

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	CLASSIFICATION WIA/W-P
	CORRESPONDENCE SYMBOL OWI
	DATE May 19, 2005

**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 34-04**

**TO: ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS**

**FROM: EMILY STOVER DeROCCO**  
Assistant Secretary

**SUBJECT:** Revision to Program Year 2004 Funds for Workforce Investment Act (WIA) Adult and Dislocated Worker Programs and Final Planning Allotments for Program Year (PY) 2005 Wagner-Peyser (W-P) Act Basic Labor Exchange Activities

1. **Purpose.** To provide: (a) guidance on the rescission of Fiscal Year (FY) 2005 Adult and Dislocated Worker Program formula funds for PY 2004 as required by Public Law (P.L.) 108-447, Consolidated Appropriations Act, 2005, and (b) the Final Planning Allotments for PY 2005 basic labor exchange activities to the states by Section 6(b)(5) of the W-P Act, as amended.

2. **References.**

- (a) Training and Employment Guidance Letter (TEGL) No. 23-04.
- (b) Consolidated Appropriations Act, 2005, (Pub. Law 108-447), Division J, sec. 122.
- (c) The W-P Act, as amended (29 U.S.C. 49 et seq.); Workforce Investment Act of 1998 (WIA), (29 U.S.C. 2801 et seq.) P.L. 106-113; Planning Guidance and Instructions for Submission of Two Years of the Strategic Five-Year State Plan for Title I of the Workforce Investment Act of 1998 and the W-P Act (Federal Register, Vol 70, No. 69, pages 19206 – 19220, dated April 12, 2005); and State Unified Planning Guidance (Federal Register, Vol 70, No. 69, pages 19222 – 19220, dated April 12, 2005).

RESCISSIONS	EXPIRATION DATE Continuing
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3. **Background.** (a) In TEGL No. 23-04, ETA announced the FY 2005 rescission for the WIA Adult and Dislocated Worker as a result of Pub. Law 108-447. The law requires the Secretary to make a reduction of 0.80 percent to all FY 2005 discretionary programs. This includes the WIA Adult and Dislocated Worker program formula allotted funds for FY 2005 appropriated in the FY 2004 Department of Labor appropriation. The rescission calls for a reduction of \$5,696,000 from the initial allotment of \$712,000,000 for Adult activities and a reduction of \$8,480,000 from the initial allotment of \$1,060,000,000 for Dislocated Worker activities. TEGL No. 23-04, which posted information on PY 2005 allotments, advised states of the rescission of FY 2005 funds and provided the amount of FY 2005 funds to be rescinded for each state for the Adult and Dislocated Worker programs.

(b) The Secretary of Labor is issuing final planning allotments for each state's share of PY 2005 funds for basic labor exchange activities. The allotments will be published in the Federal Register.

4. WIA Rescissions of FY 2005 Adult and Dislocated Worker Allotments.

Within State Allocations of Adult Allotments. The distribution of the state allotments, as reduced by the rescinded funds, must follow the statutory requirements of WIA Section 133. States have flexibility provided by WIA to apply the rescission to funds available for statewide activities and/or to local areas as long as the amounts remaining after the rescission conform with:

- (a) A minimum of 85 percent of each state's revised Adult allotment will be allocated to local area activities; and
- (b) A maximum of 15 percent of each state's revised Adult allotment may be used for statewide activities as authorized under WIA.

Adult activities rescission amounts taken from statewide activities cannot exceed the total amount originally reserved for statewide activities from the Adult program for FY 2005.

Within State Allocations of Dislocated Worker Allotments. The distribution of the state allotments, as reduced by rescinded funds, must follow the statutory requirements of WIA Section 133. States have flexibility provided by WIA to apply the rescission to funds available for statewide activities, rapid response activities, and/or to local area activities as long as the amounts remaining after the rescission conform with:

- (a) A minimum of 60 percent of each state's revised dislocated worker allotment will be allocated to local areas;

- (b) A maximum of 15 percent of each state's revised dislocated worker allotment may be used for statewide activities as authorized under WIA; and
- (c) A maximum of 25 percent of each state's revised dislocated worker allotment may be used for statewide rapid response activities as authorized under WIA.

Dislocated worker activities rescission amounts taken from statewide activities cannot exceed the total amount originally reserved for this category from the Dislocated Worker program for FY 2005.

Notice of Obligation (NOO). A NOO to deobligate the rescission amounts for the Adult and Dislocated Worker programs for each state will be issued on or around June 1, 2005. The rescission of funds will be made to the FY 2005 advance portion (October 1 to June 30) of the PY 2004 allotments that were issued in October 2004.

Reporting. States should reflect reduced total Federal funds authorized on the appropriate line items of the proper ETA form 9076 beginning with the quarter ending June 30, 2005, consistent with the effective date of the NOOs deobligation of the funds. States should also report obligations and outlays consistent with the revised authorized funding levels for such quarters.

Action Required. States should:

- (a) Review financial reports regarding obligation and expenditure amounts and ensure the accuracy of the reports to be submitted as of the June 30, 2005, reporting period;
- (b) Promptly alert their Regional Offices of any significant errors found subsequent to their initial submittal of these financial reports; and
- (c) Provide this guidance to appropriate staff.

**5. Final Planning Allotments for PY 2005 W-P Act Basic Labor Exchange Activities.**

W-P Allotment Formula. These allotments (Attachment) are based on the FY 2005 appropriation of \$746,301,440 and are distributed by the statutory formula described in Section 6 of the Act. Section 6(b)(4) of the Act authorizes the Secretary of Labor to reserve up to 3 percent of the total fund availability to assure that each state will have sufficient resources to maintain labor exchange services in the One-Stop Career Centers. The set aside for distribution through an administrative formula for this program year is \$21,849,043.

The 3 percent distribution is included in the total final allotment. The set aside was distributed in two steps to states whose relative share of resources declined from the

previous year. In Step 1, those states with a civilian labor force (CLF) below one million and are also below the median CLF density were held harmless at 100 percent of their prior year relative share of resources. The remainder was distributed in Step 2 in pro rata shares to all other states that lost in relative share from the prior year but did not meet the size criteria for Step 1.

Ten percent of the total sums allotted to each state shall be reserved for use by the Governor to provide performance incentives for W-P Act labor exchange activities services for groups with special needs and for the extra costs of exemplary models for delivering job services.

The data used are Calendar Year 2004 averages of CLF and number of unemployed individuals. Differences between preliminary and final planning estimates are caused by the use of calendar year data as opposed to the earlier data used for preliminary planning estimates.

Postage Costs. Postage costs incurred by states during the conduct of W-P Act labor exchange activities are billed directly to the Department of Labor by the U.S. Postal Service. The total planning estimate does not include \$18,000,000 of the total amount available, which is withheld for the payment of the states' W-P Act labor exchange activities penalty mail costs.

6. **Inquiries.** Questions regarding these final allotments, planning requirements and the Adult and Dislocated Worker allotments may be directed to the appropriate ETA Regional Administrator.
7. **Attachments.** Final Planning Allotments.