

Appendix III – WIOA Dislocated Worker Allotment Activities

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 2020 totals \$1,322,912,000. 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, Workforce Opportunity for Rural Communities, Community College Grants, and the outlying areas' Dislocated Worker allotments. After reducing the appropriated amount by \$419,000 for evaluations, a total of \$1,322,493,000 remains available for Dislocated Worker Activities. The amount available for outlying areas is \$3,306,233, leaving \$267,473,767 for the National Reserve and a total of \$1,051,713,000 available for states.

- A. State Allotments. Attachment G shows the PY 2020 Dislocated Worker Activities allotments and a state-by-state comparison of the PY 2020 allotments to PY 2019 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 2020 Dislocated Worker program state 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 (summarized slightly):

1. The relative number of unemployed individuals in each state, compared to the total number of unemployed individuals in all states. For this factor, the timeframe for comparison is the 12-month period, October 2018 through September 2019.
2. The relative number of excess unemployed individuals in each state, compared to the total excess number of unemployed individuals in all states. For this factor, the timeframe for comparison is the 12-month period, October 2018 through September 2019. No comparison to ASU excess is performed 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 timeframe for comparison is the 12-month period, October 2018 through September 2019.

WIOA sec. 132(b)(2)(B)(iii)(I) requires the Dislocated Worker formula to adopt a 90 percent minimum of the prior year allotment percentage (stop loss). 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 (stop gain) under section 132(b)(2)(B)(iii)(II).

Low unemployment rates in the states have impacted the excess unemployment data factor in the WIOA Dislocated Worker formula. The excess unemployment rate of 4.5 percent and low unemployment result in all states triggering either their statutorily required stop loss or stop gain provision, with some PY 2020 funding undistributed. WIOA specifically prohibits distributing an amount to a state that is more than its stop gain limit. Based on this statutory limitation, the Department distributed the remaining balance of funds according to the formula driven relative share of all states triggering the stop loss provision.

- B. PY 2020 Funding WIOA Agreement/NOAs. For PY 2020, Congress appropriated funds for this program in two portions for both formula funds and National Reserve funds. For state formula funds, \$192,053,000 is available for obligation on July 1, 2020 (PY 2020), and \$860,000,000 is available for obligation on October 1, 2020 (FY 2021). For the National Reserve, which includes funds for the outlying areas, \$70,859,000 is available for obligation on July 1, 2020 (PY 2020), and \$200,000,000 is available for obligation on October 1, 2020 (FY 2021). After reductions associated with evaluations, the amount available for state formula funds on July 1, 2020 is \$192,053,000 and on October 1, 2020 is \$859,660,000. For the National Reserve, the amount available on July 1, 2020 is \$70,859,000 and on October 1, 2020 is \$199,921,000. Allotments to states and outlying areas are prorated based on the two amounts for formula funds and National Reserve, respectively. ETA will issue allotments in two NOAs: one for July 1, 2020, under the PY 2020 WIOA grant agreement, and the other for October 1, 2020, also under the PY 2020 WIOA grant agreement (see Attachment H).
- C. Sub-State Allocations. States will distribute Dislocated Worker Activities funds for PY 2020 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), in accordance with the provisions in WIOA section 133 and the approved State Plan. States must calculate up to 15 percent for statewide activities on the total allotment for PY 2020.

In allocating WIOA Dislocated Worker funds to local areas for PY 2020, 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 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 Bureau of Labor Statistics no longer produces the plant closing and mass layoff data, one of the six data factors WIOA requires. ETA recognizes 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 distribute funds equitably 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, states must obtain the amounts necessary to increase the allocations to local areas to comply with this provision 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 transfer up to 100 percent of the Dislocated Worker Activities funds for expenditure on Adult Activities, and up to 100 percent of Adult Activities funds for expenditure on Dislocated Worker 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 683.135). PY 2019 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 2019 funds after the first program year. Therefore, any re-allotment of funds requires the use of PY 2020 funds. In other words, the Department will reallocate PY 2020 Dislocated Worker formula funds among states during PY 2020 based on state obligations of PY 2019 funds made during PY 2019. Likewise, obligation of PY 2020 funds will impact recapture and reallocation of PY 2021 funding.
1. WIOA sec. 134(a)(2)(A)(ii) gives states the flexibility to use PY 2019 Rapid Response funds that are not obligated by the end of PY 2019 for statewide activities.

Per WIOA sec. 132(c), states must still obligate 80 percent of their PY 2019 Dislocated Worker program formula funds, which includes Rapid Response funds, by June 30, 2020 or potentially have PY 2020 funds recaptured and re-allotted to states who have obligated 80 percent of their PY 2019 funds.

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