Appendix I – WIOA Youth Allotment Activities

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

A. <u>State Allotments</u>. The appropriated level for PY 2022 for WIOA Youth Activities totals $933,130,000. After reducing the appropriation by $3,963,000 for set asides authorized by the Act, $929,167,000 is available for Youth Activities, which includes $13,932,627 for Native American grantees, $912,621,900 for states, and $2,287,273 for outlying areas. The WIOA Youth formula has a section in WIOA for a reservation for Migrant and Seasonal Farmworker (MSFW) Youth if the appropriation exceeds $925,000,000. Per WIOA 127(a)(1), ETA reserved 4 percent ($325,200) of the excess amount for MSFW Youth. Note that under WIOA the basis for calculating the 1/4 of one percent reserved for outlying areas is based on the total available for Youth Activities after the MSFW Youth and Native American reservations. The Native American reservation is calculated on the total available for Youth Activities after the MSFW Youth reservation. Attachment D contains a breakdown of the WIOA Youth Activities program allotments by state for PY 2022 and provides a comparison of these allotments to PY 2021. Please note that the Department will provide information on the Native American Youth allotments in a separate Training and Employment Guidance Letter (TEGL).

Formula funds are allotted for PY 2022 Youth Activities among the states, in accordance with WIOA formula requirements. For reference, the Department allots these funds to the states based on the following data factors (summarized slightly):

1. The average number of unemployed individuals for Areas of Substantial Unemployment (ASUs) for the 12-month period, July 2020 through June 2021, as prepared by the states under the direction of the Bureau of Labor Statistics (BLS), in each state compared to the total number of unemployed individuals in ASUs in all states;

2. The number of excess unemployed individuals or excess unemployed individuals in ASUs (depending on which is higher) averages for the same 12-month period, July 2020 through June 2021, compared to the total excess individuals or ASU excess in all states; and

3. The number of disadvantaged youth (age 16 to 21, excluding college students not in the workforce and military) from special tabulations of data from the American Community Survey (ACS) in each state compared to the total number of disadvantaged youth in all states. The Census Bureau collected the data used in the special tabulations for disadvantaged youth between January 1, 2011 and December 31, 2015.

Since the total amount available for states in PY 2022 is below the required $1 billion threshold specified in WIOA sec. 127(b)(1)(C)(iv)(IV), which was also the case in PY 2021, the Department did not apply the WIOA additional minimum provisions (see Attachment B). Instead, the minimums of 90 percent of the prior year allotment

percentage and 0.25 percent state minimum floor apply, as required by WIOA. WIOA also maintains 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. <u>PY 2022 Funding WIOA Agreement/Notice of Award (NOAs)</u>. Youth program funds are available to states to use once the PY 2022 WIOA Annual Funding Agreement/NOA is complete.

C. <u>Sub-State Allocations</u>. 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) in keeping 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 2022, 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. Consistent with sec. 182(e) of WIOA, sub-state allocations must be made available to local areas not later than 30 days after the date funds are made available to the state or 7 days after the date the local plan for the area is approved, whichever is later. **See Attachment C** for a description of sub-state allocation formulas.

1. <u>Allocation Formula</u>. 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 timeframe for comparison is the 12-month period, July 2020 to June 2021.

   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 timeframe for comparison is the 12-month period, July 2020 to June 2021.

   c. The relative number of disadvantaged youth (age 16 to 21, excluding college students not 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 comes from special tabulations of data from the ACS prepared in accordance with the definition provided in WIOA. The Census Bureau collected this data between January 1, 2011 and December 31, 2015.

For purposes of identifying ASUs for the Youth Activities sub-state allocation formula, states must use data made available by BLS (as described in Local Area Unemployment Statistics (LAUS) Technical Memorandum No. S-21-12).

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.

In order to determine the number of disadvantaged youth for the sub-state Youth formula, states must use the special tabulations of ACS data available at https://www.dol.gov/agencies/eta/budget/formula/disadvantagedyouthadults. ETA obtained updated data for use in PY 2018 and the same data must be used in PY 2022. See TEGL No. 14-17 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 must **not** use 90 percent of the average *amount* allocated to the local area for the last two years. States must obtain amounts necessary to increase allocations to local areas to comply with the minimum percentage requirement 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 C.1 of this Appendix, 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 C.1, a state must not assign unequal percentages to the ASU, excess unemployment, and disadvantaged data factors. These three data factors carry equal weights and must not total less than 70 percent of the formula.

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 dropout 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 C.1 on the allocation formula. The state may choose whether to 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 State Board must develop the discretionary formula, and the Secretary must approve it as part of the State Plan.

D. Transfer 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 reallot Youth Activities program formula funds based on state obligation levels at the end of the first program year of use (ETA reallots in accordance with 20 CFR 683.135). PY 2021 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 2021 funds after the first program year. Therefore, any reallotment of funds requires the use of PY 2022 funds. In other words, recapture and reallotment of PY 2022 funds is based on obligation levels of PY 2021 funds at the end of PY 2021.

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 2021 funds and no further action is required regarding reallotment of PY 2022 funds.

2. States report the aggregate amount of allocations to the local areas 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 (OSY) to not less than 50 percent in a local area. To determine if a state receives a small state minimum allotment, review the PY 2022 columns in Attachments D and E. States that meet the criteria for PY 2022 as a minimum allotment state are those states that receive a PY 2022 WIOA Youth allotment of $2,281,555 or receive a PY 2022 WIOA Adult allotment of $2,163,640. If a state wishes to submit a small state OSY exception request, they must submit the request for PY 2022 by September 30, 2022. The request must be submitted to the appropriate ETA Regional Administrator and contain the required justification outlined in the WIOA final rule at 20 CFR 681.410(b).