

ATTACHMENT P

OVERVIEW OF WIOA TITLE I AND TITLE III WAGNER-PEYSER FISCAL YEAR 2018 ALLOCATIONS

A. NATIONAL-TO-STATE WIOA 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 Innovation and Opportunity Act (WIOA), the U.S. Department of Labor (DOL) posted a Federal Register Notice on June 15, 2017 announcing the WIOA Title I and Wagner-Peyser allotments to the states for July 1, 2017 – June 30, 2018, the state Fiscal Year 2018 (also known as DOL Program Year 2017). Training and Employment Guidance Letter (TEGL) 27-16 issued on June 9, 2017 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. **DOL Allocation Formula for WIOA Title I Adult and Youth:** Thirty-three and 1/3 percent of the total available for local allocations based on each state's relative share on each data factor described below.

- a. **The number of unemployed individuals in Areas of Substantial Unemployment (ASU) for the 12-month period, July 1, 2015 through June 30, 2016, as prepared by States under the direction of the Bureau of Labor Statistics (BLS).** ASUs are contiguous areas of at least 10,000 population that have 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 development 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 census tract(s) within a city or town, provided the ASU has a population of 10,000 or more.

Massachusetts, in its entirety, did not qualify as an Area of Substantial Unemployment (ASU) for FY 2018 (PY 2017). For the period July 2015 – June 2016, the statewide total unemployment rate was 4.5 percent. Massachusetts designated four areas as ASUs. These four ASUs encompassed 90,251 unemployed or 55.6 percent of the 152,255 estimated annual average monthly unemployed in MA during the twelve-month period ending June 2016.

- b. **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.
- c. **The number of disadvantaged Youth (age 16 to 21, excluding college students in the workforce and military) or Adults (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

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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). DOLETA provided special tabulations of data from the American Community Survey (ACS) produced by the Census Bureau for use in developing allocations. 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*.

2. **DOL Formula for WIOA Title I Dislocated Worker: Thirty-three and 1/3 percent of the total available for local allocations based on each state's relative share of each data factors described below.**
 - a. **The relative number of unemployed individuals in each state compared to the total number of unemployed individuals in all states.** The period for comparison is the 12-month period of October 2015 through September 2016.
 - b. **The relative excess number of unemployed individuals in each state, compared to the total excess number of unemployed in all states.** The term "excess unemployed" means the number that represents unemployed individuals in excess of 4.5% of the civilian labor force. The time period for comparison is the 12-month period of October 2015 through September 2016. No comparison to ASU excess is required.
 - c. **The relative number of individuals in each state who have been unemployed for 15 weeks or more, compared to the total number of individuals in all states who have been unemployed for 15 weeks or more.** The period for comparison is the 12-month period of October 2015 through September 2016.

3. Hold-Harmless for Title I

WIOA requires minimum state allotments for Title I programs 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.

4. Wagner-Peyser Employment Service

Allotments to states are calculated using the formula set forth in the Wagner-Peyser Act (29 United States Code 49e). The formula is based on each state's share of calendar year 2016 (the 12-month period from January 1, 2016 to December 30, 2016) monthly averages of the civilian labor force (2/3 weight) and unemployment (1/3 weight).

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

1. WIOA Title I Adult and Youth

For Fiscal Year 2018, States were required to distribute 85% of their state allotments (July 1, 2017 - June 30, 2018) for Adult and Youth programs to workforce development areas based on the same three factors used in the national formula distribution. The remainder, amounting to 10% of the state allotment for each program, was held for statewide workforce activities.

Allocations to local areas for WIOA Adult and Youth funds are based on the following formula factors:

- **The relative number of economically disadvantaged adults or youth in each workforce area compared to the total number of economically disadvantaged adults or youth in all workforce areas.** The data for economically disadvantaged adults and youth residing in local workforce areas were obtained from 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.
- **The relative number of unemployed residents in areas of substantial unemployment (ASUs) in each workforce area compared to the total number of unemployed residents in areas of substantial unemployment in all workforce areas.** The reference period is July 1, 2015 to June 30, 2016. 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.
- **The relative number of excess unemployed residents in areas of substantial unemployment (ASUs) in each workforce area compared to the total number of excess unemployed residents in ASUs in all workforce areas.** Excess unemployed are the number unemployed in excess of 4.5 percent of the labor force in ASUs. The reference period for determining the number of residents in areas of excess unemployment is the same as that used for ASU determinations. This factor is 1/3 of the formula-based share before hold-harmless levels are determined.
- **Hold Harmless:** WIOA requires minimum workforce area allocations for Adults and Youth to be 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 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. WIOA 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

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may be higher or lower than its unadjusted formula-based share before the hold-harmless provision is applied. There is no maximum percentage of stop gain.

2. WIOA 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 15% of the allotment for statewide workforce activities.

States must distribute 60% of their allotment (July 1, 2017-June 30, 2018) for Dislocated Workers to local workforce development areas according to the formula developed by each state to meet the requirements of WIOA Section 133(b)(2)(A). It is not the same as the formula used in the national-to-state distribution. WIOA provides general guidance on the categories of information to 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 Workforce Allocations Task Force and approved by the Secretary of Labor and Workforce Development and the Massachusetts Workforce Development Board. The six (6) factors are described below.

- **UI Claimants.** To meet the WIOA category of insured unemployment data. Source: Statewide Survey of UI Claimants, Calendar Year 2016 monthly average. Weight: 25%.
- **Average Unemployment Rate.** To meet the WIOA category of unemployment concentrations. Source: Local Area Unemployment Statistics, Calendar Year 2016 average. Weight: 25%.
- **Claimants in Mass Layoff Events.** To meet the WIOA category of plant closing and mass layoff data. Source: UI Claimants from Mass Layoffs, Calendar Year 2016. Weight: 10%.
- **Industries with 3 Year Job Loss.** To meet the WIOA category of declining industries. Source: ES-202 annual data, 2013, 2014, 2015. Weight: 10%.
- **Long-Term Claimants.** To meet the WIOA category of long-term unemployment data. Source: Statewide Survey of UI Claimants, average number with 26+ weeks in current spell, Calendar Year 2016. Weight: 15%.
- **UI Exhaustees.** To meet the WIOA category of long-term unemployment data. Source: Statewide Survey of UI Claimants who exhausted regular UI benefits, Calendar Year 2016. Weight: 15%.

3. Wagner-Peyser Employment Service

WIOA and 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 on the federal-to-state formula. The state Wagner-Peyser allotment is divided

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into two parts: 90% funds and 10% funds. U.S. Code § 49f and 20 CFR 652.205 specify the usage of these funds and Section 7(c) of the Wagner-Peyser Act enables states to use funds authorized under sec. 7(a) [90% funds] or sec. 7(b) [10% funds] of the Wagner-Peyser Act to supplement funding of any workforce activity carried out under the Workforce Innovation and Opportunity Act (WIOA).

Massachusetts distributed 80% of the 90% Wagner-Peyser state allotment to local workforce development areas based on a formula allocation described below:

- Two-thirds based on the relative number of individuals in the civilian labor force in each workforce area compared to the total number of such individuals in all sixteen workforce areas. The data used for FY 2018 allocations were the average number of residents in the labor force in each local area in Calendar Year 2016.
- 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 2018 allocations were the average number of unemployed residents in each local area in Calendar Year 2016.
- Each area's FY2018 formula share must fall between a hold-harmless lower limit set at 90% of the local area's FY2017 formula share and a hold-harmless upper limit set at 110% of the local area's FY2017 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% of the Wagner-Peyser state allotment as follows: 62% to local workforce development areas and 38% for statewide activities. The formula factors used were the same as those used for the distribution of the 80% of the 90% funds to local workforce development areas as described above.

Note: A summary of the formulas factors for allocating WIOA Title I 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 the state allotments for Fiscal Year 2018 were announced in Training and Employment Guidance Letter (TEGL) No. 27-16, issued June 9, 2017 and in the Federal Register on June 15, 2017. Funds are issued by the U.S. Department of Labor (USDOL) through Notices of Obligation (NOOs) and upon executed grant agreements.

The funds for Wagner-Peyser ES are available from July 1, 2017. WIOA Title I Youth funds become available from April 1, 2017. The funds for WIOA Title I Adult and Dislocated Worker programs are appropriated by Congress in two portions. This has the following effects on the availability of Title I funds to the state.

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WIOA Title I Adult and Dislocated Worker programs are funded in two separate appropriations. The first installment becomes available on July 1, 2017, and is referred to as the “base” funds. The second becomes available for obligation on October 1, 2017, 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 FY2018 that are available on October 1, 2017 were appropriated during FY2017, but not made available until FY2018.

Revised allotments with a 0.6791% reduction in Advance Funding for Title I Adult and Dislocated Worker programs were issued on October 20, 2017 through Change 1 to TEGGL 27-16. Local workforce area allocations were adjusted to reflect the decrease in funding.

Note: This document will not be updated to reflect funding changes that may occur after those announced in TEGGL 27-16, Change 1. 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 MassWorkforce Issuances available on the mass.gov website.

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

State allotments for Workforce Investment Act (WIOA) Title I Youth, Adult, and Dislocated Worker Programs and Title III Wagner-Peyser Act Employment Service programs are announced in the Federal Register and through a Training and Employment Guidance Letter (TEGL) by the U.S. Department of Labor, Employment and Training Administration (DOLETA). The WIOA and ES program allotments to states and state-to-local allocations are based on formula provisions defined in WIOA and in the Wagner-Peyser Act. Fiscal year awards are announced by DOLETA 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 development 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.

WIOA Title I Youth

Factors:

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

1/3: excess unemployed in areas of substantial unemployment (average 12 months ending 6/30)

1/3: 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

WIOA Title I Adult

Factors:

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

1/3: excess unemployed in areas of substantial unemployment (average 12 months ending 6/30)

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

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

Maximum: none

WIOA Title I Dislocated Worker

Factors:

1/4: average unemployed for the most recent calendar year

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

1/10: UI claimants in mass layoffs for the most recent calendar year

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

3/20: UI claimants who exhausted benefits for the most recent calendar year

3/20: average number of long-term UI claimants (26+ weeks) for the most recent calendar year

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

Maximum: none

WIOA Title III Wagner-Peyser Act Employment Service

Factors:

2/3: civilian labor force for the most recent calendar year

1/3: unemployment for the most recent calendar year

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

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

Excess unemployed: unemployment in excess of 4.5 percent