

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIOA/Wagner-Peyser
	CORRESPONDENCE SYMBOL OWI
	DATE September 1, 2015

**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 29-14,
CHANGE 2**

TO: STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Update to Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2015; Final PY 2015 Allotments for the Wagner-Peyser Act Employment Service Program Allotments; and Workforce Information Grants to States Allotments for PY 2015.

1. **Purpose.** To inform the workforce investment system of changes to previous guidance to TEGL 29-14, Change 1. One change corrects the Executive Level II salary cap to \$183,300 and is in the Background section on page 2. The second change makes four corrections to Attachment A and is underlined on the Attachment. The remainder of the TEGL remains unchanged.

2. **References.**

- Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235)
- 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)
- TEGL 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 of 2014, Public Law 113-128, as amended
- Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.)
- LAUS Technical Memorandum No. S-14-22.

RESCISSIONS None	EXPIRATION DATE Continuing
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3. **Background.** On December 16, 2014, the Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. 113-235 was signed into law (from this point forward, referred to as “the Act”). The Act, Division G, Title I, Section 107, allows the Secretary of Labor to set aside up to 0.5 percent of most operating funds. The evaluation provision is consistent with the Federal government’s priority on evidence-based policy and programming and provides important opportunities to expand evaluations and demonstrations in the Department to build solid evidence about what works best. In the past, funds for the Employment and Training Administration (ETA) evaluations and demonstrations were separately appropriated and managed by ETA. Like last year, that separate authority has been replaced by the set aside provision. Funds are transferred to the Department’s Chief Evaluation Office to implement formal evaluations and demonstrations in collaboration with ETA. For 2015, the Secretary set aside .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 for each appropriation among 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 WIOA Youth grants are funded through a single appropriation and the evaluation reductions were applied to the PY 2015 appropriated level. The 2015 Youth activities funds became available for obligation on April 1, 2015. However, the Act funds the WIOA Adult and Dislocated Worker programs in two separate appropriations. The first becomes available for obligation on July 1, 2015; this portion is commonly referred to as the “base” funds. The second becomes available for obligation on October 1, 2015; 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 2015 that will be made available on October 1, 2015 were appropriated during FY 2015, but not made available until FY 2016, and are called the FY 2016 “advance.” Like last year, the reductions for evaluations from the WIOA Adult and Dislocated Worker programs were applied to the FY 2016 “advance” funding levels; “base” funding will be disseminated at the full amount appropriated in the Act.

The Act also specifies the following provisions, which are applicable to utilization of the funds appropriated:

- 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 the WIOA.
- Notwithstanding section 128(a)(1) of WIOA, the amount available for the Governor for Statewide workforce investment activities must not exceed 10 percent of the amount allotted to the State from each of the WIOA Youth, Adult, and Dislocated Worker, PY 2015 appropriations.
- Salary caps are imposed under Pub. L.113-235, Division G, Title I, Section 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 \$183,300. States also may establish lower salary caps. See TEGL 5-06.

WIOA included the following additional change:

- Per WIOA Section 133(b)(4), a local board may now transfer up to 100 percent of funds between the Adult and Dislocated Worker funding streams if approved by their Governor.

While the WIOA allotments for States are based on formula provisions contained in WIOA (see Attachment A for WIOA and Wagner-Peyser formula descriptions), the WIOA allotments for the outlying areas (e.g., American Samoa, Guam, Northern Marianas, Palau, and the Virgin Islands) are now based on a competitive grant process (see WIOA sections 127(b)(1)(B)(ii), 132(b)(1)(A)(ii), and 132(b)(2)(A)(ii)). Using the transition authority provided in WIOA Section 503(b), ETA will delay implementation of a competitive grant process for outlying areas until PY 2016. For PY 2015, outlying area grant amounts will be based on the administrative formula determined by the Secretary that was used under WIA. The Marshall Islands and Micronesia receive funding from the Department of Education's appropriation rather than WIOA Title 1 funding (see WIOA section 512(g)(1) updates to the Compact of Free Association Amendments of 2003, Pub. L. 108-188 (December 17, 2003), codified at 48 U.S.C. 1921d(f)(1)(B)(iii)(the "Compact"). WIOA also updated the Compact so that the Republic of Palau remained eligible for WIOA Title I funding. See 48 U.S.C. 1921d(f)(1)(B)(ix). The Consolidated and Further Continuing Appropriations Act, 2015 (Division G, Title III, Section 306 of Pub. L. 113-235) authorized WIOA Title I funding to Palau through FY 2015.

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

U. S. Department of Labor
Employment and Training Administration

Workforce Innovation and Opportunity Act (WIOA) and Wagner-Peyser Act Statutory Formulas for State Allotments

State Allotment Formula Descriptions

WIOA Youth Activities

Formula:

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

1/3: State relative share of excess unemployed (average 12 months ending 6/30)

1/3: State relative share of economically disadvantaged youth (American Community Survey 2006-2010)

Minimums:

- (a) If total amount available for States is \$1 billion or less:
State allotment cannot be less than
 - (1) 90 percent of State relative share of prior year funding
 - (2) 0.25 percent of total available funds for States
- (b) If total amount available for States exceeds \$1 billion:
State allotment cannot be less than
 - (1) 90 percent of State relative share of prior year funding
 - (2) 2014 allotment amount (Not applicable for Adult minimum)
 - (3) 0.3 percent of first \$1 billion plus 0.4 percent of amount over \$1 billion

Maximum:

130% of State relative share of prior year funding

WIOA Adult Activities

Same as Youth Activities, except

- (a) Formula uses economically disadvantaged ADULTS instead of YOUTH
- (b) Threshold for selecting minimum provisions is \$960 million instead of \$1 billion

WIOA Dislocated Workers

Formula:

1/3: State relative share of total unemployed (average 12 months ending 09/30)

1/3: State relative share of excess unemployed (average 12 months ending 09/30)

1/3: State relative share of long-term unemployed (average 12 months ending 09/30)

Minimum: none in PY 2015

Maximum: none in PY 2015

Employment Service (Wagner-Peyser Act)

Formula for 97% of funds:

2/3: State relative share of civilian labor force (average 12 months ending 9/30 (preliminary) or 12/31 (final))

1/3: State relative share of total unemployment (average 12 months ending 9/30 (preliminary) or 12/31 (final))

Minimums:

- (a) 90 percent of State relative share of prior year funding
- (b) 0.28 percent of total available funds for States

Maximum:

Distribution of 3% of funds:

- (1) States with civilian labor force below 1 million and under the national median civilian labor force density receive an amount which, when added to their share of the 97 percent portion, will result in an amount equal to 100 percent of their relative share of the prior year funding
- (2) Remaining States losing in relative share receive a share of the remaining funds prorated based on the amount needed to achieve 100 percent of their relative share of prior year funding.

Formula Data Factor Definitions

WIOA Youth and Adults Programs

ASU: contiguous areas with unemployment rate of 6.5 percent or more

Excess unemployed: higher of:

- (1) excess unemployed (unemployment in excess of 4.5 percent) in ASU's; or
- (2) excess unemployed (unemployment in excess of 4.5 percent) in all areas

Economically disadvantaged adults: individuals, age 22-72, meeting (or member of family meeting):

Census poverty level or

70 percent of lower living standard income level (LLSIL).

Economically disadvantaged youth: individuals, age 16-21, meeting (or member of family meeting):

Census poverty level or

70 percent of lower living standard income level (LLSIL).

WIOA Dislocated Workers Program

Excess unemployed: unemployment in excess of 4.5 percent

Long-term unemployed: number unemployed 15 or more weeks

Employment Service (Wagner-Peyser) - Self-explanatory