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TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2010; Final Wagner-Peyser Act Employment Service Program Allotments for PY 2010; and Workforce Information Grants to States Allotments for PY 2010.

1. **Purpose.** To provide states and outlying areas with WIA Title I Adult, Dislocated Worker and Youth Activities program allotments for Program Year (PY) 2010; final allotments for PY 2010 Wagner-Peyser Employment Service (ES) Program, as required by section 6(b)(5) of the Wagner-Peyser Act, as amended; and the Workforce Information Grants to States allotments for PY 2010. Allotments for the Work Opportunity Tax Credit program are being announced separately from these programs this year.

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 U.S.C. 49 et seq.)
- WIA Final Rule, 20 Code of Federal Regulations parts 660-671
- Planning Guidance for the Strategic State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act [(73 FR 72853) (Dec. 1, 2008)] (OMB No. 1205-0398)

3. **Background.** The funds for the allotments announced in this Training and Employment Guidance Letter (TEGL) are part of the funds appropriated in the Department of Labor Appropriations Act, 2010, Division D, Title I of the

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Consolidated Appropriations Act, 2010, P.L. 111-117, signed into law December 16, 2009.

The WIA allotments for states are based on formula provisions defined in the Act (see Attachment I for WIA and Wagner-Peyser formula descriptions). The WIA allotments for the outlying areas (e.g., American Samoa, Guam, Northern Marianas, Palau, and the Virgin Islands) are based on a discretionary formula as authorized under WIA Title I. The Marshall Islands and Micronesia no longer receive WIA Title I funding, pursuant to P.L. 108-188, Compact of Free Association Amendments of 2003, (December 17, 2003); instead, these areas now receive funding from the Department of Education's appropriation (48 U.S.C. 1921 d (f)(1)(B)(iii)). The Compact, as amended by Section 309 of Division D of P.L. 111-117, the Consolidated Appropriations Act, 2010 (in the Department Of Education's General Provisions) extends the availability of programs previously available to Palau through September 2010, including WIA Title I funding provisions.

In addition to the TEGL, allotments and descriptions of the allotment formulas will be published in the Federal Register. Comments from the public may be submitted to the Employment and Training Administration (ETA) on the formula used to distribute outlying areas funds.

4. State WIA Youth Activities Funds: Title I--Chapter 4--Youth Activities.

A. State Allotments. The appropriated level for PY 2010 for WIA Youth Activities totals \$924,069,000, which includes \$13,861,035 for Native Americans, \$907,897,792 for states, and \$2,310,173 for outlying areas. Attachment II contains a breakdown of the WIA Youth Activities program allotments by state for PY 2010 and provides a comparison of these allotments to PY 2009. Please note that DOL will provide the Native American Youth allotments in an upcoming TEGL.

The three data factors required by WIA for the PY 2010 Youth Activities state formula allotments are:

1. The number of unemployed for Areas of Substantial Unemployment (ASUs), averages for the 12-month period, July 2008 through June 2009, 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 (BLS);
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; and
3. The number of economically disadvantaged youth (age 16 to 21, excluding college students and military), from special 2000 Census tabulations.

Since the total amount available for states in PY 2010 is below the required \$1 billion threshold specified in WIA section 127(b)(1)(C)(iv)(IV), which was also the case in PY 2009, the WIA additional minimum provisions are not applicable. Instead, as required by WIA, the JTPA 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. PY 2010 Funding WIA Agreement/Notice of Obligations (NOOs). Upon execution of the PY 2010 WIA Annual Funding Agreement, DOL will provide Youth program funds to states, effective April 1, 2010, pursuant to WIA section 189(g)(1)(B).
- C. Within-State Allocations. States must distribute WIA Youth Activities funds among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions of WIA section 128 and the approved WIA/Wagner-Peyser Act State Plan. For purposes of identifying ASUs for the within-state Youth Activities allocation formula, as done since PY 2006, states should continue to use the special 2000 Census data based on households which were obtained under contract with the Census Bureau and provided to states in October 2006 by BLS. States must use such data for this purpose until further notice. For purposes of developing the number of economically disadvantaged Youth Activities for the statutory formula, states should continue to use the special 2000 Census data provided to them for the within-state youth allocations beginning in PY 2004.
- D. Transfers of Funds. Local workforce investment areas lack the authority to transfer funds to or from the Youth Activities program.
- E. Reallotment of Funds. The Secretary will reallot Youth Activities program formula funds, as provided for by WIA Section 127(c), based on completed program year financial reports submitted by the states. Reallotment of funds among states under WIA will occur during PY 2010 based on state obligations made during PY 2009 (20 CFR §667.150).

5. State Adult Employment and Training Activities Funds: Title I--Chapter 5--Adult and Dislocated Worker Employment and Training Activities.

- A. State WIA Allotments. The total appropriated funds for PY 2010 for Adult Activities are \$861,540,000 of which \$859,386,150 is for states and \$2,153,850 is for outlying areas. Attachment III-A shows the PY 2010 Adult Activities allotments and a comparison to PY 2009 allotments by state.

The three formula data factors for the Adult Activities program are the same as

those used for the Youth Activities formula, except DOL used data for the number of economically disadvantaged adults (age 22 to 72, excluding college students and military). Since the total amount available for the Adult Activities program for states in PY 2010 is below the required \$960 million threshold specified in WIA section 132(b)(1)(B)(iv)(IV), as was also the case in PY 2009, the WIA additional minimum provisions are not applicable. Also, like the Youth program, DOL used the provision applying the 130 percent stop-gain of the prior year allotment percentage.

- B. NOOs. For PY 2010, Congress appropriated funds for this program in two portions: \$149,540,000 available for obligation on July 1, 2010 (PY 2010), and \$712,000,000 available for obligation on October 1, 2010 (Fiscal Year (FY) 2011). DOL prorated allotments to states and outlying areas based on these total amounts and will issue two NOOs: one for July 1, 2010, under the PY 2010 WIA grant agreement, and the other for October 1, 2010, also under the PY 2010 WIA grant agreement (see Attachment III-B).
- C. Within-State Allocations. States must distribute WIA Adult Activities funds for PY 2010 allotments among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA section 133 and the approved WIA/Wagner Peyser Act State Plan.

Similar to the Youth Activities program, for purposes of identifying ASUs for the within-state Adult Activities allocation formula, states must use the special 2000 Census data provided to them by BLS in October 2006 for Census sharing until further notice. For purposes of developing the number of economically disadvantaged adults for the statutory formula, states should continue to use the special 2000 Census data provided to them for the within-state Adult Activities allocations beginning in PY 2004.

- D. Transfers of Funds. WIA section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 20 percent of Dislocated Worker Activities funds to Adult Activities. The DOL Appropriations Act, 2010, raises the transfer limits to 30 percent, which is applicable for the life of the funds.
- E. Reallotment of Funds. Reallotment of Adult Activities program formula funds, as provided for by WIA Section 132(c), will be based on completed program year financial reports submitted by the states. Reallotment of funds among states under WIA will occur during PY 2010 based on state obligations of PY 2009 funds made during PY 2009 (20 CFR §667.150).

6. State Dislocated Worker Employment and Training Funds: Title I--Chapter Adult and Dislocated Worker Employment and Training Activities.

Appropriated funds for PY 2010 for the Dislocated Worker Activities program total \$1,413,000,000, with \$1,183,840,000 for states, \$3,532,500 for outlying areas, and \$225,627,500 for the National Reserve.

- A. State Allotments. Attachment IV-A shows the PY 2010 Dislocated Worker Activities fund allotments by state and a comparison to PY 2009.

The three data factors required in WIA for the PY 2010 Dislocated Worker state formula allotments are:

1. The number of unemployed, averaged for the 12-month period, October 2008 through September 2009;
2. The number of excess unemployed, averaged for the 12-month period, October 2008 through September 2009; and
3. The number of long-term unemployed, averaged for the 12-month period, October 2008 through September 2009.

- B. Notice of Obligations (NOOs). For PY 2010, Congress appropriated funds for this program in two portions for both formula funds and National Reserve funds. For formula funds, \$323,840,000 is available for obligation on July 1, 2010 (PY 2010), and \$860,000,000 is available for obligation on October 1, 2010 (FY 2011). For the National Reserve, \$29,160,000 is available for obligation on July 1, 2010 (PY 2010), and \$200,000,000 is available for obligation on October 1, 2010 (FY 2011). Allotments to states and outlying areas are prorated based on the two amounts for formula funds and National Reserve, respectively. Allotments will be issued in two NOOs: one for July 1, 2010, under the PY 2010 WIA grant agreement, and the other for October 1, 2010, (also under the PY 2010 WIA grant agreement) (see Attachment IV-B).

- C. Within-State Allocations. Dislocated Worker Activities funds for PY 2010 allotments are to be distributed among local workforce investment areas (subject to the governor's reservation of up to 25 percent for statewide rapid response activities and up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA section 133 and the approved WIA/Wagner-Peyser Act State Plan.

- D. Transfers of Funds. WIA section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to

20 percent of Dislocated Worker Activities funds to Adult Activities. The Department of Labor Appropriations Act, 2010, raises the transfer limits to 30 percent, which is applicable for the life of the funds.

- E. Reallotment of Funds. Reallotment of Dislocated Worker program formula funds, as provided for by WIA Section 132(c), will be based on completed program year financial reports submitted by the states. Reallotment of funds among states under WIA will occur during PY 2010 based on state obligations made during PY 2009 (20 CFR §667.150).

7. Discontinuance of Additional Funding from the Dislocated Worker National Reserve for WIA Adult/Dislocated Worker Activities for Eligible States.

Section 173(e) of WIA facilitated the transition from the Job Training Partnership Act (JTPA) to the WIA Adult formula by providing additional funding from the National Reserve to up to eight states that qualify under the statutory criteria. However, the WIA formula has been in effect for a decade and the transition is complete. Therefore, in accordance with language in the Department of Labor Appropriations Act, 2010, no PY 2010 funds will be obligated to carry out Section 173(e) of the WIA.

- 8. Wagner-Peyser Employment Service Final Allotments.** The appropriated level for PY 2010 for grants for the Employment Service programs totals \$703,576,000. After determining the funding for outlying areas, allotments to states are calculated using the formula set forth at section 6 of the Wagner-Peyser Act (29 U.S.C. 49e). PY 2010 formula allotments are based on each state's share of calendar year 2009 monthly averages of the Civilian Labor Force and unemployment. The distribution of Wagner-Peyser Act funds for PY 2010 includes \$701,860,926 for states, as well as \$1,715,074 for outlying areas. Attachment V shows the distribution of PY 2010 ES formula amounts by state compared to PY 2009.

Under section 7(b) of the Wagner-Peyser Act, ten percent of the total sums allotted to each state shall be 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.

- 9. Workforce Information Grants.** Total funds for PY 2010 are \$32,000,000. Funds are distributed to states by administrative formula with \$176,800 for Guam and the Virgin Islands. The remaining funds are distributed to the states with 40% distributed equally to all states, and 60% distributed based on each state's share of the Civilian Labor Force for the 12 months ending September 2009. The allotment figures are listed in Attachment VI. Policy guidance on the use of workforce information grants will be forthcoming.

- 10. Reporting.** For the WIA formula programs, states are required to submit the seven designated WIA quarterly financial status reports covering funds received for each

of the programs (including separate reports for each of the fund year periods for the Adult and Dislocated Worker Activities programs --July 1 funds and October 1 funds). These seven WIA reports provide financial data for statewide Youth, statewide Adult, statewide Dislocated Worker, statewide Rapid Response (Dislocated Worker Activities), local Youth, local Adult, and local Dislocated Worker activities. States are also to submit the designated financial report formats each quarter for the Wagner-Peyser Act funds.

11. Inquiries. Questions regarding these allotments may be directed to the appropriate Regional Office. Information on allotments and planning requirements may also be found on the Employment and Training Administration (ETA) Web site at <http://www.doleta.gov>.

12. Attachments.

- I. WIA and Wagner-Peyser Statutory Formula Descriptions
- II. WIA Youth Activities Allotments,
PY 2010 vs PY 2009
- III-A. WIA Adult Activities Allotments,
PY 2010 vs PY 2009
- III-B. WIA Adult Activities Allotments,
July 1 and October 1 Funding
- IV-A. WIA Dislocated Worker Activities Allotments,
PY 2010 vs PY 2009
- IV-B. WIA Dislocated Worker Activities Allotments,
July 1 and October 1 Funding
- V. Employment Service (Wagner-Peyser) Allotments,
PY 2010 Final vs PY 2009 Final
- VI. Workforce Information Grants
PY 2010 vs PY 2009