

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIOA/Wagner-Peyser
	CORRESPONDENCE SYMBOL OWI
	DATE June 9, 2017

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 27-16

TO: STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: BYRON ZUIDEMA /s/
Deputy Assistant Secretary

SUBJECT: Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2017; Final PY 2017 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and the Allotments of Workforce Information Grants to States for PY 2017

1. **Purpose.** To provide information to States and outlying areas on WIOA Title I Adult, Dislocated Worker and Youth Activities program allotments for PY 2017; final allotments for PY 2017 for the Wagner-Peyser ES Program, as required by section 6(b)(5) of the Wagner-Peyser Act, as amended; and the allotments of Workforce Information Grants to States for PY 2017.

2. **References.**

- Consolidated Appropriations Act, 2017 (Pub. L. 115-31);
- Balanced Budget and Emergency Deficit Control Act, as amended (Title II of Pub. L. 99-177);
- Budget Control Act of 2011 (Pub. L. 112-25);
- Training and Employment Guidance Letter (TEGL) No. 21-12, *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*;
- Workforce Innovation and Opportunity Act, as amended (Pub. L. 113-128);
- Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.);
- Workforce Investment Act of 1998 (Pub. L. 105-220);
- Job Training Partnership Act (JTPA) (Pub. L. 97-300), as amended by the Job Training Reform Amendments of 1992 (Pub. L. 102-367);
- Compact of Free Association Amendments of 2003 (Pub. L. 108-188);
- TEGL No. 11-12, *Using Funds Authorized Under Section 7(a) of the Wagner-Peyser Act of 1933 for Intensive Services as Defined by the Workforce Investment Act*;
- TEGL No. 23-14, *Workforce Innovation and Opportunity Act (WIOA) Youth Program Transition*;
- TEGL No. 5-06, *Implementing the Salary and Bonus Limitations in Public Law 109-234*;

RESCISSIONS None	EXPIRATION DATE Continuing
----------------------------	--------------------------------------

- TEGL No. 2-16, *Revised ETA-9130 Financial Report, Instructions, and Additional Guidance*; and
- *Local Area Unemployment Statistics (LAUS) Technical Memorandum No. S-16-15*

3. **Background.** On May 5, 2017, the Consolidated Appropriations Act, 2017, Pub. L. 115-31 was signed into law (from this point forward, referred to as “the Act”). The Act makes PY 2017 Youth Activities funds available for obligation in early April 2017. However, the Act funds the WIOA Adult and Dislocated Worker programs in two separate appropriations. The first appropriation becomes available for obligation on July 1, 2017; this portion is commonly referred to as the “base” funds. The second appropriation becomes available for obligation on October 1, 2017; this portion is commonly referred to as “advance” funds because they are provided in the appropriations act passed during the fiscal year immediately before the fiscal year when the funds are available. For example, funds for PY 2017 that will be made available on October 1, 2017 were appropriated during FY 2017, but not made available until FY 2018, and are called the FY 2018 “advance” funds. See Attachment A for details.

The Act, Division H, Title I, sec. 107, allows the Secretary of Labor (Secretary) to set aside up to 0.75 percent of most operating funds for evaluations. The evaluation provision is consistent with the Federal government’s priority on evidence-based policy and programming, providing opportunities to expand evaluations and demonstrations in the Department of Labor (Department) to build solid evidence about what works best. Funds are transferred to the Department’s Chief Evaluation Office to implement formal evaluations and demonstrations in collaboration with the Employment and Training Administration. For 2017, the Department has set aside 0.25 percent of the Training and Employment Services (TES) and State Unemployment Insurance and Employment Services Operations (SUIESO) appropriations. ETA spread the amount to be set aside from each appropriation across all of the programs funded by that appropriation with more than \$100 million in funding. This includes WIOA Adult, Youth and Dislocated Worker and Wagner-Peyser Employment Service program budgets.

The Act, Division H, Title I, sec. 106(b), allows the Secretary to set aside up to 0.5 percent of each discretionary appropriation for activities related to program integrity. For 2017, the Department set aside the full 0.5 percent of most discretionary appropriations, which reduced WIOA Adult, Youth, Dislocated Worker, Wagner-Peyser Employment Service and Workforce Information Grant program budgets.

The reductions for evaluations from the WIOA Adult and Dislocated Worker programs are applied to the FY 2018 “advance” funding levels; “base” funding is disseminated at the full amount appropriated in the Act. The reductions for program integrity are applied to “base” and “advance” funding separately.

The Act also specifies the following provisions:

- The Secretary may reserve not more than 10 percent of the Dislocated Worker National Reserve funds to provide technical assistance and carry out additional activities related to the transition to WIOA.

- In accordance with section 128(a)(1) of WIOA, the amount available for the Governor for Statewide workforce employment and training activities must not exceed 15 percent of the amount allotted to the State from each of the WIOA Youth, Adult, and Dislocated Worker, PY 2017 appropriations.
- Salary caps are imposed under the Act, Division H, Title I, sec. 105. No funds under the header “Employment and Training Administration” shall be used by a recipient or sub-recipient to pay the salary and/or bonus of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II, currently \$187,000. States also may establish lower salary caps. See TEGL No. 5-06.

WIOA allotments for States are based on formula provisions contained in WIOA (for your information see Attachment B for WIOA and Wagner-Peyser formula descriptions). The Act waives the competition requirement contained in WIOA secs. 127(b)(1)(B)(ii), 132(b)(1)(A)(ii), and 132(b)(2)(A)(ii) regarding funding to outlying areas (i.e., American Samoa, Guam, Commonwealth of the Northern Mariana Islands, the Republic of Palau, and the United States Virgin Islands). For PY 2017, outlying area grant amounts will be based on the administrative formula determined by the Secretary that was used under WIA.

WIOA specifically included the Republic of Palau as an outlying area, except during any period for which the Secretary of Labor and the Secretary of Education determine that a Compact of Free Association is in effect and contains provisions for training and education assistance prohibiting the assistance provided under WIOA. No such determinations prohibiting assistance have been made (WIOA sec. 3(45)(B)). WIOA updated the Compact of Free Association Amendments of 2003, Pub. L. 108-188 (December 17, 2003) so that the Republic of Palau remained eligible for WIOA Title I funding. See 48 U.S.C.1921d(f)(1)(B)(ix). The Act, Division H, Title III, sec. 305 of Pub. L. 115-31 authorized WIOA Title I funding to Palau through FY 2017.

In addition to this TEGL, allotments and descriptions of the allotment formulas will be published in the Federal Register.

4. State WIOA Youth Activities Funds: Title I--Chapter 2--Youth Activities .

A. State Allotments. The appropriated level for PY 2017 for WIOA Youth Activities totals \$873,416,000. After reducing the appropriation by \$2,488,000 for evaluations and \$4,367,080 for program integrity, \$866,560,920 is available for Youth Activities, which includes \$12,998,414 for Native American grantees, \$851,428,600 for States, and \$2,133,906 for outlying areas. Note that under WIOA the basis for calculating the ¼ of 1 percent reserved for outlying areas is based on the total available for Youth Activities after the Native American reservation. The Native American reservation is calculated on the total available for Youth Activities. Attachment D contains a breakdown of the WIOA Youth Activities program allotments by State for PY 2017 and provides a comparison of these allotments to PY 2016. Please note that the Department will provide information on the Native American Youth allotments in a separate TEGL.

The Department has allotted the PY 2017 Youth Activities program allotments among the States in accordance with the factors required by WIOA. For reference, the three data factors that the Department considers in allocating these funds to the States are:

1. The average number of unemployed individuals for Areas of Substantial Unemployment (ASUs) for the 12-month period, July 2015 through June 2016, as prepared by the States under the direction of 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, July 2015 through June 2016; and
3. The number of disadvantaged youth (age 16 to 21), excluding college students in the workforce and military) from special tabulations of data from the American Community Survey (ACS). The data used in the special tabulations for disadvantaged youth were collected between January 1, 2006, and December 31, 2010.

Since the total amount available for States in PY 2017 is below the required \$1 billion threshold specified in WIOA sec. 127(b)(1)(C)(iv)(IV), which was also the case in PY 2016, the Department did not apply the WIOA additional minimum provisions (see Attachment B). Instead, as required by WIOA, the minimums of 90 percent of the prior year allotment percentage and 0.25 percent State minimum floor apply. This is the same methodology to set a floor on the annual variation in allotments as has been applied almost continuously for more than two decades. *See* sec. 262(b)(2) of the Job Training Partnership Act (JTPA) (Pub. L. 97-300), (as amended by sec. 207 of the Job Training Reform Amendments of 1992, Pub. L. 102-367); sec. 127(b)(1)(C)(iv)(IV) of the Workforce Investment Act of 1998 (Pub. L. 105-220). WIOA also provides that no State may receive an allotment that is more than 130 percent of the allotment percentage for the State for the previous year.

- B. PY 2017 Funding WIOA Agreement/Notice of Award (NOAs). Upon execution of the PY 2017 WIOA Annual Funding Agreement/NOA, Youth program funds will be available for States to use.
- C. Sub-State Allocations. States must distribute WIOA Youth Activities funds among local workforce areas (subject to reservation of the 15 percent limitation for statewide workforce employment and training activities as discussed in the Background Section of this TEGL) in accordance with the provisions of WIOA sec. 128 and their approved Unified or Combined WIOA State Plan. In allocating Youth Activities funds to local areas for PY 2017, States may use either the allocation formula described in WIOA sec.128(b)(2) or the discretionary allocation formula in WIOA sec. 128(b)(3), and ensure the State policy articulated in the approved State Plan remains consistent with this guidance. **See Attachment C** for a description of sub-state allocation formulas.

1. Allocation Formula. Thirty-three and 1/3 percent of the total funds available for local allocations are allocated based on each local area's relative share of each data factor listed below.
 - a. The relative number of unemployed individuals in Areas of Substantial Unemployment (ASUs) in each local area, compared to the total number of unemployed individuals in ASUs in all local areas in the State. For this factor, the time period for comparison is the 12-month period, July 2015 to June 2016.
 - b. The relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State. See the definition of "excess number" below which requires a comparison of the excess unemployed in ASUs with excess unemployed in all areas. For this factor, the time period for comparison is the 12-month period, July 2015 to June 2016.
 - c. The relative number of disadvantaged youth (age 16 to 21, excluding college students in the workforce and military), in each local area, compared to the total number of disadvantaged Youth in all local areas in the State. The number of disadvantaged youth come from special tabulations of data from the American Community Survey (ACS) prepared in accordance with the definition provided in WIOA. The data were collected between January 1, 2006 and December 31, 2010.

For purposes of identifying ASUs for the Youth Activities sub-state allocation formula, States should use data made available by BLS (as described in LAUS Technical Memorandum No. S-16-15).

The term "excess number" means, used with respect to the excess number of unemployed individuals within a local area, the higher of (i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area; or (ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in ASUs in such local area.

For purposes of determining the number of disadvantaged Youth for the sub-state Youth formula, States should use the special tabulations of American Community Survey (ACS) data available at <http://www.doleta.gov/budget/disadvantagedYouthAdults.cfm>. See TEGL No. 21-12 for further information.

States must utilize a minimum percentage (or stop loss) to ensure that no local area receives an allocation percentage that is less than 90 percent of the average allocation percentage received by the local area for the previous two years. An allocation percentage is the local area's share or percentage of funds allocated to all local areas.

States should **not** use 90 percent of the average *amount* allocated to the local area for the last two years. Amounts necessary to increase allocations to local areas to comply with the minimum percentage requirement must be obtained by proportionately reducing the allocations to be made to other local areas.

States must not use a maximum percentage (or stop gain).

2. Discretionary Formula. Alternatively, a State may use a discretionary formula. When using a discretionary formula, a State distributes a portion that is at least 70 percent of the funds according to the allocation formula described in subparagraph 4.C.1 of this TEGL, and the remainder on the basis of a formula that incorporates additional factors relating to:
 - a. excess youth poverty in urban, rural, and suburban areas; **and**
 - b. excess unemployment above the State average in urban, rural, and suburban local areas.

Of the portion of funds distributed according to the allocation formula described in subparagraph 1, a State must not assign unequal percentages to the ASU, excess unemployment, and economically disadvantaged data factors. These three data factors carry equal weights of 33 1/3 percent.

Of the remainder, States may determine the percentage to allocate to data factors reflecting excess youth poverty and excess unemployment above the state average.

States also have flexibility in choosing what data they want to use related to youth poverty and excess unemployment above the state average. States **may not** reuse the allocation formula data factors (ASU, excess unemployment, and disadvantaged youth) to distribute the remainder. Using data factors such as high school drop-out rate may be an acceptable reflection of youth poverty, but the State must articulate how such factors relate to youth poverty in the State Plan.

For the portion of funds distributed according to the allocation formula (which represent at least 70 percent of the distributed funds), the State must employ the minimum percentage (or stop loss), as described in subparagraph 1 on the allocation formula. The State may choose whether or not to also apply the minimum percentage to the remainder portion of funds that the State distributes according to the discretionary formula (which represent not more than 30 percent of the distributed funds).

The discretionary formula must be developed by the State Board and approved by the Secretary as part of the State Plan.

- D. Transfers of Funds. Local workforce areas do not have the authority to transfer funds to or from the Youth Activities program.

E. Re-allotment of Funds. WIOA sec. 127(c) requires the Secretary of Labor to recapture and reallocate Youth Activities program formula funds based on State obligation levels at the end of the first program year of use (ETA reallocates in accordance with 20 CFR 683.150). PY 2016 funds are only available for Federal obligation until the end of the program year, and so the Secretary does not have authority to reobligate PY 2016 funds after the first program year. Therefore, any reallocation of funds requires the use of PY 2017 funds. In other words, recapture and reallocation of PY 2017 funds is based on obligation levels of PY 2016 funds at the end of PY 2016.

1. The obligation threshold a State must meet to avoid recapture under WIOA sec. 127(c)(2) is 80 percent. The term obligation is defined at 2 CFR 200.71. The funds that a State allocates to a local area are State obligations. WIOA requires States to allocate at least 85 percent of Youth Activities funds to local areas. Therefore, by making the required local allocations, the State has obligated more than 80 percent of its PY 2016 funds and no further action is required regarding reallocation of PY 2017 funds.
2. Allocations to the local areas are reported on the Local Youth ETA 9130 (B) financial reports, along with obligations by local areas of those funds.

F. Small State Minimum Allotment States. WIOA sec. 129(a)(4)(B) allows a State that receives a small state minimum allotment under WIOA sec. 127(b)(1) (relating to the youth formula program) or 132(b)(1) (relating to the adult formula program) to submit a request for approval to the Department to decrease the percentage of funds spent on out-of-school youth to not less than 50 percent in a local area. To determine if a State receives a small state minimum allotment, review the PY 2017 columns in Attachments D and E. States that meet the criteria for PY 2017 as a minimum allotment State are those states that receive a PY 2017 WIOA Youth allotment of \$2,128,564 or receive a PY 2017 WIOA Adult allotment of \$2,017,823.

5. State Adult Employment and Training Activities Funds: Title I--Chapter 3--Adult and Dislocated Worker Employment and Training Activities.

A. State Allotments. The total appropriated funds for Adult Activities in PY 2017 is \$815,556,000. After reducing the appropriated amount by \$2,323,000 for evaluations and \$4,077,780 for program integrity, \$809,155,220 remains for Adult Activities, of which \$807,132,332 is for States and \$2,022,888 is for outlying areas. Attachment E shows the PY 2017 Adult Employment and Training Activities allotments and a State by State comparison of the PY 2017 allotments to PY 2016 allotments.

The three formula data factors that the Department uses to distribute WIOA Adult Activities funds among the States are the same as those used for the Youth Activities formula, except that data is used for the number of disadvantaged adults (age 22 to 72, excluding college students in the workforce and military), rather than the number of disadvantaged youth. Since the total amount available for the Adult Activities program

for States in PY 2017 is below the required \$960 million threshold specified in WIOA sec. 132(b)(1)(B)(iv)(IV), as was also the case in PY 2016, the WIOA additional minimum provisions (See Attachment B) are not applicable. Instead, as required by WIOA, the minimums of 90 percent of the prior year allotment percentage and 0.25 percent State minimum floor apply. As noted above, this is the same methodology to set a floor on the annual variation in allotments as has been applied almost continuously for more than two decades, under both JTPA and WIA. Also, like for the Youth program, WIOA also provides that no State may receive an allotment that is more than 130 percent of the previous year allotment percentage for the State.

- B. PY 2017 Funding WIOA Agreement/Notice of Award (NOAs). For PY 2017, Congress appropriated funds for this program in two portions: \$103,556,000 is available for obligation on July 1, 2017 (PY 2017), and \$712,000,000 available for obligation on October 1, 2017 (FY 2018). After reductions associated with evaluations and program integrity, the amount available for Adult Activities on July 1, 2017 (PY 2017) is \$103,038,220 and on October 1, 2017 is \$706,117,000. The Department prorated allotments to States and outlying areas based on these total amounts and will issue two NOAs (subject to the state submitting an approved state plan under secs. 102 or 103 of WIOA): one for July 1, 2017, under the PY 2017 WIOA grant agreement, and the other for October 1, 2017, also under the PY 2017 WIOA grant agreement (see Attachment F).
- C. Sub-State Allocations. States must distribute WIOA Adult Activities funds for PY 2017 allotments among local workforce areas (subject to reservation of the 15 percent limitation for statewide employment and training activities) in accordance with the provisions in WIOA section 133 and the approved State Plan. The 15 percent which may be retained for statewide activities must be calculated on the total allotment for PY 2017.

In allocating WIOA Adult funds to local areas for PY 2017, States may use either the allocation formula described in WIOA sec. 133(b)(2)(A) or the discretionary allocation formula in WIOA sec. 133(b)(3). Also, States must ensure the State policy articulated in the approved State Plan remains consistent with this guidance. **See Attachment C** for a description of sub-state allocation formulas.

1. Allocation Formula. Thirty-three and 1/3 percent of the total funds available for local allocations are allocated based on each local area's relative share of each data factor listed below.
 - a. The relative number of unemployed individuals in ASUs in each local area, compared to the total number of unemployed individuals in ASUs in all local areas in the State. For this factor, the time period for comparison is the 12-month period, July 2015 to June 2016.
 - b. The relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State. See the definition of "excess number" below which requires

a comparison of the excess unemployed in ASUs with excess unemployed in all areas. For this factor, the time period for comparison is the 12-month period, July 2015 to June 2016.

- c. The relative number of disadvantaged adults (age 22 to 72, excluding college students in the workforce and military) in each local area, compared to the total number of disadvantaged adults in all local areas in the State. The data used in the special tabulations for disadvantaged adults were collected between January 1, 2006 and December 31, 2010.

For purposes of identifying ASUs for the Adult Activities sub-state allocation formula, States should use data made available by BLS (as described in LAUS Technical Memorandum No. S-16-15).

The term “excess number” means, used with respect to the excess number of unemployed individuals within a local area, the higher of (i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area; or (ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in ASUs in such local area.

For purposes of determining the number of disadvantaged adults for the sub-state Adult formula, States should use the special tabulations of ACS data available at <https://www.doleta.gov/budget/disadvantagedYouthAdults.cfm>. See TEGl No. 21-12 for further information.

States must utilize a minimum percentage (or stop loss) to ensure that no local area receives an allocation percentage that is less than 90 percent of the average allocation percentage of the local area for the previous two years. An allocation percentage is the local area’s share or percentage of funds allocated to all local areas. States should **not** use 90 percent of the average *amount* allocated to the local area for the last two years. Amounts necessary to increase allocations to local areas to comply with the minimum percentage requirement must be obtained by proportionately reducing the allocations to be made to other local areas.

States must not use a maximum percentage (or stop gain).

2. Discretionary Formula. Alternatively, a State may use a discretionary formula. When using a discretionary formula, a State distributes a portion that is at least 70 percent of the funds according to the allocation formula described in subparagraph 5.C.1. of this TEGl and the remainder on the basis of a formula that incorporates additional factors related to:
 - a. excess poverty in urban, rural, and suburban areas, **and**
 - b. excess unemployment above the State average in urban, rural, and suburban local areas.

Of the portion of funds distributed according to the allocation formula described in subparagraph 1, a State must not assign unequal percentages to the ASU, excess unemployment, and disadvantaged data factors. These three data factors carry equal weights of 33 1/3 percent.

Of the remainder, States may determine the percentage to allocate to data factors reflecting excess poverty and excess unemployment above the state average.

States also have flexibility in choosing the data they want to use related to poverty and excess unemployment above the state average. States **may not** reuse the allocation formula data factors (ASU, excess unemployment, and disadvantaged adults) to distribute the remainder. Using data factors not directly describing poverty or excess unemployment may be acceptable, but the State must articulate how such factors relate to the statutory requirements in the State Plan.

The discretionary formula must also employ a minimum percentage, as described in subparagraph 1 on the allocation formula. The minimum percentage may be applied to the 70 percent (or greater) portion or to the entire allocation.

The discretionary formula must be developed by the State Board and approved by the Secretary as part of the State Plan.

- D. Transfers of Funds. WIOA sec. 133(b)(4) provides the authority for local workforce areas, with approval of the Governor, to expend up to 100 percent of the Adult Activities funds on Dislocated Worker Activities, and up to 100 percent of Dislocated Worker Activities funds on Adult Activities.
- E. Re-allotment of Funds. WIOA sec. 132(c) requires the Secretary of Labor to recapture and reallocate Adult Activities program formula funds based on State obligation levels at the end of the first program year of use (ETA reallocates in accordance with 20 CFR 683.150). PY 2016 funds are only available for Federal obligation until the end of the program year, and so the Secretary does not have authority to re-obligate PY 2016 funds after the first program year. Therefore, any re-allotment of funds requires the use of PY 2017 funds. In other words, re-allotment of PY 2017 funds is based on obligation levels of PY 2016 funds at the end of PY 2016.
1. The obligation threshold a State must meet to avoid recapture under WIOA sec. 132(c)(2) is 80 percent. The term obligation is defined at 2 CFR 200.71. The funds that a State allocates to a local area are State obligations. WIOA requires States to allocate at least 85 percent of Adult Activities funds to local areas. Therefore, by making the required local allocations, the State has obligated more than 80 percent of its PY 2016 funds and no further action is required regarding re-allotment of PY 2017 funds.

2. Allocations to the local areas are reported on the Local Adult ETA 9130 (D) financial reports, along with obligations by local areas of those funds.

6. State Dislocated Worker Employment and Training Funds: Title I-- Chapter 3- Adult and Dislocated Worker Employment and Training Activities

The amount appropriated for Dislocated Worker Activities in PY 2017 totals \$1,241,719,000. The total appropriation includes formula funds for the States, while the National Reserve is used for National Dislocated Worker Grants, technical assistance and training, demonstration projects, and the outlying areas' Dislocated Worker allotments. After reducing the appropriated amount by \$3,536,000 for evaluations and \$6,208,595 for program integrity, a total of \$1,231,974,405 remains available for Dislocated Worker Activities. The amount available for outlying areas is \$3,079,936, leaving \$216,046,769 for the National Reserve and a total of \$1,012,847,700 available for States.

- A. State Allotments. Attachment G shows the PY 2017 Dislocated Worker Activities allotments and a State by State comparison of the PY 2017 allotments to PY 2016 allotments.

WIOA prescribes different data factors for the federal allotment of Dislocated Worker funds by the Department to the States, and for the sub-state allocation of Dislocated Worker funds by the Governor within a State. The Department has allotted the PY 2017 Dislocated Worker State program allotments among the States in accordance with the factors required by WIOA. For reference, the three data factors that the Department considers in allocating these funds to the States are:

1. The relative number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States. For this factor, the time period for comparison is the 12-month period, October 2015 through September 2016.
2. The relative excess number of individuals in each State, compared to the total excess number of unemployed individuals in all States. For this factor, the time period for comparison is the 12-month period, October 2015 through September 2016. No comparison to ASU excess is required for this data factor.
3. 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. For this factor, the time period for comparison is the 12-month period, October 2015 through September 2016.

WIOA sec. 132(b)(2)(B)(iii)(I) required the Dislocated Worker formula to adopt a 90 percent minimum of the prior year allotment percentage. WIOA also provides that no State may receive an allotment that is more than 130 percent of the allotment percentage for the State for the previous year under section 132(b)(2)(B)(iii)(II).

- B. PY 2017 Funding WIOA Agreement/NOAs. For PY 2017, Congress appropriated funds for this program in two portions for both formula funds and National Reserve funds. For State formula funds, \$160,860,000 is available for obligation on July 1, 2017 (PY 2017), and \$860,000,000 is available for obligation on October 1, 2017 (FY 2018). For the National Reserve, which includes funds for the outlying areas, \$20,859,000 is available for obligation on July 1, 2017 (PY 2017), and \$200,000,000 is available for obligation on October 1, 2017 (FY 2018). After reductions associated with evaluations and program integrity the amount available for State formula funds on July 1, 2017 is \$106,055,700 and on October 1, 2017 is \$852,792,000. For the National Reserve, the amount available on July 1, 2017 is reduced to 20,754,705 and on October 1, 2017 is \$198,372,000. 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 NOAs (subject to the State submitting an approved state plan under sections 102 or 103 of WIOA): one for July 1, 2017, under the PY 2017 WIOA grant agreement, and the other for October 1, 2017, also under the PY 2017 WIOA grant agreement (see Attachment H).
- C. Sub-State Allocations. States will distribute Dislocated Worker Activities funds for PY 2017 among local workforce areas (subject to the Governor's reservation of up to 25 percent for statewide Rapid Response activities under WIOA sec. 133(a)(2) and the 15 percent limitation for statewide employment and training activities as discussed in the Background Section of this TEG), in accordance with the provisions in WIOA section 133 and the approved State Plan. States must calculate the 15 percent which may be retained for statewide activities on the total allotment for PY 2017.

In allocating WIOA Dislocated Worker funds to local areas for PY 2017, States must ensure the State policy articulated in the approved State Plan remains consistent with this guidance. See Attachment C for a description of sub-state allocation formulas.

Governors continue to prescribe the Dislocated Worker formula for sub-state allocations. Under WIOA the data factors that must be included have not changed from those under WIA, and are:

- insured unemployment data,
- unemployment concentrations,
- plant closing and mass layoff data,
- declining industries data,
- farmer-rancher economic hardship data, and
- long-term unemployment data.

A State may assign zero weight to a factor only where the State is able to demonstrate it does not have an appropriate data source to accurately reflect State needs for a given data factor. For example, the plant closing and mass layoff data, one of the six data factors WIOA requires, is no longer produced by the Bureau of Labor Statistics. We recognize that an accurate source of such data is no longer available at the national

level. Some States have sub-state administrative data available and others do not. In order to assign a weight of zero to a data factor, such as the plant closing and mass layoff data factor, the State must include the following information in their State Plan:

- An inventory of available national or State-level data sources germane to the data factor;
- A discussion of why the available data sources are inadequate for the purposes of assigning a weight to a given data factor; and
- A description of how the Governor's formula is appropriate to equitably distribute funds throughout the State.

(Note that weighting a data factor at zero percent is not allowable under any other circumstance.)

WIOA requires the use of a minimum percentage (or stop loss) (see WIOA sec. 133(b)(2)(B)(iii)). A local workforce area must receive an **allocation percentage that is no less than 90 percent** of the average allocation percentage of the local area for the two preceding years. In the event of a shortage of funds, the amounts necessary to increase the allocations to local areas to comply with this provision must be obtained by proportionately reducing the allocations to other local areas. The minimum percentage methodology States use for Dislocated Worker funds is the same minimum percentage methodology used in the sub-state Youth and Adult allocation formulas. States are not required to use a maximum percentage (or stop gain), but may use one if desired.

- D. Transfers of Funds. WIOA sec. 133(b)(4) provides the authority for local workforce areas, with approval of the Governor, to expend up to 100 percent of the Adult Activities funds on Dislocated Worker Activities, and up to 100 percent of Dislocated Worker Activities funds on Adult Activities.
- E. Re-allotment of Funds. WIOA sec. 132(c) requires the Secretary of Labor to recapture and reallocate Dislocated Worker program formula funds based on State obligation levels at the end of the first program year of use (ETA reallocates in accordance with 20 CFR 683.150). PY 2016 funds are only available for Federal obligation until the end of the program year, and so the Secretary does not have authority to re-obligate PY 2016 funds after the first program year. Therefore, any re-allotment of funds requires the use of PY 2017 funds. In other words, the Department will reallocate PY 2017 Dislocated Worker formula funds among States during PY 2017 based on State obligations of PY 2016 funds made during PY 2016.
1. WIOA sec. 134(a)(2)(A)(ii) gives States the flexibility to use PY 2016 Rapid Response funds that are not obligated by the end of PY 2016 for statewide activities. Per WIOA sec. 132(c), States must still obligate 80 percent of their PY 2016 Dislocated Worker program formula funds, which includes Rapid Response funds, by June 30, 2017 or potentially have PY 2017 funds recaptured and re-allotted to States who have obligated 80 percent of their PY 2016 funds.

2. The term obligation is defined at 2 CFR 200.71. The funds a State allocates to local areas are State obligations. Allocations to the local areas are reported on the Local Dislocated Worker ETA 9130 (F) financial reports, along with obligations by local areas of those funds.

7. **Wagner-Peyser ES Final Allotments**. The appropriated level for PY 2017 for grants for the ES programs totals was \$671,413,000. After reducing the appropriation by \$1,826,000 for evaluations and \$3,357,065 for program integrity, \$666,229,935 is available for the ES programs. After determining the funding for Guam and the United States Virgin Islands, ETA calculates allotments to States using the formula set forth at section 6 of the Wagner-Peyser Act (29 U.S.C. 49e). ETA based PY 2017 formula allotments on each State's share of calendar year 2016 monthly averages of the Civilian Labor Force (CLF) and unemployment. The distribution of Wagner-Peyser Act funds for PY 2017 includes \$664,605,898 for States, as well as \$1,624,037 for Guam and the United States Virgin Islands. Attachment I shows the distribution of PY 2017 ES formula amounts by State compared to PY 2016.

Section 7(a) of the Wagner-Peyser Act (49 U.S.C. § 49 f(a)) authorizes States to use 90 percent of the funds allotted to a State for labor exchange services, and other career services such as job search and placement services to job seekers; appropriate recruitment services for employers; program evaluations; developing and providing labor market and occupational information; developing management information systems; and administering the work test for unemployment insurance claimants.

Section 7(b) of the Wagner-Peyser Act (49 U.S.C. § 49f(b)), states that 10 percent of the funds allotted to a State must be reserved for use by the Governor to provide performance incentives for public employment service offices and programs, provide services for groups with special needs, and provide for the extra costs of exemplary models for delivering services of the type described in section 7(a).

8. **Workforce Information Grants (WIGs)**. Total funds for PY 2017 are \$32,000,000. After reducing the total by \$160,000 for program integrity, \$31,840,000 is available for Workforce Information Grants. Funds are distributed to States by administrative formula with \$176,416 for Guam and the United States Virgin Islands. Guam and the United States Virgin Islands allotment amounts are partially based on Civilian Labor Force (CLF) data from the BLS Current Population Study. The remaining funds are distributed to the States with 40 percent distributed equally to all States, and 60 percent distributed based on each State's share of the CLF for the 12 months ending September 2016. The allotment figures are listed in Attachment J.
9. **Submission Requirements**. In order to achieve greater efficiency and as part of ETA's ongoing effort to streamline the mandatory grant award process, all States and outlying areas are required to submit an electronically signed copy of an SF- 424, Application for Federal Assistance, through Grants.gov for **each** WIOA funding stream under Funding Opportunity Numbers (henceforth, in sections 9 through 11 of this TEGL, references to "States" shall be read to include outlying areas):

- **ETA-TEGL-PY-YOUTH-2017** [CFDA 17.259]
- **ETA-TEGL-PY-FY-ADULT-2017** [CFDA 17.258]
- **ETA-TEGL-PY-FY-DW-2017** [CFDA 17.278]

An electronically submitted SF-424 through Grants.gov constitutes an official signed document and must reflect the amount for **each** WIOA funding stream (Youth, Adult, and Dislocated Worker). The closing date for receipt of **each** SF-424 is **July 3, 2017**. The WIOA Youth funds will be awarded as SF-424s are received from grantees during the period of June 8, 2017 through July 3, 2017. The PY 2017 “base” allotment of WIOA Adult and Dislocated Worker funds will be awarded during the period of availability beginning July 2017. The FY 2018 “advance” allotment will be awarded in the period of availability starting October 2017. ***A copy of the executed PY 2017 WIOA Agreement will be available upon award of funds.***

All States must submit an electronically signed SF-424, Application for Federal Assistance, through Grants.gov for **each** ES funding program under Funding Opportunity Numbers:

- **ETA-TEGL-ES-2017** [CFDA 17.207]
- **ETA-TEGL-WIG-2017** [CFDA 17.207]

Note that WIGs have specific grant deliverable requirements not outlined in this document. A forthcoming TEGL will list these grant deliverable requirements. States should follow the instructions in this TEGL to receive WIGs funding, including submission of SF-424s.

An electronically submitted SF-424 through Grants.gov constitutes an official signed document and must reflect the amount for **each** ES program (Wagner-Peyser ES Program and Workforce Information Grants). The closing date for receipt of **each** SF-424 is **July 14, 2017**. The Wagner-Peyser Employment Service Program and Workforce Information Grant funds will be awarded in July 2017. ***A copy of the executed PY 2017 ES Agreement will be available upon award of funds.***

10. Grants.gov Submission Process. To submit the required SF-424s, States must follow the “Apply for Grants” link on Grants.gov, and download the grant application package links. States should **not** follow the “Find Grants” link, which pertains only to competitive funding opportunities.

Each SF-424 must reflect the exact amount of the designated State allotment in item #18, Estimated Funding. Item #11 must include the Catalog of Federal Domestic Assistance Number for the applicable Funding Opportunity.

This process can be complicated and time-consuming. As such, the Department strongly encourages States to initiate the process as soon as possible and to allow for time to resolve technical problems if necessary. The Department strongly recommends that States immediately initiate and complete the “Get Registered” registration steps at

<http://www.grants.gov/web/grants/register.html>. States should read through the registration process carefully before registering. These steps may take as much as four weeks to complete, and this time should be factored into plans for electronic submission in order to avoid unexpected delays that could result in the rejection of an application. The site also contains registration checklists to help you walk through the process. The Department strongly recommends that States download the “Organization Registration Checklist” at <http://www.grants.gov/web/grants/applicants/organization-registration.html> and prepare the information requested before beginning the registration process. Reviewing and assembling required information before beginning the registration process will alleviate last minute searches for required information and save time.

All applicants for Federal grant and funding opportunities are required to have a Data Universal Numbering System (D-U-N-S®) number, and must supply their D-U-N-S® number on the SF-424. Before submitting, States must register with the System for Award Management (SAM), which has replaced the Central Contractor Registry (CCR). Instructions for registering with SAM can be found at <https://www.sam.gov>. An awardee must maintain an active SAM registration with current information at all times during which it has an active Federal award or an application under consideration. To remain registered in the SAM database after the initial registration, there is a requirement to review and update the registration at least every 12 months from the date of initial registration or subsequently update the information in the SAM database to ensure it is current, accurate, and complete. Failure to register with SAM and maintain an active account will result in Grants.gov rejecting your submission.

The next step in the registration process is creating a username and password with Grants.gov to become an Authorized Organizational Representative (AOR). AORs will need to know the D-U-N-S® number of the organization for which they will be submitting applications to complete this process. To read more detailed instructions for creating a profile on Grants.gov visit: <http://www.grants.gov/web/grants/applicants/organization-registration/step-3-username-password.html>.

After creating a profile on Grants.gov, the E-Biz point of Contact (E-Biz POC) - a representative from your organization who is the contact listed for SAM - will receive an email to grant the AOR permission to submit applications on behalf of their organization. The E-Biz POC will then log in to Grants.gov and approve an applicant as the AOR, thereby giving him or her permission to submit applications. To learn more about AOR authorization visit: <http://www.grants.gov/web/grants/applicants/organization-registration/step-4-aor-authorization.html>.

To track AOR status visit:

<http://www.grants.gov/web/grants/applicants/organization-registration/step-5-track-aor-status.html>.

Submitting through Grants.gov constitutes an electronically signed SF-424, Application for Federal Assistance. The registration and account creation with Grants.gov, with E-Biz POC approval, establishes an AOR. When you submit the SF-424 through Grants.gov, the name of your AOR on file will be inserted into the signature line. States must register the individual who is able to make legally binding commitments as the AOR.

If States encounter a problem with Grants.gov and do not find an answer in any of the other resources, call 1-800-518-4726 or 606-545-5035 to speak to a Customer Support Representative or email support@grants.gov. The Contact Center is open 24 hours a day, seven days a week. It is closed on federal holidays.

States should e-mail all submission questions to Tammy Edwards Grants Management Specialist, at Edwards.Tammy.A@dol.gov and must reference the specific Funding Opportunity Number, and along with question(s), include a contact name, email address, and phone number.

- 11. Reporting.** For the WIOA formula programs, States are required to submit the seven designated WIOA 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 WIOA quarterly financial reports cover 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. The Department also requires States to submit the designated financial reports each quarter for the Wagner-Peyser Act funds and the Workforce Information Grant funds.

Guidance and instructions can be found in TEGL No. 2-16, *Revised ETA-9130 Financial Report, Instructions, and Additional Guidance*, at the following link:
https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5156

- 12. 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 ETA Web site at <http://www.doleta.gov>.

13. Attachments.

- A. Program Year 2017 Funding
- B. WIOA and Wagner-Peyser Statutory Formula Descriptions for State Allotments
- C. WIOA Statutory and Discretionary Formulas for Sub-State Allocations
- D. WIOA Youth Activities Allotments, PY 2017 vs PY 2016
- E. WIOA Adult Activities Allotments, PY 2017 vs PY 2016
- F. WIOA Adult Activities PY 2017 Allotments, July 1 and October 1 Funding

- G. WIOA Dislocated Worker Activities Allotments,
PY 2017 vs. PY 2016
- H. WIOA Dislocated Worker Activities PY 2017 Allotments,
July 1 and October 1 Funding
- I. Employment Service (Wagner-Peyser) Allotments,
PY 2017 vs PY 2016
- J. Workforce Information Grants Allotments,
PY 2017 vs PY 2016