

ATTACHMENT S

OVERVIEW OF WIA TITLE I AND WAGNER-PEYSER FISCAL YEAR 2015 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 April 5, 2014 announcing the WIA Title I and Wagner-Peyser allotments to the states for July 1, 2014 – June 30, 2015, the state Fiscal Year 2015 (also known as DOL Program Year 2014). Training and Employment Guidance Letter (TEGL) 18-13 issued on April 3, 2014 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 (excluding college students not in the labor force and adults on active duty in the armed forces. 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 (LLSIL). DOL calculated this factor using special tabulations of data from the American Community Survey (ACS) produced by the Census Bureau. The data used in the special tabulations were collected between January 1, 2006 and December 31, 2010. Reference: Training and Employment Guidance Letter (TEGL) 21-12, March 26, 2013, *Updated Economically Disadvantaged Youth and Adult Data for use in Program Year (PY) 2013 and future Workforce Investment Act (WIA) Youth and Adult Within-State Allocation Formulas*.
- **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 through June reference period to determine Areas of Substantial Unemployment based on local unemployment data prepared by the states under the direction of the Bureau of Labor Statistics (BLS). For the FY2015 allotments, USDOL used the reference period of FY2013, July 1, 2012 to June 30, 2013. Based on this data, Massachusetts, with a 6.7% unemployment rate for FY2013, met the criteria as an ASU. Thus, unemployment in the state and in each workforce area qualified as unemployment within Areas of Substantial Unemployment (ASUs) for the FY2015 allocations.
- **The number of "Excess Unemployed"** in each state. Excess unemployed are 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. USDOL 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 for the

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FY2015 allocations, excess unemployed was determined for the state and for each workforce area.

2. WIA Title I Youth

- **The number of economically disadvantaged** residents, age 16 to 21 years, excluding college students not in the labor force and youth on active duty in the armed forces. The same data source is used to determine the number of economically disadvantaged Youth as for Adults (see 1 above).
- **The number of unemployed within "Areas of Substantial Unemployment"** in each state. The same calculation of total unemployed is used for both Youth and Adult formulas (see 1 above).
- **The number of "Excess Unemployed"** in each state. The same calculation of total excess unemployed is used for both Youth and Adult formulas (see 1 above).

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 2012 through September 2013.
- **The number of excess unemployed** residents in each state. The term "excess unemployed" 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 2012 through September 2013.
- **The number of long-term unemployed** residents in each state. Long-term unemployed are 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 2012 through September 2013.

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 the 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 shares of unemployed, excess unemployed and long-term unemployed.

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

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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 2012 (the 12-month period from January 1, 2012 to December 30, 2012) 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

For Fiscal Year 2015, States were required to distribute 91.25% of their state allotments (July 1, 2014-June 30, 2015) for Adult and Youth programs to workforce investment areas based on the same three factors used in the national formula distribution. The remainder, amounting to 8.75% of the state allotment for each program, was held for statewide workforce investment activities.

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 special tabulations of the American Community Survey (ACS) produced by the Census Bureau. Reference: Training and Employment Guidance Letter (TEGL) 21-12, March 26, 2013, *Updated Economically Disadvantaged Youth and Adult Data for use in Program Year (PY) 2013 and future Workforce Investment Act (WIA) Youth and Adult Within-State Allocation Formulas*. 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 reference period is July 1, 2012 to June 30, 2013. The state met the criteria as an ASU. Thus, unemployment levels in the workforce areas qualify as unemployment within Areas of Substantial Unemployment (ASUs). The data used are the unadjusted unemployment levels from the reference 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 receive 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.

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2. WIA Title I Dislocated Worker

A Governor's reservation of twenty-five percent (25%) of the state's Dislocated Worker allotment was held for statewide rapid response activities and a reservation of 8.75% of the allotment for statewide workforce investment activities.

States must distribute 66.25% of their allotment (July 1, 2014-June 30, 2015) 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 2013 monthly average. Weight: 20%.
- **Average Unemployment Rate.** To meet the WIA category of unemployment concentrations. Source: Local Area Unemployment Statistics, Calendar Year 2013 average. Weight: 25%.
- **Claimants in Mass Layoff Events.** To meet the WIA category of plant closing and mass layoff data. Source: Mass Layoff Statistics, Calendar Year 2012. Weight: 25%.
- **Industries with 3 Year Job Loss.** To meet the WIA category of declining industries. Source: ES-202 annual data, 2010, 2011, 2012. 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 2013. Weight: 10%.
- **UI Exhaustees.** To meet the WIA category of long-term unemployment data. Source: Statewide Survey of UI Claimants who exhausted regular UI benefits, Calendar Year 2013. Weight: 10%.

3. Wagner-Peyser Employment Service Formula

Wagner-Peyser legislation does not mandate any specific formula distribution from state 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 2015 allocations are the average number of residents in the labor force in each local area in Calendar Year 2013.

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- 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 2015 allocations are the average number of unemployed residents in each local area in Calendar Year 2013.
- Each area's FY2015 formula share must fall between a hold-harmless lower limit set at 90% of the local area's FY2014 formula share and a hold-harmless upper limit set at 110% of the local area's FY2014 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; and 38% for state oversight, staffing and technological improvements for service delivery.

Note: A summary of the formulas for allocating WIA and Wagner-Peyser funds to local workforce areas is provided at the end of this document.

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.

The funds for the state allotments for Fiscal Year 2014 were announced in Training and Employment Guidance Letter (TEGL) No. 18-13, issued April 3, 2014 and in the Federal Register on April 11, 2014. WIA Title I Adult and Dislocated Worker programs are funded in two separate appropriations. The first becomes available on July 1, 2014, and is referred to as the "base" funds. The second becomes available for obligation on October 1, 2014, and is referred to as "advance" funds because they are provided in the appropriations act passed during the fiscal year before the fiscal year when the funds are available. Thus, "advance" funds for FY2015 that will be made available on October 1, 2014 were appropriated during FY2014, but not made available until FY2015.

Note: Information on WIA and Wagner-Peyser allotments for Fiscal Year 2015 (federal Program Year 2014) is provided in Training and Employment Guidance Letter No. 18-13, issued April 3, 2014. 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 mass.gov/massworkforce/.

1. WIA Title I Dislocated Worker:

Initial Allotments Issued April 3, 2014: Funds for the Dislocated Worker program become available in two portions, with approximately 14.2% of the funds available on July 1, 2014 and the balance available on October 1, 2014. Of the Massachusetts Dislocated Worker allotment of \$18,899,549, USDOL will

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issue an NOO in the amount of \$2,679,252 for July 1, 2014 and issue an NOO for the balance of \$16,220,297 for October 1, 2014.

Local Dislocated Worker program funds (\$12,520,951) will also be available in two stages. Of the total, 14.2% or \$1,775,004 is allocated for July 1, 2014, with the balance of \$10,745,947 allocated for October 1, 2014. These funds become available upon receipt of the NOOs from USDOL.

2. WIA Title I Adult:

Initial Allotments Issued April 3, 2014: Funds for the Adult program become available in two portions, with approximately 7.1% of the funds available on July 1, 2014 and the balance available on October 1, 2013. Of the Massachusetts Adult allotment of \$12,850,371, USDOL will issue an NOO in the amount of \$909,655 for July 1, 2014 and issue an NOO for the balance of \$11,940,716 for October 1, 2014.

Local Adult program funds (\$11,725,964) will also be available in two stages. Of the total, 7.1% or \$830,060 is allocated for July 1, 2014, with the balance of \$10,895,904 allocated for October 1, 2014. These funds become available upon receipt of the NOOs from USDOL.

3. WIA Title I Youth:

Initial Allotments Issued April 3, 2014: Congress appropriates all funds for the Youth program from the same federal fiscal year. The state's allotment of \$14,507,221 will be available from USDOL upon execution of the PY 2014 (state FY2015) WIA Annual Funding Agreement. Youth funds available to local areas total \$13,237,839.

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.

The U.S. Dept. of Labor, Employment and Training Administration approved a waiver request, granting Massachusetts transfer authority of up to 50% for Adult and Dislocated Worker funds, effective July 1, 2012 through June 30, 2017.

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SUMMARY OF FORMULAS FOR STATE-TO-LOCAL WIA AND WAGNER-PEYSER ALLOCATIONS FOR LOCAL WORKFORCE AREAS

State allotments for Workforce Investment Act (WIA) Title I Youth, Adult, and Dislocated Worker Programs and Wagner-Peyser Act Employment Service programs are announced in the Federal Register and through a Training and Employment Guidance Letter (TEGL) issued by the U.S. Department of Labor, Employment and Training Administration (DOLETA). The WIA and ES program allotments to states and state-to-local allocations are based on formula provisions defined in WIA and in the Wagner-Peyser Act. Fiscal year awards are announced annually (usually in spring) and may be amended during the year. Funds are released upon execution of a Notice of Obligation (NOO) from the U.S. Department of Labor.

The Massachusetts Department of Career Services, on behalf of the Executive Office of Labor and Workforce Development (EOLWD), issues allocations for the 16 local workforce investment areas in Massachusetts. Local allocation levels are determined by statutory formula based on an area's relative share of the state on specific data factors as described below.

WIA Youth Activities

Formula

1/3: area relative share of total unemployed in areas of substantial unemployment (average 12 months ending 6/30)

1/3: area relative share of excess unemployed (average 12 months ending 6/30)

1/3: area share of economically disadvantaged youth (American Community Survey, Special Tabulations)

Minimum: area allocation cannot be less than 90% of its average relative share for the prior two fiscal years

Maximum: none

WIA Adult Activities

Formula

1/3: area relative share of total unemployed in areas of substantial unemployment (average 12 months ending 6/30)

1/3: area relative share of excess unemployed (average 12 months ending 6/30)

1/3: area share of economically disadvantaged adults (American Community Survey, Special Tabulations)

Minimum: area allocation cannot be less than 90% of its average relative share for the prior two fiscal years

Maximum: none

WIA Dislocated Workers

Formula

1/5: area relative share of total average unemployed for the most recent calendar year

1/4: area relative share of unemployment rate for the most recent calendar year

1/4: area relative share of UI claimants in mass layoffs for the most recent calendar year

1/10: area relative share of average job loss in declining industries for the most recent three calendar years

1/10: area relative share of total UI exhaustees for the most recent calendar year

1/10: area relative share of average number of long-term UI claimants for the most recent calendar year

Minimum: none

Maximum: none

Wagner-Peyser Employment Service

Formula

2/3: area relative share of the statewide civilian labor force for the most recent calendar year

1/3: area relative share of the statewide unemployment for the most recent calendar year

Minimum: area allocation cannot be less than 90% of its relative share for the prior fiscal year

Maximum: area allocation cannot be more than 110% of its relative share for the prior fiscal year