 a Dislocated Worker Hold Harmless be put in place. Under the hold harmless provision, each workforce area will be allocated not less than 90% of the average allocation percentage for the local area for the two (2) preceding fiscal years (hold-harmless level). The hold-harmless provision guarantees local areas receive 90% of their prior two-year average share of the state allotment if their formula-based share should fall below this level. Amounts necessary for raising local formula-based shares to comply with this requirement 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. WIA Title I Adult and Youth have always had a hold-harmless provision that continues with WIOA.

The Task Force further recommends continuing to meet throughout fiscal year 2016 to identify methodologies that most closely capture plant closing and mass layoff activity in Massachusetts using existing Unemployment Insurance data, and to develop a Dislocated Worker formula to be applied to FY 2017 allocations. This recommendation will be presented to the MWIB on April 1, 2015 for feedback and comment. Final decision on the FY 2016 Dislocated Worker formula will be made by the Governor or the Secretary of the Executive Office of Labor and Workforce Development acting on the Governor's behalf.

References: Workforce Investment Act of 1998, § 133: Within State Allocations
Workforce Innovation and Opportunity Act of 2014, § 133: Within State Allocations

Inquiries: Please email Marilyn Boyle (mboyle@detma.org) for questions regarding this proposed recommendation.