

# Analysis of the WIA Allotment Formula for Distributing Funds to the States

Final Report

**Authors:**

Louis Jacobson  
Carrie Markovitz  
Amy Shimshak

November 2002

**Prepared for:**

US Department of Labor/  
Employment and  
Training Administration  
Office of Policy and Research

**Prepared by:**

**WESTAT**  
Rockville, Maryland

# Analysis of the WIA Allotment Formula for Distributing Funds to the States

## Authors:

Louis Jacobson\*  
Carrie Markovitz  
Amy Shimshak

November 2002

\*Dr. Louis Jacobson served as the project director for this task. He was responsible for development and execution of the analyses, and supervised the work by other team members. Carrie Markovitz and Amy Shimshak assisted Dr. Jacobson by assembling the data required for this work and assisting in writing the final report. Ellen Tenenbaum is the manager of the Rapid Response contract and was responsible for submitting progress reports and ensuring ETA that the work met its schedule and budget targets. Greg Knorr, a former employee of ETA who is expert on the allocation formulas, served as advisor and reviewer throughout the project, and Sherryl Bailey from ETA supplied the basic formulas for calculating the allotments to states as well as other necessary information.

This project has been funded, either wholly or in part, with Federal funds from the Department of Labor, Employment and Training Administration. The contents of this publication do not necessarily reflect the views or policies of the Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement of same by the U.S. Government.

## TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
	EXECUTIVE SUMMARY .....	vii
1	INTRODUCTION .....	1
	1.1 Background.....	2
	1.2 Issues To Be Addressed.....	4
	1.3 Methodology.....	4
2	WIA ALLOTMENT FORMULAS .....	7
	2.1 JTPA Title II-A and Title II-B Allotment Formulas.....	7
	2.2 How the JTPA Title II-A Allotment Was Made for Program Year 1997.....	9
3	EFFECT OF EACH FACTOR ON THE JTPA TITLE II-A ALLOTMENT IN PY93 .....	16
	3.1 Redistributive Effects of the Minimum Funding Provisions .....	19
	3.2 The Relationship Between Eligibility and Title II-A Allotment Shares.....	22
	3.2.1 The Relationship Between Eligibility and State Shares in PY93 .....	23
	3.2.2 The Relationship Between Eligibility and State Shares in PY97 .....	26
	3.3 Changes in Each State’s Share Between PY93 and PY97.....	29
	3.4 Changes in State Allotments for Non-Dislocated Adult Programs Over Time.....	33
	3.5 Effects of WIA Minimum Funding Provisions.....	36
	3.6 Summary and Conclusions .....	45
4	ANALYSIS OF JTPA AND WIA DISLOCATED WORKER ALLOTMENTS.....	47
	4.1 Effect of Each Factor on the Dislocated Worker Allotments in PY93, PY97, and PY01 .....	47
	4.2 Effect on the Dislocated Worker Allotments in PY93, PY97, and PY01 of Giving 100 Percent Weights to Each Factor .....	53
	4.3 Change in State Dislocated Worker Allotments PY93-PY01 and PY93-PY97.....	54
	4.4 The Relationship Between Eligibility and State Dislocated Worker Allotments.....	57

## TABLE OF CONTENTS (continued)

<u>Chapter</u>		<u>Page</u>
	4.4.1 The Relationship Between the Distribution of Dislocated Workers and State Shares in PY93 and PY99.....	58
	4.4.2 Ability of Each Factor To Match Dislocation Shares .....	63
	4.4.3 Share Changes by State between PY93 and PY99.....	63
	4.4.4 Share Changes by State Between PY97 and PY99.....	66
	4.5 Summary and Conclusions .....	68
5	RECOMMENDATIONS.....	70

### List of Tables

<u>Table</u>		
1	Unemployment rates for the United States by year for 1985-2000 .....	6
2	FY1997 JTPA Title II-A allocation .....	10
3-93	Distribution of total Title II-A allotment to the states and distribution of each state's allotment by factor for PY93 ordered by share to states .....	17
4-93	Table 4-93: Distribution of total title II-A allotment to the states and distribution of each allotment by factor for PY93 ordered by hold harmless/ minimum contribution .....	21
5	PY93 allotment per disadvantaged adult .....	22
6-93	Actual per-person Title II-A allotment versus use of New Census poverty figures for PY93.....	24
7	Redistribution of Title II-A funds based on alternative formulas in PY93.....	25
8	Redistribution of Title II-A funds based on alternative formulas in PY97.....	26
6-97	Actual per-person Title II-A allotment versus use of New Census poverty figures for PY97.....	27
9	Changes between PY93 and PY97 in allotments, poverty, and funds per disadvantaged adult .....	28
10	Percentage change in Title 11-A shares PY93 – PY97 based on actual formula and annual poverty .....	30

## TABLE OF CONTENTS (continued)

### List of Tables (continued)

<u>Table</u>		<u>Page</u>
11	Change in ASU unemployed, excess unemployed, and adults in poverty between PY93 and PY97 .....	32
12	Changes in State Adult Program Shares PY93-PY01 and PY93-PY97 .....	34
13	WIA disadvantaged youth activities allocation for PY01 .....	37
14	State youth program allotments under WIA and JTPA formulas PY01 .....	43
15-93	Distribution of Title III Allotment to the States and Distribution of Each State's Allotment by Factor for PY93, Ordered by State Shares .....	48
16-93	PY93 ratio of excess unemployment shares to total shares .....	49
15-97	Distribution of Title III allotment to the states and distribution of each state's allotment by factor for PY97, ordered by state shares .....	51
15-01	Distribution of Title III allotment to the states and distribution of each state's allotment by factor for PY01, ordered by state shares .....	52
16-01	PY01 ratio of excess unemployment shares to total shares .....	53
17	Shifts in state allotments based on giving a 100 percent weight to each factor	53
18	Changes in Dislocated Worker State Shares PY93-PY01 and PY93-PY97 ....	55
19	Comparison of shifts in state allotments PY93-PY01 for dislocated worker and adult programs .....	56
20	State Allotments per Dislocated Worker in PY93 and PY99 .....	58
21-93	Allotment per dislocated worker, differences in share of dislocated workers versus share of allotment by state for PY93 .....	59
21-99	Allotment per Dislocated Worker, Differences in Share of Dislocated Workers versus Share of Allotment by State for PY99 .....	62
22	Reallocations needed to equalize dollars per dislocated worker if each factor was used alone .....	63
23-93	Change in dislocated worker and allotment shares PY93-PY99 .....	65

## TABLE OF CONTENTS (continued)

### List of Tables (continued)

<u>Table</u>		<u>Page</u>
24	Effect on PY93-PY99 share changes of removing California, New York, Michigan, Massachusetts, and Ohio .....	66
23-97	Change in dislocated worker and allotment shares PY97-PY99 .....	67
25	Quartile change in allocations and dislocations PY93-PY99 and PY97-PY99 when states are ordered by allocation change.....	68

## EXECUTIVE SUMMARY

This study examines the way federal funds are distributed to the states by formula-driven block grants. Much of this analysis examines the Job Training Partnership Act (JTPA) formulas for funding programs targeted on economically disadvantaged adults and dislocated workers. We also examine the formulas used to fund Workforce Investment Act (WIA) programs, which were almost identical to the JTPA formulas. The adult formula gives equal weight to three factors: decennial poverty and two measures of unemployment. However, minimum and hold-harmless provisions also affect the distribution. The dislocated worker formula gives equal weight to three unemployment measures, has no hold-harmless or minimum provisions, but reserves 20 percent of funds to handle unforeseen contingencies.

This study describes:

- How the actual year-to-year allotments changed because of changes in the unemployment factors used to make the adult and dislocated worker calculations;
- How much difference the hold-harmless provisions made to the adult allotments;
- How closely the disadvantaged adult allotments matched the distribution of program eligibles as measured by new Census poverty statistics; and
- How closely the dislocated worker allotments matched the distribution of program eligibles based on estimates we produced.

Our analysis of JTPA and WIA funding formulas determined that the large reductions in unemployment rates that occurred during the 1990s caused large shifts in allotments. However, the shifts were far larger for dislocated worker than for disadvantaged adult programs. This was because the dislocated worker excess unemployment factor was calculated on a statewide basis, while the adult formula was calculated for Areas of Sustained Unemployment (ASUs). Over the 1990's, unemployment in more and more states fell below the 4.5 percent excess threshold. In contrast, most states had had some areas that met the 6.5 percent ASU threshold, and therefore also met the 4.5 percent excess unemployment threshold.

We also found the hold-harmless provisions, which only existed for adult programs, had the desired effect of preventing large, sudden, reductions in funding. As a result, the effect of a sharp drop in unemployment took several years to be fully felt. In addition, the share-floor of 0.25 percent for adult

programs substantially boosted the amount of funds going to a number of states. While the gains to those states were in the neighborhood of 30 percent, the cost to the remaining states was tiny, only about 0.5 percent.

We also found that state shares of economically disadvantaged adults changed slowly as economic conditions improved. In contrast, state shares of dislocated workers showed substantial shifts that were often negatively correlated with shifts in unemployment. However, compared to disadvantaged adults, most dislocated workers left dislocated status relatively quickly.

With respect to overall equity we found that the unemployment measures in the dislocated worker allotment formula did an especially poor job of distributing funds in proportion to the number of dislocated workers. The problem was exacerbated because the sharp unemployment decline led the excess unemployment factor to distribute funds to only a few states with high unemployment, but relatively few dislocated workers.

Equally important, the use of unemployment measures did not distribute adult funds in proportion to the number of adults in poverty. In fact, and levels of unemployment were not highly correlated with the initial levels of poverty. A secondary problem was that changes in unemployment were much greater than changes in poverty, even if usually in the same direction.

We drew the following recommendations for improving the allocation formulas from our analysis.

- A simple way to equitably allocate adult program funds would be to use new Census Bureau poverty measures as the sole factor in the formula. Even though these estimates lag by 3 years, the changes in poverty are so small that this would make little difference.
- It would make sense to double the amount of worker dislocation funds that are set-aside for unforeseen contingencies from 20 to 40 percent. Because the distribution of worker dislocations are large and difficult to predict.
- It also would make sense to drop the excess unemployment factor from the dislocated worker formula since it is an especially poor indicator of the given state's share of dislocated workers.

## 1. INTRODUCTION

This paper describes Westat's analysis of the Workforce Investment Act (WIA) allotment formulas. This work is designed to help the Employment and Training Administration (ETA) respond to a congressional requirements for a study about the effectiveness of those formulas.

Starting during the fall of 2000, we assembled and analyzed much of the data required to fully understand:

- The way the formulas work.
- The strengths and weaknesses of the formulas.
- Options for improving the formulas.

More specifically, this report thoroughly describes:

- How the highly complex hold-harmless and minimum funding provisions affect the distribution of adult program funds.
- How well the unemployment factors used in the formulas distribute funds in proportion to each state's share of adults in poverty and share of dislocated workers.
- How changes in economic conditions affect the distribution of funds and the distribution of key target groups.

However, this work suffers from several limitations. First, we studied only the way Federal funds are allotted to the states. A separate group is studying substate allotments. Second, we lack the data needed to examine:

- How well the youth program formulas distribute funds in proportion to the program's target group.
- How severe declines in economic conditions in the early 1990s affected the allotments and size of the target populations.
- How broadening WIA eligibility to all adults, not just economically disadvantaged adults, affected who received WIA aid and how much WIA funds different groups received.
- How changes in the number of program eligibles translate into changes in participation and the need for services with different costs.

Because of these data limitations, we did not fully analyze youth allotments or the effects of economic downturns. We also assumed that most adult funds still are targeted on economically disadvantaged individuals. However, we are planning to assemble data that should help us determine how changes in the number of dislocated workers affect program participation and take-up rates for different types of services. Despite these limitations, the report contains a lot of useful information and provides an excellent foundation for pursuing additional work.

## **1.1 Background**

The Workforce Investment Act (WIA) of 1998 established one of several major federal programs that distribute funds to the states through formula-driven block grants. In Fiscal Year 2000 (October 1999 through September 2000) the U.S. Department of Labor (DOL) distributed more than \$5.37 billion to run state-level WIA programs during program year 2000 (July 1, 2000 through June 30, 2001). WIA replaced the Job Training Partnership Act (JTPA), but used almost identical formulas for distributing funds to the states to serve the same target populations.<sup>1</sup>

Because WIA is so new, most of our examination focuses on the actual allotments made under JTPA. The majority of JTPA funds supported employment and training programs for economically disadvantaged adults and youth under JTPA Title II-A and II-C respectively. Additional amounts were made available under Title II-B for the operation of summer youth programs and under Title III for the provision of training and reemployment services to displaced workers.

The allotment formulas for all three JTPA Title II programs are highly similar both in how they distribute funds to the states and how the governors are required to pass the majority of each state's funds to local service delivery areas (SDAs), which under WIA are now called local workforce investment areas. JTPA Title III uses a different allotment formula and, unlike Title II programs, gives the governors complete flexibility in determining if and how Title III funds will be distributed at the substate levels.

---

<sup>1</sup> Adult WIA programs are no longer restricted to economically disadvantaged adults. Indeed, states are obligated to establish One-Stops that provide core services to all-comers. However, it is our understanding that most of the funds needed to provide the more intensive and more costly services still primarily go to economically disadvantaged adults, as WIA requires that preference be given to that group. Thus, in this paper we assume that the intent of Congress in continuing use of the JTPA disadvantaged adult formula was to continue providing funds in proportion to the number of economically disadvantaged adults.

Under JTPA and WIA the allotment formula for economically disadvantaged adults divides the total funds earmarked for the states into three equal parcels and then allots each parcel using states' shares of the nationwide number of, respectively: (1) economically disadvantaged (ED) adults, (2) unemployed individuals in areas of substantial unemployment (ASUs)—areas with unemployment rates at least 6.5 percent, and (3) excess unemployed individuals—number of unemployed above 4.5 percent unemployment rate (the higher of statewide or ASUs).

However, in JTPA every state must receive at least 0.25 percent of the total allotment. Thus, usually the six or seven states with the smallest populations receive the floor share. In addition, no state can receive a share that is less than 90 percent of its share in the preceding year. Thus, usually 10 or more states have their shares determined by these hold-harmless provisions.<sup>2</sup>

The formula for distributing WIA youth and adult program funds is identical to the JTPA disadvantaged youth and adult formula described above, with several important exceptions. When total nationwide funding for the states exceeds a specified amount (\$960 million for adults and \$1 billion for youth), a three-part set of somewhat more complex minimum funding provisions are applied (which are described in detail in Section 2.0). In addition, WIA, unlike JTPA, limits the percentage gain in states' share from the preceding year.

Dislocated worker funds under JTPA Title III and WIA funds earmarked for the states also are divided into three equal parts with each part allocated based on states' shares of, respectively: (1) regular unemployment (2) excess unemployment (state unemployment over 4.5 percent, not unemployment in ASUs, as is the case for adults and youth funds), and (3) long-term unemployment (individuals unemployed for 15 weeks or more).

No minimum funding provisions are required for the dislocated worker allotments in either JTPA or WIA. However, the unpredictable nature of worker dislocation motivated Congress to establish a substantial Federal set-aside amounting to 20 percent of the total dislocated worker appropriation mainly to deal with emergency layoffs. As a result only 80 percent of the total funds appropriated for dislocated workers are distributed to the states using the above formula.

---

<sup>2</sup> Under JTPA the states then used essentially the same formulas to allocate funds to sub-state areas, although governors could set aside up to a fixed percentage for statewide programs. This is basically true under WIA, however, governors can use an alternative formula to distribute 30 percent of the substate funds.

## 1.2 Issues To Be Addressed

The main focus of this study is to describe:

- How the actual year-to-year allotments changed because of changes in the unemployment factors used to make the Title II-A and Title III calculations;
- How much difference the hold-harmless provisions made to the Title II-A allotments;
- How closely the actual Title II-A allotment for disadvantaged adults matched the distribution of program eligibles as measured by new Census poverty statistics; and
- How closely the actual Title III allotment for dislocated workers matched the distribution of program eligibles based on our own estimates of the distribution of dislocated workers by state.

We then use this information to reach conclusions about how well the current formula meets the goals of:

- Distributing funds in proportion to the number of eligibles;
- Ensuring funding levels are relatively stable and predictable; and
- Providing sufficient funds for small states to effectively run their programs.

We then discuss what changes in the formulas and the data used to produce the calculations might lead to better meeting the above goals.

## 1.3 Methodology

### **Title II-A Funds for Disadvantaged Adults**

It seems clear that the prime intent of the funding formulas was to distribute funds proportionally to eligibility, which for Title II-A meant proportionally to the adult poverty level. Thus, a crucially important element of our work is comparing the actual allotment to adult poverty for the same period. However, an adequate measure of annual poverty has only recently been formulated by the Small

Area Income and Poverty Estimates (SAIPE) Project of the Census Bureau, which began to develop county level poverty statistics for use in computing federal block-grants in the mid-1990s.<sup>3</sup>

In the absence of better data, the existing formula used the two unemployment measures in the hope that they would adequately reflect changes in poverty. The new annual Census poverty data, therefore, provide the first opportunity to assess how successfully the two unemployment measures are as proxies for poverty levels and also determine how the new measures might be used to produce formulas that better match funding to eligibility.

To reach the key goals of this study we primarily focus on: (1) how the actual Title II-A allotment of funds differed across the states from PY93 through PY01; (2) how the allotments would be modified if we: (a) eliminated the hold-harmless and minimum provisions, (b) gave more weight to current poverty measures; and ultimately, (3) how well various formulas distribute funds proportionally to eligibility.

We primarily focus on changes between PY93 and PY97 because: (a) the required allotment and new Census poverty data are available for both these periods, (b) the periods are sufficiently far apart to examine whether poverty levels substantially diverged from 1990 levels measured with decennial census data alone, and (c) there were substantial changes in the distribution of the two unemployment factors over this period.

Importantly, we examined the working of the formulas for each program year between PY93 and PY99, as well as for PY01. We concluded that effects on the allotments of sharp drops in unemployment that occurred in most areas during the period are very well described by the PY93-PY97 comparisons (see Table 1), and little would be gained either by including data between those two program years or extending the analysis beyond PY97. Thus, we do not regard our lack of the required new Census poverty data beyond 1998 to be a serious problem. As noted in the introduction, our inability to observe the effect of the recessions in the early 1990's is a much more serious drawback to the study.

---

<sup>3</sup> In this paper we assume that a "good" formula is one that distributes funds in proportion to eligibility. However, we hope to examine alternative criteria in future work, as ETA requested that we assess whether the formulas distribute funds in proportion to "need." Need could be a superior criterion because eligibility does not take into account variations in the severity of the problems faced by individual participants nor does it consider variations in the number of eligibles willing to participate. Thus, program operators in two locations with the same number of eligibles (and same funding) may face large differences in the funds needed to adequately serve each person wanting aid.

Table 1. Unemployment rates for the United States by year for 1985-2000

Year	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Unemployment Rate	7.2	7.0	6.2	5.5	6.1	5.6	6.9	7.5	6.9	6.1	5.6	5.1	4.9	4.5	4.2	4.0

**Title III Funds for Dislocated Workers:**

In terms of the Title III allotment formula, the intent of the formula was to distribute funds based on the proportion of dislocated workers in each state. Unfortunately, no published data report the number of dislocated workers by state and year. However, we will use the Displaced Worker Surveys (DWSs), biennial supplements to the Current Population Survey, to develop estimates of the number of dislocated workers by state for each calendar year 1993-1999. These estimates can then be used to analyze the extent to which the JTPA Title III unemployment-based allotment formula distributed funds in proportion to the number of dislocated workers in each state.

For the dislocated worker analysis, we primarily will focus on: (1) how the actual allotment of funds differed across the states, (2) how the allotments would be modified if we gave more weight to one or more of the unemployment measures, and (3) how well various formulas distribute funds proportionally to eligibility, based on our estimates of dislocated workers. We will confine most of our analysis to the PY93 and PY97 allotments for the same reasons stated in the Title II methodology section.

## 2. WIA ALLOTMENT FORMULAS

Before examining the attributes of the current WIA allotment formula, it is important to understand how the factors that make up the formula are calculated and how the formula is used to distribute funds to states. This section fully describes the JTPA Title II formulas and then demonstrates precisely how the formulas distributed funds for Program Year 1997 (PY97). The JTPA Title III allotment formula, which is much less complex due to the absence of minimum funding provisions, is then described.

### 2.1 JTPA Title II-A and Title II-B Allotment Formulas

As noted in Section 1.1 the WIA allocation formula for adults and the JTPA formula for economically disadvantaged adults are almost identical. They use the following three factors:

1. Each state's share of 1990 *Poverty* for adults age 21 to 72 as derived from the 1990 decennial census.
2. Each state's share of *ASU unemployment* (ASU is an area of substantial unemployment as defined by the states to include a contiguous area with average unemployment rates at least 6.5 percent and a population of at least 10,000).
3. Each state's share of *excess unemployment* where excess unemployment is the higher of the excess number of state total unemployed over 4.5 percent or excess number of state total ASU unemployment over 4.5 percent in the state.

The JTPA formulas also use the following two minimum funding conditions:

1. The *floor requirement* that no state's share can be less than 0.25 percent of the total allotment; and
2. The *hold-harmless provision* that no state's share can be less than 90 percent of the previous year's share.

Factor 1 is easy to apply once decennial census data become available, and does not change until the next decennial data is available. If state unemployment is at least 6.5 percent, then factor 2 is easily calculated. If not, factor 2 is based on a highly complex aggregation of unemployment across areas within each state to create ASUs (areas of substantial unemployment). This process is described below.

Factor 3 is always easily calculated because it is derived from factor 2. Both minimum conditions are also easily computed from the allotment in a given year and the preceding year.

Under both JTPA and WIA the process of defining areas of substantial unemployment (ASUs) for a given program year begins by subdividing the prior year's statewide number of unemployed individuals and number of workers by whatever geographic sub-unit the state decides to use. In this illustration we will assume the sub-unit of choice is the Census tract. Statewide unemployment is derived from standard, but highly complex, Bureau of Labor Statistics (BLS) computations. Statewide employment is derived from a simpler and more accurate BLS computation. These numbers are apportioned across Census tracts by assuming that the distribution of statewide unemployment and employment across the Census tracts observed in 1990 Census data remain constant over time. More specifically, if there were 50,000 unemployed workers in state-A in 1990, and tract-A contained 500 of those individuals, then the number unemployed in tract-A in year-t would be assumed equal to 1/100th (500/50,000) of state-A's unemployment in year-t.

The second step is to aggregate unemployment and employment statistics across contiguous census tracts to maximize the number of unemployed included in those areas. To do this, states identify all tracts with unemployment at least 6.5 percent and then add contiguous tracts with lower unemployment starting with those with the highest unemployment until total unemployment averages at least 6.5 percent in each ASU. The last step is to make sure that every area of substantial unemployment meets the requirement of having a population of at least 10,000. To meet this requirement it sometimes is necessary to combine small ASUs by building bridges of contiguous Census tracts with relatively low unemployment and dropping other Census tracts with slightly higher unemployment.

Unless state unemployment is at least 6.5 percent, making these calculations is so difficult that states purchase (or devise) specialized computer software to make these calculations. Also, because of the extreme complexity of computing these two factors, it is virtually impossible to reproduce historical data at the national level should the data become lost and analyze the source of changes in the allotment.<sup>4</sup>

---

<sup>4</sup> The spreadsheets used in determining the allotments prior to PY93 are no longer available in DOL. If these data were available, it would be highly worthwhile to examine how the allotments changed during the recessions that occurred in the early 1990's. It also would be useful to determine how different the results would be if a far simpler calculation was used based on use of statewide unemployment and unemployment in large metropolitan areas.

WIA slightly modified the allotment of JTPA Title II funds in that the minimum funding provisions change when the total nationwide funding for the states reaches a maximum threshold of \$960 million for adults and \$1 billion for youth and, for the first time, instituted a maximum of 130 percent of the prior year's share. However, WIA did not modify the allotment formula for title III (dislocated worker) programs.

When the thresholds are reached the WIA minimum funding conditions for non-dislocated adults and youth are as follows:

- The *hold-harmless* provision that no state's share can be less than 90 percent of the share in the preceding year (same as JTPA);
- The *floor requirement* that no state's share can be less than 0.30 percent of \$960 million for adults and \$1 billion for youth, plus 0.40 percent of any excess over the threshold; and
- The *additional floor requirement* that no state can receive an amount less than the dollar amount received by the state in the 1998 allotment.

Due to the limited time that WIA has been in place, it is not clear what effect these new provisions have had on the distribution of WIA funds. Section 3.5 discusses the analysis of the effects of the WIA minimum funding provisions for the first two years WIA has been in place.

## 2.2 How the JTPA Title II-A Allotment Was Made for Program Year 1997

Table 2 presents a spreadsheet that describes precisely how ETA determined the allotment of Title II-A funds to the states in PY97. This table was supplied by Sherryl Bailey of ETA and modified by Carrie Markovitz to address key questions about how the five allotment factors affect the distribution of the funds to the states. The allotment process involves five steps:

1. **Determine the minimum funding grant based on the hold-harmless and minimum floor share provisions.** This is done by calculating the hold harmless floor, which is 90 percent of the prior year's share times the total amount of funds to be distributed this period. The state minimum floor is calculated by multiplying .0025 times the total amount of funds to be distributed. The allotment going to each state must be at least equal to the larger of these two amounts. (In our subsequent discussion we refer to this one amount as the state minimum.)

Table 2. FY1997 JTPA Title II-A allocation

Column A	Column B	Column C	Column D	Column E
			State Allocation \$:	892,627,443
			\$ for Formula Calc:	892,627,444.30
			.25% State Floor Min:	2,231,569
State	PY 1996 Allotment	PY 1996 Rel Sh	Tot Alloc \$ x 90% of PY 96 Rel Sh	Higher of 90% Rel Sh or .25% Floor
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>TOTAL</b>	<b>847,746,734</b>	<b>1.000000</b>	<b>803,364,700</b>	<b>804,757,399</b>
Alabama	13,665,742	0.016120	12,950,300	12,950,300
Alaska	2,567,694	0.003029	2,433,268	2,433,268
Arizona	13,773,635	0.016247	13,052,545	13,052,545
Arkansas	7,008,959	0.008268	6,642,019	6,642,019
California	149,753,588	0.176649	141,913,547	141,913,547
Colorado	7,202,293	0.008496	6,825,232	6,825,232
Connecticut	7,366,063	0.008689	6,980,428	6,980,428
Delaware	2,119,367	0.002500	2,008,412	2,231,569
District of Columbia	3,413,161	0.004026	3,234,472	3,234,472
Florida	40,661,143	0.047964	38,532,413	38,532,413
Georgia	16,058,445	0.018943	15,217,738	15,217,738
Hawaii	3,672,768	0.004332	3,480,488	3,480,488
Idaho	2,996,561	0.003535	2,839,682	2,839,682
Illinois	32,646,845	0.038510	30,937,687	30,937,687
Indiana	13,246,703	0.015626	12,553,199	12,553,199
Iowa	3,913,699	0.004617	3,708,805	3,708,805
Kansas	4,601,826	0.005428	4,360,907	4,360,907
Kentucky	12,312,685	0.014524	11,668,080	11,668,080
Louisiana	21,144,090	0.024942	20,037,135	20,037,135
Maine	4,163,587	0.004911	3,945,611	3,945,611
Maryland	11,090,860	0.013083	10,510,221	10,510,221
Massachusetts	17,021,474	0.020078	16,130,350	16,130,350
Michigan	28,495,837	0.033614	27,003,996	27,003,996
Minnesota	8,019,230	0.009459	7,599,400	7,599,400
Mississippi	10,123,204	0.011941	9,593,224	9,593,224
Missouri	12,628,519	0.014897	11,967,379	11,967,379
Montana	2,601,482	0.003069	2,465,287	2,465,287
Nebraska	2,119,367	0.002500	2,008,412	2,231,569
Nevada	4,587,956	0.005412	4,347,763	4,347,763
New Hampshire	2,792,882	0.003294	2,646,666	2,646,666
New Jersey	25,918,524	0.030573	24,561,613	24,561,613
New Mexico	5,817,558	0.006862	5,512,992	5,512,992
New York	63,670,017	0.075105	60,336,704	60,336,704
North Carolina	13,822,357	0.016305	13,098,716	13,098,716
North Dakota	2,119,367	0.002500	2,008,412	2,231,569
Ohio	29,517,477	0.034819	27,972,150	27,972,150
Oklahoma	8,754,399	0.010327	8,296,080	8,296,080
Oregon	8,824,795	0.010410	8,362,791	8,362,791
Pennsylvania	38,462,093	0.045370	36,448,489	36,448,489
Puerto Rico	37,267,685	0.043961	35,316,612	35,316,612
Rhode Island	3,379,959	0.003987	3,203,008	3,203,008
South Carolina	11,319,476	0.013352	10,726,868	10,726,868
South Dakota	2,119,367	0.002500	2,008,412	2,231,569
Tennessee	12,679,992	0.014957	12,016,157	12,016,157
Texas	66,453,677	0.078389	62,974,632	62,974,632
Utah	2,298,126	0.002711	2,177,812	2,231,569
Vermont	2,119,367	0.002500	2,008,412	2,231,569
Virginia	14,075,092	0.016603	13,338,220	13,338,220
Washington	16,895,807	0.019930	16,011,262	16,011,262
West Virginia	8,813,245	0.010396	8,351,846	8,351,846
Wisconsin	9,529,322	0.011241	9,030,434	9,030,434
Wyoming	2,119,367	0.002500	2,008,412	2,231,569

Table 2. FY1997 JTPA Title II-A allocation (continued)

	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M
	Initial Allocation							
State	Factor 1: ASU Unemp A	Funds Based on Factor 1 B	Factor 2: Excess Unemp C	Funds Based on Factor 2 D	Factor 3: Econ Disadv Adults (90 Census) E	Funds Based on Factor 3 F	Total Allocation Based on 3 Factors G	HH/Min \$ Applied H
TOTAL	6,372,835	297,542,481	2,145,139	297,542,480	18,618,225	297,542,481	892,627,444	101,063,552
Alabama	111,406	5,201,456	33,802	4,688,522	362,306	5,790,102	15,680,080	0
Alaska	22,825	1,065,681	9,040	1,253,897	36,844	588,813	2,908,391	0
Arizona	90,478	4,224,344	27,894	3,869,050	317,156	5,068,549	13,161,943	0
Arkansas	38,752	1,809,299	11,932	1,655,033	217,053	3,468,778	6,933,111	0
California	1,183,710	55,266,457	488,368	67,739,306	2,157,039	34,472,176	157,477,939	0
Colorado	42,307	1,975,279	12,792	1,774,320	208,977	3,339,713	7,089,313	0
Connecticut	67,880	3,169,262	20,673	2,867,458	106,710	1,705,359	7,742,079	0
Delaware	6,385	298,110	1,964	272,418	29,100	465,054	1,035,582	2,231,569
District of Columbia	24,214	1,130,532	11,759	1,631,037	62,639	1,001,049	3,762,619	0
Florida	300,867	14,047,235	91,323	12,666,998	892,319	14,260,372	40,974,605	0
Georgia	114,122	5,328,263	34,580	4,796,435	474,108	7,576,838	17,701,536	0
Hawaii	33,804	1,578,281	10,263	1,423,534	73,932	1,181,526	4,183,341	0
Idaho	22,607	1,055,502	6,928	960,951	70,939	1,133,694	3,150,148	0
Illinois	279,469	13,048,180	84,515	11,722,692	721,367	11,528,345	36,299,217	0
Indiana	99,903	4,664,390	30,208	4,190,014	314,102	5,019,742	13,874,146	0
Iowa	8,409	392,609	2,617	362,992	155,864	2,490,901	3,246,503	3,708,805
Kansas	9,708	453,259	2,940	407,794	140,685	2,248,322	3,109,375	4,360,907
Kentucky	83,597	3,903,076	25,293	3,508,277	454,903	7,269,918	14,681,271	0
Louisiana	129,159	6,030,329	40,505	5,618,264	489,524	7,823,205	19,471,798	20,037,135
Maine	31,367	1,464,500	9,483	1,315,344	65,980	1,054,443	3,834,286	3,945,611
Maryland	97,418	4,548,367	29,665	4,114,697	233,703	3,734,866	12,397,930	0
Massachusetts	116,584	5,443,212	35,279	4,893,390	251,716	4,022,736	14,359,338	16,130,350
Michigan	198,542	9,209,764	60,739	8,424,831	619,711	9,903,756	27,598,351	0
Minnesota	40,629	1,896,935	12,294	1,705,245	284,232	4,542,382	8,144,562	0
Mississippi	75,730	3,535,772	22,909	3,177,603	291,187	4,653,532	11,366,907	0
Missouri	70,925	3,311,431	21,629	3,000,060	352,042	5,626,071	11,937,562	11,967,379
Montana	21,437	1,000,876	6,481	898,950	94,553	1,511,075	3,410,901	0
Nebraska	3,836	179,100	1,163	161,314	85,576	1,367,611	1,708,025	2,231,569
Nevada	29,445	1,374,763	9,090	1,260,833	79,923	1,277,269	3,912,665	4,347,763
New Hampshire	2,481	115,836	762	105,694	39,306	628,159	849,688	2,646,666
New Jersey	258,278	12,058,790	78,471	10,884,356	358,954	5,736,533	28,679,679	0
New Mexico	52,605	2,456,085	16,529	2,292,662	171,355	2,738,467	7,487,214	0
New York	535,374	24,996,176	161,861	22,451,004	1,390,057	22,214,846	69,662,027	0
North Carolina	108,429	5,062,462	33,127	4,594,896	432,614	6,913,712	16,571,069	0
North Dakota	1,845	86,142	603	83,639	43,831	700,474	870,255	2,231,569
Ohio	262,861	12,272,766	79,569	11,036,654	716,172	11,445,323	34,754,743	0
Oklahoma	42,336	1,976,633	12,891	1,788,052	264,078	4,220,296	7,984,982	8,296,080
Oregon	57,313	2,675,897	17,397	2,413,059	206,017	3,292,409	8,381,365	0
Pennsylvania	321,072	14,990,590	97,241	13,487,857	756,566	12,090,869	40,569,317	0
Puerto Rico	175,435	8,190,917	118,389	16,421,200	1,068,943	17,083,044	41,695,161	0
Rhode Island	26,459	1,235,349	8,068	1,119,076	44,465	710,606	3,065,031	3,203,008
South Carolina	79,080	3,692,181	24,722	3,429,076	267,510	4,275,144	11,396,401	0
South Dakota	1,999	93,332	617	85,581	51,916	829,683	1,008,595	2,231,569
Tennessee	128,628	6,005,537	39,560	5,487,188	399,559	6,385,452	17,878,176	0
Texas	573,460	26,774,381	173,435	24,056,381	1,509,837	24,129,080	74,959,842	0
Utah	9,035	421,837	2,804	388,930	94,090	1,503,676	2,314,443	0
Vermont	5,142	240,076	1,555	215,687	31,083	496,745	952,508	2,231,569
Virginia	104,850	4,895,361	31,717	4,399,321	334,846	5,351,257	14,645,939	0
Washington	173,857	8,117,242	52,566	7,291,191	299,840	4,791,818	20,200,250	0
West Virginia	62,446	2,915,553	26,476	3,672,366	184,230	2,944,225	9,532,144	0
Wisconsin	31,853	1,487,191	9,892	1,372,074	278,951	4,457,985	7,317,250	9,030,434
Wyoming	2,482	115,883	759	105,277	29,815	476,481	697,641	2,231,569





2. **Make an initial allotment by calculating the proportion of funds allocated to each state for each of the three major factors** (one-third: unemployment in areas of substantial unemployment, one-third: excess unemployment, and one-third: economically disadvantaged adults). The amount of funds to be received by each state is calculated by multiplying each state's share for each factor by one-third of the total amount to be distributed and then totaling the three amounts.
3. **Apply the hold-harmless and state minimum floor allotment provisions.** This is done by substituting the minimum funding allotment (the higher of the 0.25 percent floor and hold-harmless amounts) in cases where the initial allotment is smaller than the state's minimum funding allotment (as determined in step 1).
4. **Reduce the allotment going to states that are above the minimum funding allotment** (so the total across states equals the total allotment). This is done by subtracting the amount of funds going to states where the minimum holds from the total allotment and repeating step 2 for the states above the minimum.
5. **Repeat steps 3 and 4 as many times as needed** until no state is below its minimum funding and the total equals the funds allocated. These steps are required because the reductions needed to pay the states' minimums occasionally cause additional states to fall below their minimums. In most years, two iterations beyond the initial allotment are needed to ensure that the minimum funding provisions are met.

To demonstrate step 1, Column B of Table 2 shows that Alabama's PY96 allotment was \$13,665,742 out of a total allotment of \$847,746,734. Column D shows that 90 percent of the PY96 allotment equals \$803,364,700. Column C shows Alabama's PY96 share was .01612. Thus, based on the hold-harmless provisions, Alabama must receive at least \$12,950,300 (01612 times the 90% figure). Column E shows the higher of the hold-harmless amount or .0025 times the PY97 allotment.

To demonstrate step 2, Column G of Table 2 shows that the state of Alabama should receive \$5,201,456 based on ASU unemployment. This amount was calculated by dividing the number of ASU unemployed in Alabama (on line 12 of Column F) by the total number of ASU unemployed in the entire country (on line 10 of Column F) to get a proportion of .0175. Then this percentage is multiplied by the amount of Federal funding available based on ASU unemployment (one-third of the total funding available) shown on line 10 of Column G. The amount of money allocated to Alabama based on the other two factors is determined in the same way, and then the three totals are added together to produce the total allotment for each state (Column L).

To demonstrate step 3, Column M of Table 2 shows the 17 states where the total initial allotment shown in Column L is less than the higher of the hold-harmless and floor provisions shown in

Column E. For these states the amount in Column M is substituted for the initial allotment in Column L. The allotment for these states is now complete, and they are removed from further calculations.

However, the allotment to the remaining states now needs to be reduced to cover the added funds going to the states where funding is determined by the hold-harmless or 0.25 percent floor provisions. To make this calculation, the total amount going to the 17 states covered by hold-harmless or floor provisions, \$101,063,552 on line 10 of Column M, is subtracted from the total allotment. Thus, the remaining \$791,563,892 is allocated among the remaining 35 states in precisely the same fashion as was the initial allotment. These calculations are shown in Columns N through T of Table 2. For example, Alabama's allotment falls from \$15,680,080 in Column L to \$15,421,777 in Column T.

The end result is that two additional states now fall below the hold-harmless threshold, thus their total allotment is replaced by the threshold (Column U). Then the money is redistributed again based on the total amount left (\$770,148,555). This process is continued for a second iteration at which point the hold harmless and floor provisions are satisfied (Column BB for all states). Generally, two iterations are necessary to satisfy the floor or threshold requirement.

### 3. EFFECT OF EACH FACTOR ON THE JTPA TITLE II-A ALLOTMENT IN PY93

In this section we examine how the allotment of funds differed across the states in PY93. To do this, we first constructed the equivalent of Table 2 for PY93, and then extracted key pieces of information from that table to create Table 3-93. The actual allotment of PY93 Title II-A funds and the share of funds are displayed in the first two columns of Table 3-93. We order the states by the size of their PY93 Title II-A allotment and shade the figures for states whose allotments were determined by the *minimum funding provisions*—the combination of hold-harmless and the share floor of 0.25 percent provisions. In all, 24 states have their allotments determined by the minimum funding provisions, leaving 28 determined by the three factors plus reductions needed to boost the shares of the hold-harmless/floor states.

The minimum funding provisions affected many states in PY93 because: (a) the switch from 1980 to 1990 poverty data was first made for this program year, and (b) several areas hard-hit by the recessions in 1990-92 experienced substantial reductions in the two unemployment factors between 1992 and 1993.<sup>5</sup>

The seven states at the bottom of Table 3-93 are all affected by the share floor of 0.25 percent. Seventeen states are affected by the hold-harmless provisions. The 17 hold-harmless states are widely distributed by size of their shares. Five Southern states with substantial shares—Louisiana, Georgia, Alabama, Mississippi, and Arkansas—gained between 32.8 and 9.1 percent of their allotment due to these provisions. In contrast, three Midwestern states with relatively large shares—Michigan, Missouri, and Indiana—received increases of less than 2.5 percent due to hold-harmless provisions.

At the bottom of the table we show how the share of the allotment is divided by quartile. The 13 states in the first quartile received approximately two-thirds of the entire allotment. Indeed, the three states with the greatest funding, California, New York, and Texas, accounted for 27.4 percent of the entire allotment. At the same time, the entire fourth quartile received a mere 3.7 percent of the total allotment.

---

<sup>5</sup> We cannot precisely estimate these effects because the allotment data prior to PY93 have not been preserved.

Table 3-93. Distribution of total Title II-A allotment to the states and distribution of each state's allotment by factor for PY93 ordered by share to states

	Allotment		Percentage Contribution to Allotment			
	dollars	share	Unemployment ASU	Excess	1990 Poverty	Minimum Provisions
	A	B	C	D	E	F
1 California	131,338,214	12.97%	35.5%	39.4%	29.4%	-4.2%
2 New York	75,334,079	7.44%	34.3%	36.8%	33.0%	-4.1%
3 Texas	71,132,979	7.03%	33.8%	31.9%	38.2%	-3.9%
4 Florida	55,272,518	5.46%	35.8%	39.1%	29.3%	-4.2%
5 Illinois	49,692,530	4.91%	37.4%	40.8%	26.2%	-4.4%
6 Michigan	46,415,026	4.58%	34.1%	42.8%	24.3%	-1.2%
7 Pennsylvania	43,952,612	4.34%	37.5%	35.2%	31.5%	-4.1%
8 Ohio	37,296,785	3.68%	37.7%	31.1%	35.2%	-4.0%
9 Puerto Rico	36,976,623	3.65%	19.0%	34.4%	50.0%	-3.4%
10 Louisiana	28,961,842	2.86%	18.8%	17.9%	30.6%	32.8%
11 Massachusetts	27,882,117	2.75%	37.2%	44.6%	15.7%	2.5%
12 New Jersey	27,403,502	2.71%	41.2%	39.6%	23.7%	-4.5%
13 Georgia	20,584,934	2.03%	23.7%	18.0%	42.4%	15.9%
14 North Carolina	19,722,057	1.95%	35.7%	27.2%	40.9%	-3.7%
15 Virginia	19,175,293	1.89%	40.9%	30.8%	32.4%	-4.1%
16 Alabama	18,654,109	1.84%	28.3%	26.8%	35.6%	9.3%
17 Tennessee	18,303,318	1.81%	34.4%	29.1%	40.3%	-3.8%
18 Missouri	17,765,877	1.75%	35.4%	26.7%	36.8%	1.2%
19 Washington	17,051,645	1.68%	38.8%	33.0%	32.3%	-4.1%
20 Kentucky	16,945,814	1.67%	28.3%	26.3%	48.7%	-3.4%
21 Indiana	16,772,609	1.66%	36.2%	27.3%	34.4%	2.2%
22 Mississippi	15,397,806	1.52%	24.1%	27.5%	35.2%	13.2%
23 Maryland	14,935,691	1.48%	43.0%	33.1%	28.2%	-4.3%
24 Arizona	14,211,772	1.40%	33.1%	30.7%	39.9%	-3.8%
25 South Carolina	12,111,681	1.20%	35.9%	27.3%	40.5%	-3.7%
26 Wisconsin	11,895,375	1.18%	34.4%	25.9%	43.3%	-3.6%
27 West Virginia	11,614,029	1.15%	29.5%	44.5%	30.2%	-4.2%
28 Colorado	11,553,384	1.14%	27.9%	21.0%	33.0%	18.2%
29 Arkansas	11,481,062	1.13%	27.9%	27.2%	35.8%	9.1%
30 Oklahoma	11,305,045	1.12%	33.6%	26.2%	43.8%	-3.6%
31 Minnesota	11,221,177	1.11%	32.4%	25.0%	46.1%	-3.5%
32 Connecticut	10,908,674	1.08%	45.3%	42.4%	17.0%	-4.7%
33 Oregon	10,662,774	1.05%	37.1%	31.3%	35.5%	-4.0%
34 New Mexico	6,643,195	0.66%	28.7%	25.1%	46.6%	-0.3%
35 Iowa	6,410,856	0.63%	22.1%	17.1%	45.9%	14.9%
36 Maine	5,052,557	0.50%	35.4%	33.2%	23.0%	8.4%
37 Rhode Island	4,475,271	0.44%	39.1%	48.0%	17.6%	-4.7%
38 New Hampshire	4,102,316	0.41%	43.8%	43.2%	17.7%	-4.7%
39 Kansas	4,009,000	0.40%	6.8%	5.7%	65.6%	21.9%
40 Nevada	3,703,243	0.37%	36.7%	27.8%	39.3%	-3.8%
41 Montana	3,665,326	0.36%	30.1%	27.2%	46.2%	-3.5%
42 Utah	3,568,912	0.35%	23.0%	17.5%	47.9%	11.6%
43 Idaho	3,503,912	0.35%	29.1%	22.4%	37.1%	11.4%
44 D.C.	2,866,202	0.28%	30.7%	34.3%	38.9%	-3.8%
45 Alaska	2,680,755	0.26%	34.0%	43.3%	25.1%	-2.4%
46 Delaware	2,530,826	0.25%	34.5%	26.0%	21.5%	18.0%
47 Vermont	2,530,826	0.25%	29.8%	22.4%	23.2%	24.6%
48 Nebraska	2,530,826	0.25%	4.4%	3.3%	63.5%	28.8%
49 Hawaii	2,530,826	0.25%	9.7%	7.4%	45.2%	37.7%
50 North Dakota	2,530,826	0.25%	9.9%	7.5%	32.4%	50.2%
51 Wyoming	2,530,826	0.25%	14.6%	11.6%	21.7%	52.2%
52 South Dakota	2,530,826	0.25%	1.7%	1.3%	38.8%	58.2%
	Sums		Averages			
1-13	652,243,761	64.4%	32.7%	34.7%	31.5%	1.0%
14-26	212,943,047	21.0%	34.5%	28.6%	37.6%	-0.7%
27-39	109,439,340	10.8%	31.5%	30.0%	35.2%	3.3%
40-52	37,704,132	3.7%	22.2%	19.4%	37.0%	21.5%
1-52	1,012,330,280	100.0%	30.2%	28.2%	35.3%	6.3%

Columns C, D, and E of Table 3-93 show the percentage of each state's allotment that was derived from the two unemployment factors and the poverty factor. Column F shows the effect of the minimum funding provisions. What is striking about this breakdown is that the minimum funding provisions increase the funds going to the states with the smallest shares by a whopping 21.5 percent, while the average minimum funding provision funds going to the states in the other quartiles range from 3.3 percent to -0.7 percent.

A similar pattern is observed in every year. Thus, a key conclusion from our analysis is that the minimum funding provisions have very large effects on the distribution of funds going to many states, even though they do not redistribute a large proportion of total funds. Although not shown in Table 3-93, the net gain due to the minimum funding provisions equals only 3.0 percent of the total allotment.<sup>6</sup>

The summary statistics on the bottom of Table 3-93 show distinct differences in the per-state effect of the poverty factor relative to the unemployment factors. The poverty factor accounts for a little less than one-third of the funds going to the 13 states receiving the largest shares, but well over one-third of the funds going to states in the remaining quartiles.

However, by far the biggest difference is in the bottom quartile, where the poverty factor accounts for almost as much funding going to the 13 states with the smallest shares as the two unemployment factors combined, even though together, the two unemployment factors carry twice the weight as the poverty factor.

As with the effect of the minimum funding provisions, similar patterns occur every year. Thus, a second key observation is that states that have a large share of the allotment tend to have higher levels of unemployment and lower levels of poverty than states that have a small share of the allotment. This suggests that analysis using the new annual poverty numbers will provide a very important test of whether too much weight is given to the unemployment factors, if the goal is to distribute funds proportionally to the number of program eligibles.<sup>7</sup>

---

<sup>6</sup> The net gain due to the minimum provisions was calculated by dividing the total amount of funds received by the minimum states due to minimum provisions by the total allotment for all of the states.

<sup>7</sup> The summary statistics at the bottom of Table 3-93 show that the poverty factor distributed slightly more than one-third of all funds over all of the states, even though the effect of the minimum provisions washed out to zero across all of the states. It took considerable effort to figure out why this was the case. The explanation stems from the way funds are allocated after the minimum provisions are invoked. Essentially, the funds left over after the minimum funds are set aside are distributed equally across the three main factors, but the distribution of those factors across the remaining states is not identical to the initial distribution across all states. Because states affected by minimum provisions have substantially higher than average poverty shares the remaining states experience a bigger boost to their poverty shares than their unemployment shares. As a result, more than one-third of the funds are distributed based on poverty.

Finally, the summary statistics show that the overall effect of each of the two unemployment factors are similar, but not identical. The excess unemployment factor is slightly more influential than the ASU factor in the states in the top quartile. The reverse is the case for all other groups. The difference in favor of ASU unemployment is especially large in the second quartile.

However, unlike the first two patterns we discussed that were constant over time, the difference between the two unemployment measures declined over time. The average difference fell from about 30 percent in PY93 to only about 10 percent by PY97. The main reason for this change is that unemployment in ASUs fell substantially in a way that narrowed the differences in the proportion of unemployed in areas with unemployment rates of at least 6.5 percent.

Overall, we conclude that substantially different distributions would have occurred if the weighting of the two unemployment factors was different in PY93, but the difference would greatly diminish as overall unemployment rates fell.

### **3.1 Redistributive Effects of the Minimum Funding Provisions**

Table 3-93 shows that the minimum funding provisions increase funds going to many states with small shares by large percentages. However, because many states with large shares also benefit from the minimum funding provisions it is difficult to see precisely how those provisions redistribute funds. We, therefore, make it easier to see the redistributive effects by ordering the data in Table 3-93 by the size of the effect of the minimum funding provisions.

The reordered data displayed in Table 4-93 shows that 13 states lost over 4 percent of their allotment in order to boost funds going to states positively affected by the minimum funding provisions. In contrast, three Western states—North Dakota, Wyoming, and South Dakota—gained over 50 percent of their allotments from the minimum funding provisions.

---

A second by-product of this computational method is that the states with shares not determined by the minimum provisions do not contribute an equal percentage of their allotment to increase the funds going to the states that are affected by the minimum provisions. The contributions are inversely proportional to their share of poverty. As a result states that are not covered by the minimum provisions can, nevertheless, increase the amount of funds they receive as a result of invoking the minimum provisions. For example, Utah received a small boost to its funds of about \$5,000 in PY97, while California's funds were reduced by over \$4 million.

This somewhat odd result would not occur if instead of recalculating the shares based on each factor after states receiving minimum amounts are removed from the estimates, the initial shares were kept constant and an equal percentage reduction applied to each state's total.

Overall the minimum funding provisions shifted about \$30 million out of roughly a \$1 billion total allotment. This amounts to only 3 percent of the entire allotment. At the same time, the bottom of column B shows that the states whose share was determined by minimum funding provisions (shaded states) received 26.2 percent of the entire allotment.

Column E of Table 4-93 shows the share of the total allotment determined by the poverty factor. Without exception, for the 28 states whose budgets were primarily determined by the unemployment and poverty factors, the poverty share monotonically increases as the reduction in share due to the minimum funding provisions decrease.

As discussed in footnote 7, this pattern stems from the fact that the states whose entire allotment was determined by the minimum funding provisions had considerably higher poverty levels than the remaining states and the way funds are reallocated after the minimum funding provisions are invoked.

Thus, an important observation is that the minimum funding provisions redistribute funds from states with relatively low poverty to states with relatively high poverty. This is consistent with the goal of distributing funds in proportion to eligibility, but it is largely coincidental. It just happens that states with relatively high poverty are small-share states that experienced reductions in poverty between 1980 and 1990 or states that experienced declines in unemployment. States with these characteristics tend to be positively affected by the minimum funding provisions.

However, there could be a small systematic component because there is no upper cap on the gains in total shares to states whose share of unemployment increases. Thus, to some extent, states with large gains in funding will have decreases in shares derived from poverty. However, there is no necessary connection between having a large share of unemployment in one year, and having a large increase in the unemployment share the following year.

Table 4-93. Table 4-93: Distribution of total title II-A allotment to the states and distribution of each allotment by factor for PY93 ordered by hold harmless/minimum contribution

	Allotment		Percentage Contribution to Allotment			
	dollars	share	Unemployment ASU	Excess	1990 Poverty	Minimum Provisions
	A	B	C	D	E	F
1 Connecticut	10,908,674	1.08%	45.3%	42.4%	17.0%	-4.7%
2 Rhode Island	4,475,271	0.44%	39.1%	48.0%	17.6%	-4.7%
3 New Hampshire	4,102,316	0.41%	43.8%	43.2%	17.7%	-4.7%
4 New Jersey	27,403,502	2.71%	41.2%	39.6%	23.7%	-4.5%
5 Illinois	49,692,530	4.91%	37.4%	40.8%	26.2%	-4.4%
6 Maryland	14,935,691	1.48%	43.0%	33.1%	28.2%	-4.3%
7 Florida	55,272,518	5.46%	35.8%	39.1%	29.3%	-4.2%
8 California	131,338,214	12.97%	35.5%	39.4%	29.4%	-4.2%
9 West Virginia	11,614,029	1.15%	29.5%	44.5%	30.2%	-4.2%
10 Pennsylvania	43,952,612	4.34%	37.5%	35.2%	31.5%	-4.1%
11 Washington	17,051,645	1.68%	38.8%	33.0%	32.3%	-4.1%
12 Virginia	19,175,293	1.89%	40.9%	30.8%	32.4%	-4.1%
13 New York	75,334,079	7.44%	34.3%	36.8%	33.0%	-4.1%
14 Ohio	37,296,785	3.68%	37.7%	31.1%	35.2%	-4.0%
15 Oregon	10,662,774	1.05%	37.1%	31.3%	35.5%	-4.0%
16 Texas	71,132,979	7.03%	33.8%	31.9%	38.2%	-3.9%
17 District of Columbia	2,866,202	0.28%	30.7%	34.3%	38.9%	-3.8%
18 Nevada	3,703,243	0.37%	36.7%	27.8%	39.3%	-3.8%
19 Arizona	14,211,772	1.40%	33.1%	30.7%	39.9%	-3.8%
20 Tennessee	18,303,318	1.81%	34.4%	29.1%	40.3%	-3.8%
21 South Carolina	12,111,681	1.20%	35.9%	27.3%	40.5%	-3.7%
22 North Carolina	19,722,057	1.95%	35.7%	27.2%	40.9%	-3.7%
23 Wisconsin	11,895,375	1.18%	34.4%	25.9%	43.3%	-3.6%
24 Oklahoma	11,305,045	1.12%	33.6%	26.2%	43.8%	-3.6%
25 Minnesota	11,221,177	1.11%	32.4%	25.0%	46.1%	-3.5%
26 Montana	3,665,326	0.36%	30.1%	27.2%	46.2%	-3.5%
27 Kentucky	16,945,814	1.67%	28.3%	26.3%	48.7%	-3.4%
28 Puerto Rico	36,976,623	3.65%	19.0%	34.4%	50.0%	-3.4%
29 Alaska	2,680,755	0.26%	34.0%	43.3%	25.1%	-2.4%
30 Michigan	46,415,026	4.58%	34.1%	42.8%	24.3%	-1.2%
31 New Mexico	6,643,195	0.66%	28.7%	25.1%	46.6%	-0.3%
32 Missouri	17,765,877	1.75%	35.4%	26.7%	36.8%	1.2%
33 Indiana	16,772,609	1.66%	36.2%	27.3%	34.4%	2.2%
34 Massachusetts	27,882,117	2.75%	37.2%	44.6%	15.7%	2.5%
35 Maine	5,052,557	0.50%	35.4%	33.2%	23.0%	8.4%
36 Arkansas	11,481,062	1.13%	27.9%	27.2%	35.8%	9.1%
37 Alabama	18,654,109	1.84%	28.3%	26.8%	35.6%	9.3%
38 Idaho	3,503,912	0.35%	29.1%	22.4%	37.1%	11.4%
39 Utah	3,568,912	0.35%	23.0%	17.5%	47.9%	11.6%
40 Mississippi	15,397,806	1.52%	24.1%	27.5%	35.2%	13.2%
41 Iowa	6,410,856	0.63%	22.1%	17.1%	45.9%	14.9%
42 Georgia	20,584,934	2.03%	23.7%	18.0%	42.4%	15.9%
43 Delaware	2,530,826	0.25%	34.5%	26.0%	21.5%	18.0%
44 Colorado	11,553,384	1.14%	27.9%	21.0%	33.0%	18.2%
45 Kansas	4,009,000	0.40%	6.8%	5.7%	65.6%	21.9%
46 Vermont	2,530,826	0.25%	29.8%	22.4%	23.2%	24.6%
47 Nebraska	2,530,826	0.25%	4.4%	3.3%	63.5%	28.8%
48 Louisiana	28,961,842	2.86%	18.8%	17.9%	30.6%	32.8%
49 Hawaii	2,530,826	0.25%	9.7%	7.4%	45.2%	37.7%
50 North Dakota	2,530,826	0.25%	9.9%	7.5%	32.4%	50.2%
51 Wyoming	2,530,826	0.25%	14.6%	11.6%	21.7%	52.2%
52 South Dakota	2,530,826	0.25%	1.7%	1.3%	38.8%	58.2%
	Sums			Averages		
1-13	465,256,374	46.0%	38.6%	38.9%	26.8%	-4.3%
14-26	228,097,734	22.5%	34.3%	28.9%	40.6%	-3.7%
27-39	214,342,568	21.2%	30.5%	30.6%	35.5%	3.5%
40-52	104,633,604	10.3%	17.5%	14.4%	38.4%	29.7%
1-52	1,012,330,280	100.0%	30.2%	28.2%	35.3%	6.3%
HH States	265,053,735	26.2%	24.0%	21.8%	35.9%	18.3%

### 3.2 The Relationship Between Eligibility and Title II-A Allotment Shares

We now examine the extent to which the allotment formula distributed funds in proportion to the numbers of eligible individuals. The only legislative requirement for entering JTPA programs for economically disadvantaged adults was that family income must be near or below poverty levels (or the person was receiving food stamps, which amounts to about the same thing). Thus, measures of the number of adults in poverty should be highly correlated with the number of eligibles for Title II-A programs.<sup>8</sup>

To start our assessment of the relationship between state allotment shares and economically disadvantaged adult shares we compute the nationwide dollars per disadvantaged adult using the new Census data covering 1993.<sup>9</sup> As shown in Table 5, the PY93 allotment provided \$40.75 for each adult in poverty.

Table 5. PY93 allotment per disadvantaged adult

1. PY93 JTPA Title II-A allotment	\$1,012,330,280
2. Census estimate of adults in poverty in 1993	24,844,937
3. Funds available in PY93 per adult in poverty	\$40.75
4. Funds available in PY93 per adult in poverty in states that do not gain from the minimum funding provisions	\$38.11

---

<sup>8</sup> In practice, ETA has established additional criteria related to giving preference to the hard-to-serve among those eligible. Hard-to-serve is defined by having multiple impediments to gaining permanent employment. Those impediments include physical handicaps, low literacy, lack of knowledge of English, and especially poor prospects because of low skills. It may be possible to use Census Bureau data to develop additional factors that measure cross-state variation in the number of individuals being given preference. However, producing such measures was well beyond the scope of the work reported here. For the purposes of this study we, therefore, assume that the legislative intent of the allotment formula would be adequately served if funds were distributed roughly in proportion to poverty levels. In addition, the WIA legislation eliminated poverty as an eligibility requirement. Under WIA, any individual can receive a set of core services. However, persons who fit the original disadvantaged criteria are given preference for more intensive services. So we still assume that the bulk of funds is still being dedicated to disadvantaged participants.

<sup>9</sup> New Census estimates are based on data from the March Current Population Survey (CPS) Supplement which are used in modeling the relationship between poverty and summary data from Federal income tax returns, data about participation in Food Stamp programs, economic data from the Bureau of Economic Analysis, and data from the most recent decennial census. It takes three years to produce estimates for one year because the estimates are based partly on CPS data from two years after the year of estimation. Thus, March 1998 CPS data were used to produce the 1996 poverty estimates, so, consequently, the new Census poverty figures for 1996 were not released until 1999.

However, rather than compare the actual state allotment to the national average of funds available per adult in poverty, we compare the actual state allotment to the allotment based on funds per adult in poverty after the minimum funding provisions are applied. In other words, we first compute the actual allotment using the existing formula with its minimum funding provisions and then recompute the allotment substituting the new Census poverty figures for 1993 for the two unemployment and 1990 poverty factors. This makes sense because the actual allotment was strongly affected by the minimum funding provisions, and it is likely that the minimum funding provisions would be maintained even if other aspects of the formula were modified.

### **3.2.1 The Relationship Between Eligibility and State Shares in PY93**

Column A of Table 6-93 shows the actual per-person allotment based on the existing formula. Column B shows the per-person allotment that would be available in each state if the three factors were replaced by the new Census data, but the existing minimum funding provisions were retained. The figures are derived by dividing each state's allotment by the Census Bureau's estimate of the number of adults in poverty in 1993. Column C shows the percentage difference between these two figures.

The states in Table 6-93 are ordered by the percentage change in their share that would occur if the present formula was switched to one using the Census poverty figures and the minimum funding provisions were maintained. Kansas and Nebraska top the list with gains of 81.7 percent and 65.9 percent, respectively. Five other states have gains of 22.4 percent or more, and five states have gains between 16 and 20 percent.

Connecticut is at the bottom of the list, losing 27.6 percent. Nine other states have losses ranging from 15.6 percent to 10.1 percent. In general, the increases are larger than the decreases because hold-harmless provisions limit the size of the declines. Overall, 16 states would be affected by minimum funding provisions using either formula and therefore show no difference. Another 13 states show gains or losses of less than 10 percent.

Table 6-93. Actual per-person Title II-A allotment versus use of New Census poverty figures for PY93

	(A) Actual per person allotment	(B) Per Person allotment based on New Poverty w/HH	(C) Percentage difference actual versus New Poverty	(D) Per Person allotment based on New Poverty wo/HH	(E) Percentage difference New Poverty with vs with-out hold-hamless	(F) Per Person allotment using 1/3 New Poverty w/HH	(G) Percentage difference 1/3 New Poverty vs actual
1 Kansas	20.98	38.11	81.69%	40.75	6.91%	20.98	0.00%
2 Nebraska	22.98	38.11	65.88%	40.75	6.91%	22.98	0.00%
3 Puerto Rico	28.28	38.11	34.78%	40.75	6.91%	28.21	-0.24%
4 Utah	29.41	38.11	29.60%	40.75	6.91%	29.41	0.00%
5 Georgia	29.65	38.11	28.53%	40.75	6.91%	29.65	0.00%
6 Oklahoma	30.94	38.11	23.20%	40.75	6.91%	30.97	0.10%
7 North Carolina	31.13	38.11	22.42%	40.75	6.91%	31.95	2.62%
8 Tennessee	31.84	38.11	19.71%	40.75	6.91%	32.54	2.21%
9 Iowa	32.02	38.11	19.02%	40.75	6.91%	32.02	0.00%
10 New Mexico	32.34	38.11	17.85%	40.75	6.91%	32.34	0.00%
11 South Carolina	32.43	38.11	17.53%	40.75	6.91%	32.81	1.16%
12 Arizona	32.60	38.11	16.91%	40.75	6.91%	33.11	1.56%
13 Texas	34.61	38.11	10.12%	40.75	6.91%	34.88	0.78%
14 Nevada	35.84	38.11	6.35%	40.75	6.91%	35.22	-1.71%
15 Wisconsin	35.87	38.11	6.25%	40.75	6.91%	34.44	-3.98%
16 Kentucky	36.03	38.11	5.78%	40.75	6.91%	34.68	-3.74%
17 Missouri	36.35	38.11	4.85%	40.75	6.91%	36.35	0.00%
18 Minnesota	36.60	38.11	4.14%	40.75	6.91%	34.97	-4.45%
19 Alabama	37.17	38.11	2.53%	40.75	6.91%	37.17	0.00%
20 Alaska	73.50	73.50	0.00%	40.75	-44.57%	73.50	0.00%
21 Hawaii	38.94	38.94	0.00%	40.75	4.63%	38.94	0.00%
22 North Dakota	49.51	49.51	0.00%	40.75	-17.71%	49.51	0.00%
23 South Dakota	40.55	40.55	0.00%	40.75	0.48%	40.55	0.00%
24 Wyoming	70.14	70.14	0.00%	40.75	-41.91%	70.14	0.00%
25 Louisiana	48.10	48.10	0.00%	40.75	-15.29%	48.10	0.00%
26 Idaho	39.58	39.58	0.00%	40.75	2.96%	39.58	0.00%
27 Colorado	43.46	43.46	0.00%	40.75	-6.24%	43.46	0.00%
28 Arkansas	39.45	39.45	0.00%	40.75	3.28%	39.45	0.00%
29 Michigan	56.88	56.88	0.00%	40.75	-28.37%	56.88	0.00%
30 Mississippi	39.18	39.18	0.00%	40.75	3.99%	39.18	0.00%
31 Indiana	39.96	39.96	0.00%	40.75	1.98%	39.96	0.00%
32 Vermont	56.60	56.60	0.00%	40.75	-28.01%	56.60	0.00%
33 Delaware	52.56	52.56	0.00%	40.75	-22.47%	52.56	0.00%
34 Massachusetts	70.17	70.17	0.00%	40.75	-41.93%	70.17	0.00%
35 Maine	46.33	46.33	0.00%	40.75	-12.05%	46.33	0.00%
36 Ohio	41.97	41.73	-0.57%	40.75	-2.35%	41.73	-0.57%
37 D.C.	39.22	38.94	-0.73%	40.75	4.65%	38.94	-0.73%
38 Virginia	39.07	38.11	-2.44%	40.75	6.91%	39.74	1.71%
39 Florida	39.69	38.11	-3.96%	40.75	6.91%	41.36	4.21%
40 New Hampshire	64.85	62.27	-3.98%	40.75	-34.57%	66.07	1.87%
41 Rhode Island	61.28	57.32	-6.47%	40.75	-28.91%	63.27	3.24%
42 Oregon	41.01	38.11	-7.07%	40.75	6.91%	39.81	-2.93%
43 California	42.41	38.11	-10.12%	40.75	6.91%	43.20	1.88%
44 Washington	43.35	38.79	-10.53%	40.75	5.06%	42.66	-1.59%
45 New York	43.46	38.11	-12.29%	40.75	6.91%	42.44	-2.33%
46 Pennsylvania	45.57	39.69	-12.91%	40.75	2.66%	44.48	-2.39%
47 Maryland	47.71	41.27	-13.50%	40.75	-1.28%	47.41	-0.63%
48 Montana	44.75	38.11	-14.83%	40.75	6.91%	37.58	-16.02%
49 Illinois	53.91	45.77	-15.10%	40.75	-10.98%	52.86	-1.94%
50 New Jersey	57.17	48.28	-15.55%	40.75	-15.61%	56.57	-1.06%
51 West Virginia	45.96	38.80	-15.56%	40.75	5.00%	45.34	-1.35%
52 Connecticut	64.86	46.94	-27.63%	40.75	-13.19%	66.52	2.56%
Average of states							
1-13	29.94	38.11	29.79%	40.75	6.91%	30.14	0.63%
14-26	44.48	45.31	2.30%	40.75	-5.38%	44.09	-1.07%
27-39	46.50	46.27	-0.59%	40.75	-8.75%	46.64	0.36%
40-52	50.48	43.97	-12.73%	40.75	-4.94%	49.86	-1.59%
1-52	42.85	43.41	4.69%	40.75	-3.04%	42.68	

Column E of Table 6-93 shows the precise effect of the minimum funding provisions applied to the formula using poverty as the sole factor. States that do not benefit from the minimum funding provisions uniformly experience reductions of 6.9 percent, which reduces the per person allotment in those states from \$40.75 to \$38.11. In contrast, when the existing formula is used, the reductions varied from state-to-state based on its share of poverty. Seven states gain 25 percent or more from the minimum funding provisions. Those states include four New England states—Massachusetts, New Hampshire, Rhode Island, and Vermont—plus Michigan, Wyoming, and Alaska.

Finally, column G of Table 6-93 shows what would happen if the new poverty shares were substituted for the 1990 poverty shares in the existing formula. It turns out that the switch would make a large difference only in a few states. By far the largest effect is in Montana, which would lose 16.0 percent. Wisconsin and Minnesota would lose about 4 percent each, while Florida would gain about 4 percent. Most of the remaining states would experience, little, if any, change.

The small effect of switching to the new poverty figures is primarily due to the poverty shares changing very little between 1990 and 1993. Thus, the primary reason that the formula fails to distribute funds in proportion to eligibility in the states not gaining from the minimum funding provisions is that the two unemployment factors are not especially highly correlated with the poverty share.

However, it also is important to recognize that although there is substantial cross-state variation in the funds available per adult in poverty, the total dollar difference between a perfect proportionality and the actual allotment is modest. As shown in Table 7, the shift in funds based on substituting the 1993 adult poverty shares for the existing three factors would redistribute an amount equal to only 3 percent of the allotment. Even if funds were distributed solely based on each state's share of adults in poverty, the reallocation would equal only 8 percent of the full allotment.

Table 7. Redistribution of Title II-A funds based on alternative formulas in PY93

1. Change to formula based solely on poverty	8.0%
2. Change to formula based on poverty plus minimum funding provisions	3.0%
3. Change to formula based on the existing formula with Census poverty figures for 1993 substituted for 1990 decennial census figures	0.2%

### 3.2.2 The Relationship Between Eligibility and State Shares in PY97

Table 6-97 replicates Table 6-93 for the PY97 Title II-A allotments. Importantly, this table shows that the differences between using the new annual Census poverty measures versus the actual formula are substantially larger in PY97 than in PY93. For example, in PY93 the average gain was 29.8 percent for the 13 states receiving the largest percentage gains, and the average loss was 12.7 percent for the 13 states with the largest losses. In contrast, comparable figures for PY97 show the gains were 52.3 percent, and the losses 21 percent—a significant increase for both.

As shown in Table 8, an amount equal to 9 percent of the total allotment would be shifted if the formula was switched in PY97 from two-thirds unemployment and one-third 1990 poverty to 100 percent current poverty, and the minimum funding provisions remained unchanged. If the hold-harmless and 0.25 floor share provisions were dropped, the shift would only increase to 9.5 percent. In contrast, the shift in PY93 would be only 3 percent if the minimum funding provisions were continued, and the increase would be 5 percentage points greater if those provisions were eliminated.

Table 8. Redistribution of Title II-A funds based on alternative formulas in PY97

1. Change to formula based solely on poverty	9.5%
2. Change to formula based on poverty plus minimum funding provisions	9.0%
3. Change to formula based on the existing formula with Census poverty figures for 1993 substituted for 1990 decennial census figures	0.1%

The redistribution of funds with the minimum funding provisions in place in PY97 is much larger than in PY93. This is because our PY97 estimates are based on switching to the new poverty measures in PY93 and leaving them in place through PY97. Thus, the effect of the hold-harmless provisions, which were very strong in PY93, greatly diminish over time. As will be discussed in Section 3.3, the difference also is great because: (a) the distribution of poverty across states does not change very much from year-to-year, but (b) the two unemployment factors changed substantially between 1992 and 1996 in a way that was not highly correlated with changes in poverty.

Table 6-97. Actual per-person Title II-A allotment versus use of New Census poverty figures for PY97

	(A) Actual per person allotment	(B) Per Person allotment based on New Poverty w/HH	(C) Percentage difference actual versus New Poverty	(D) Per Person allotment based on New Poverty wo/HH	(E) Percentage difference New Poverty with vs with-out hold-hamless	(F) Per Person allotment using 1/3 New Poverty w/HH	(G) Percentage difference 1/3 New Poverty vs actual
1 Utah	19.19	39.07	103.62%	39.28	0.55%	19.81	3.24%
2 Iowa	20.54	39.07	90.17%	39.28	0.55%	19.41	-5.50%
3 Nebraska	21.89	39.07	78.48%	39.28	0.55%	21.89	0.00%
4 Kansas	25.10	39.07	55.62%	39.28	0.55%	23.69	-5.63%
5 Arkansas	25.13	39.07	55.44%	39.28	0.55%	25.56	1.68%
6 Oklahoma	25.42	39.07	53.67%	39.28	0.55%	24.89	-2.11%
7 Georgia	27.18	39.07	43.71%	39.28	0.55%	28.54	4.99%
8 North Carolina	28.23	39.07	38.40%	39.28	0.55%	29.44	4.28%
9 Colorado	28.38	39.07	37.67%	39.28	0.55%	27.97	-1.43%
10 Virginia	29.00	39.07	34.70%	39.28	0.55%	31.41	8.31%
11 Missouri	29.50	39.07	32.43%	39.28	0.55%	28.36	-3.86%
12 Florida	29.73	39.07	31.42%	39.28	0.55%	32.39	8.97%
13 Arizona	31.41	39.07	24.39%	39.28	0.55%	32.61	3.83%
14 Idaho	31.68	39.07	23.30%	39.28	0.55%	33.26	4.98%
15 Wisconsin	31.98	39.07	22.16%	39.28	0.55%	29.25	-8.52%
16 Minnesota	32.46	39.07	20.34%	39.28	0.55%	27.26	-16.04%
17 Puerto Rico	32.51	39.07	20.18%	39.28	0.55%	32.11	-1.21%
18 South Carolina	32.54	39.07	20.06%	39.28	0.55%	33.29	2.32%
19 Oregon	34.19	39.07	14.25%	39.28	0.55%	33.44	-2.22%
20 Alabama	35.06	39.07	11.43%	39.28	0.55%	35.05	-0.03%
21 South Dakota	35.84	39.07	9.01%	39.28	0.55%	35.84	0.00%
22 Mississippi	36.67	39.07	6.54%	39.28	0.55%	34.54	-5.79%
23 Kentucky	36.86	39.07	5.99%	39.28	0.55%	31.45	-14.67%
24 Tennessee	36.93	39.07	5.78%	39.28	0.55%	36.67	-0.71%
25 New Mexico	37.94	39.07	2.96%	39.28	0.55%	36.97	-2.56%
26 Indiana	38.45	39.07	1.61%	39.28	0.55%	37.44	-2.61%
27 Texas	38.51	39.07	1.44%	39.28	0.55%	39.06	1.43%
28 Nevada	38.70	39.07	0.94%	39.28	0.55%	39.00	0.77%
29 Montana	38.92	39.07	0.37%	39.28	0.55%	34.52	-11.32%
30 Delaware	48.86	48.86	0.00%	39.28	-19.60%	48.86	0.00%
31 Massachusetts	40.42	40.42	0.00%	39.28	-2.82%	38.36	-5.10%
32 North Dakota	44.06	44.06	0.00%	39.28	-10.84%	44.06	0.00%
33 Vermont	57.63	57.63	0.00%	39.28	-31.84%	57.63	0.00%
34 Wyoming	59.75	59.75	0.00%	39.28	-34.26%	59.75	0.00%
35 Michigan	41.17	40.75	-1.03%	39.28	-3.61%	39.92	-3.05%
36 New York	40.34	39.07	-3.17%	39.28	0.55%	40.41	0.17%
37 Maryland	41.82	39.07	-6.59%	39.28	0.55%	42.17	0.82%
38 Louisiana	42.05	39.07	-7.10%	39.28	0.55%	40.15	-4.51%
39 Connecticut	44.35	39.07	-11.92%	39.28	0.55%	47.64	7.42%
40 Maine	44.49	39.07	-12.19%	39.28	0.55%	46.80	5.20%
41 Ohio	44.98	39.07	-13.15%	39.28	0.55%	43.04	-4.31%
42 Illinois	45.11	39.07	-13.40%	39.28	0.55%	43.67	-3.19%
43 New Hampshire	45.93	39.55	-13.90%	39.28	-0.68%	44.63	-2.84%
44 West Virginia	46.60	39.80	-14.60%	39.28	-1.30%	45.09	-3.25%
45 Rhode Island	47.85	39.07	-18.35%	39.28	0.55%	51.20	7.00%
46 Pennsylvania	48.73	39.07	-19.83%	39.28	0.55%	47.09	-3.36%
47 Alaska	77.59	61.24	-21.07%	39.28	-35.86%	74.80	-3.59%
48 Hawaii	50.02	39.07	-21.89%	39.28	0.55%	48.79	-2.45%
49 California	51.57	39.07	-24.24%	39.28	0.55%	53.30	3.35%
50 Washington	55.97	39.07	-30.20%	39.28	0.55%	55.64	-0.59%
51 D.C.	58.53	39.59	-32.36%	39.28	-0.78%	55.81	-4.64%
52 New Jersey	62.43	39.07	-37.42%	39.28	0.55%	62.95	0.84%
Average of states							
1-13	26.21	39.07	52.28%	39.28	0.55%	26.61	1.29%
14-26	34.86	39.07	12.58%	39.28	0.55%	33.58	-3.62%
27-39	44.35	43.46	-2.08%	39.28	-7.63%	43.96	-1.03%
40-52	52.29	40.91	-20.97%	39.28	-2.59%	51.76	-0.91%
1-52	39.43	40.62	10.45%	39.28	-2.28%	38.98	

As shown in Table 9, the total allotment and the number of adults in poverty fell by 11.8 percent and 8.2 percent, respectively, between PY93 and PY97. Because the reduction in the allotment was only a little greater than the reduction in poverty, per capita funding fell a modest 3.9 percent, from \$40.75 in PY93 to \$39.28 in PY97.

Table 9. Changes between PY93 and PY97 in allotments, poverty, and funds per disadvantaged adult

	PY93	PY97	Difference between PY93 and PY97
PY97 JTPA Title II-A allotment	\$1,012,330,280	\$892,627,443	-11.8%
Census estimate of adults in poverty	24,844,937	22,736,575	-8.2%
Funds available per adult in poverty	\$40.75	\$39.28	-3.9%
Funds available per adult in poverty in states that do not gain from the minimum funding provisions	\$38.11	\$39.07	2.0%

However, column E of Table 6-97 shows that if the new Census poverty figures were used to calculate shares, only 0.6 percent of all funds going to states not benefiting from minimum funding provisions needed to be transferred to the 10 states gaining from the minimum funding provisions. In sharp contrast, 6.9 percent of total funds going to states not benefiting from minimum funding provisions needed to be transferred to the 27 states gaining from the minimum funding provisions in PY93 (Column E in Table 6-93). As a result, the per capita allotment in the states not gaining from the minimum funding provisions rose 2.0 percent from \$38.11 in PY93 to \$39.07 in PY97.

The above analysis produces several important conclusions about the differences between switching to a formula that solely uses the new poverty statistics (plus the minimum funding provisions) versus using the actual formula that gives two-thirds of its weight to unemployment factors and one-third of the weight to an unchanged measure of poverty. We concluded that:

- By reallocating only about 9 percent of the total allotment, the program dollars per eligible person could be equalized across states;
- The hold-harmless provisions were highly effective in preventing states from being hit with exceptionally large reductions in funding; and
- The effect of the hold-harmless provisions greatly diminished between PY93 and PY97. Thus, after about four years, funding per eligible person became much more uniform across all states.

### **3.3 Changes in Each State's Share Between PY93 and PY97**

So far we examined the cross-state equity of the present formula based on whether funds were distributed proportionally to the number of program eligibles. In this section we focus on several related issues: (1) how each state's funding shares change between PY93 and PY97, (2) why the shares changed, and (3) why the changes increased disparities in per-person funding across states.

Because the one-third poverty weight is based on an unchanging measure—the 1990 decennial rate—the only way the current formula could reduce disparities in per-person funding is if changes in the two unemployment factors were highly correlated with changes in poverty levels. (However, even if this was the case it is possible for the minimum funding provisions to reduce the effect of the correlation.)

Column B of Table 10 shows the overall percentage change in the allotment share between PY93 and PY97 for each state based on the actual formula. Columns C and D show the change in the share distribution of each of the two unemployment factors that largely determined that change. The states are ordered from largest increase to greatest reduction in total allotment.

Hawaii experienced an enormous percentage gain in share of 83.3 percent. This largely was because its unemployment factors were exceptionally low in PY93. The District of Columbia also experienced a very large increase in share of 45.3 percent. Three Western states—Nevada, California, and Washington—experienced large gains of more than 30 percent. Six states, including Texas, experienced gains of 15 percent or more, and eight states, including New York, experienced gains of less than 10 percent.

In contrast, five states—Iowa, Massachusetts, Michigan, Arkansas, and Colorado—experienced overall reductions of more than 30 percent. Five states experienced reductions of about 21 percent or more, and 10 states experienced reductions of 11 percent or more. Seven states experienced reductions of less than 10 percent, and six states experienced neither gains nor losses because they were covered by the 0.25 percent floors in both periods.

Table 10. Percentage change in Title 11-A shares PY93 – PY97 based on actual formula and annual poverty

	State Rank A	% Change in Unemployment Factors			Based on Annual Poverty		State Rank based on poverty G
		Total Allotment B	ASU (6.5%) C	Excess (4.5%) D	with Minimums E	without Minimums F	
Hawaii	1	83.3%	629.7%	760.6%	43.1%	37.1%	1
D.C.	2	45.3%	45.9%	88.4%	-1.0%	-6.4%	31
Nevada	3	33.1%	14.7%	39.0%	25.8%	18.5%	2
California	4	32.3%	34.6%	48.6%	11.0%	4.6%	10
Washington	5	31.0%	39.0%	46.9%	2.1%	-2.5%	24
Puerto Rico	6	26.0%	32.3%	46.4%	19.3%	12.4%	5
New Mexico	7	25.7%	45.9%	56.2%	9.3%	2.9%	12
Kansas	8	23.4%	88.2%	103.7%	5.2%	-1.0%	21
Alaska	9	19.6%	32.7%	22.4%	-5.6%	8.9%	38
Texas	10	17.2%	26.5%	20.1%	7.4%	1.2%	15
New Jersey	11	15.4%	21.3%	13.8%	-14.5%	1.6%	45
Tennessee	12	8.9%	8.2%	16.9%	-4.3%	-9.8%	35
South Carolina	13	5.0%	-3.6%	17.5%	6.8%	0.6%	18
Montana	14	4.3%	2.9%	2.1%	22.4%	15.2%	4
Arizona	15	4.2%	1.7%	0.4%	10.3%	3.9%	11
Ohio	16	3.7%	-0.9%	7.9%	-9.5%	-7.1%	43
New York	17	2.8%	9.8%	-8.3%	13.0%	6.4%	8
Pennsylvania	18	2.5%	3.2%	-1.1%	-5.7%	-7.9%	40
Idaho	19	0.2%	17.5%	39.0%	23.5%	20.3%	3
South Dakota	20	0.0%	141.6%	191.9%	8.9%	8.7%	13
Nebraska	21	0.0%	83.9%	116.2%	7.1%	0.9%	17
Wyoming	22	0.0%	-64.3%	-59.3%	0.0%	12.8%	26
Vermont	23	0.0%	-63.9%	-56.9%	0.0%	-5.6%	27
North Dakota	24	0.0%	-60.9%	-50.0%	0.0%	8.0%	28
Delaware	25	0.0%	-61.3%	-53.1%	0.0%	3.4%	29
Kentucky	26	-2.5%	-7.8%	-10.9%	-2.8%	-8.4%	33
Georgia	27	-3.7%	24.1%	46.5%	7.2%	0.9%	16
North Carolina	28	-6.0%	-18.4%	-2.8%	5.8%	-0.3%	19
Alabama	29	-6.2%	11.8%	6.3%	1.4%	-4.5%	25
Indiana	30	-7.8%	-12.8%	4.0%	-6.3%	-7.9%	41
Maryland	31	-7.8%	-19.6%	-5.5%	-0.5%	1.0%	30
West Virginia	32	-8.9%	-3.6%	-19.4%	-7.8%	-13.7%	42
Oregon	33	-11.1%	-23.3%	-18.1%	8.8%	2.5%	14
Maine	34	-11.4%	-7.2%	-11.2%	-22.3%	-11.4%	47
Wisconsin	35	-13.9%	-58.8%	-49.5%	-1.5%	-7.2%	32
Virginia	36	-14.8%	-29.1%	-15.5%	17.1%	10.2%	6
Oklahoma	37	-16.8%	-41.1%	-31.5%	3.3%	-2.7%	23
Florida	38	-17.4%	-19.6%	-33.5%	12.5%	5.9%	9
Mississippi	39	-17.4%	8.1%	-14.9%	-12.1%	-15.2%	44
Minnesota	40	-18.0%	-40.9%	-31.1%	-5.7%	-11.2%	39
Illinois	41	-18.8%	-20.4%	-34.4%	-17.2%	-6.8%	46
Rhode Island	42	-18.8%	-19.9%	-41.0%	-29.2%	-0.1%	49
Louisiana	43	-21.5%	25.8%	23.2%	-27.1%	-13.8%	48
Connecticut	44	-21.6%	-27.3%	-29.7%	-4.6%	10.1%	36
Missouri	45	-23.6%	-40.2%	-28.2%	-4.0%	-9.6%	34
Utah	46	-26.3%	-41.6%	-29.5%	15.3%	8.6%	7
New Hampshire	47	-26.8%	-92.7%	-93.2%	-34.4%	-0.7%	52
Colorado	48	-31.1%	-30.4%	-17.1%	-5.2%	1.4%	37
Arkansas	49	-32.0%	-36.0%	-39.8%	5.6%	2.5%	20
Michigan	50	-33.7%	-33.5%	-51.9%	-34.4%	-12.0%	51
Massachusetts	51	-34.4%	-40.5%	-55.4%	-34.4%	9.4%	50
Iowa	52	-34.4%	-68.6%	-62.5%	4.3%	-1.7%	22
states with gains		19.20%	59.56%	75.62%	8.37%	5.37%	20.2
states with no change		0.00%	-4.16%	14.81%	2.67%	4.67%	23.3
states with losses		-18.03%	-24.57%	-23.95%	-6.23%	-2.76%	33.9
1-13		28.2%	78.1%	98.5%	8.0%	5.2%	19.8
14-26		1.2%	0.1%	9.1%	5.2%	3.9%	21.7
26-39		-11.0%	-14.6%	-11.2%	0.4%	-3.2%	26.8
40-52		-26.2%	-35.9%	-37.7%	-13.2%	-1.8%	37.8
1-52		-2.0%	27.8%	14.7%	0.1%	1.0%	0.0

Importantly, 13 of the 19 states with gains based on unemployment also increased their share of adults in poverty, but the average increase in the poverty shares was considerably less than the increase in the actual share. On average, states with gains experienced an increase of 19.2 percent, but the average increase in poverty share was only 5.4 percent.

Similarly, 17 of the 27 states with losses based on unemployment also decreased their share of adults in poverty, but the average decrease in poverty was considerably less than the decrease in the actual share. On average states with losses experienced a decrease of 18.0 percent, but the average decrease in poverty share was 2.8 percent.

Despite the overall positive correlation between changes in actual funding (due to changes in unemployment) and changes in poverty, there were several notable cases where the positive correlations were weak or absent. For example, New Jersey's actual share increased by 15.4 percent, but its share of poverty increased by only 1.6 percent, and New Jersey would have experienced a reduction in share of 14.5 percent had poverty been used as the only factor (along with the minimum funding provisions) beginning in PY93. Similarly, Ohio and Pennsylvania both experienced substantial reductions in poverty shares of about 9.5 and 5.7 percent respectively, but showed small gains in actual shares of about 3.7 and 2.5 percent.

In contrast, Florida, Utah, and Virginia experienced increases in their poverty shares of between 6 and 10 percent, but reductions in share of the actual allotment of between 15 and 26 percent. In fact, of the five states with reductions above 30 percent, only Michigan showed a substantial decrease in poverty of 12 percent. Two of the states, Colorado and Arkansas, showed small increases in poverty, and both Iowa and Arkansas would have shown increases in share had poverty been used as the sole factor along with the minimum funding provisions.

Percentage changes in share can be very large even when the absolute change in funding is small, and vice versa. Thus, states receiving small shares with relatively small changes in their shares can dominate the statistics, and thereby, give a misleading picture of the overall changes. We, therefore, also use the total percentage point change in share to assess the difference between changes in funding and changes in unemployment and poverty.

Percentage point changes show that, overall, states that increased their share between PY93 and PY97 gained 8.8 percentage points, and by necessity, states losing share showed an identical decline.

Over this same period, the shift in excess and ASU unemployment was about 13 and 11 percentage points, respectively. Together, these changes are roughly two-thirds of the total shift, in keeping with their two-thirds weight in the allotment formula.<sup>10</sup>

States that would have gained total share had poverty been substituted for the two unemployment factors and the 1990 poverty factors would have experienced an increase of about 6 percentage points. The percentage point change in the actual share of these states was 5.4 percentage points. However, the actual shift in shares from losers to gainers using the actual formula was about 9 percentage points, about 45 percent more than the shift based on poverty.

While there is no necessary connection between overall shifts in poverty or unemployment and the way the shifts are distributed across the states, it is noteworthy that, as shown in Table 11, the overall decline in the two unemployment factors was very large, but the decline in poverty was modest.

Table 11. Change in ASU unemployed, excess unemployed, and adults in poverty between PY93 and PY97

	PY93	PY97	Change
ASU	8,825,327	6,372,835	-27.8%
Excess	3,541,628	2,145,139	-39.4%
Poverty	24,844,937	22,724,572	-8.5%

Overall, we conclude that:

- Changes in the two unemployment factors were positively correlated with changes in poverty. However, the correlation was far from perfect. Several states where poverty increased, unemployment decreased, and vice versa.
- Shifts in shares of unemployment tended to be far greater than shifts in shares of poverty. As a result, changes in the actual allotment tended to be much greater than shifts in poverty. Thus, if the goal of the formula was to keep funding proportional to eligibility, shifts in unemployment were given far more weight than would have been appropriate.

<sup>10</sup>The shift in unemployment shares is not exactly two-thirds of the shift in the total allotment shares because of the effect of the minimum provisions and because the Census Bureau made minor revisions in its poverty figures in 1994. As a result there was a small decrease in poverty in states where unemployment shares declined, and vice versa.

- Reductions in unemployment between 1993 and 1997 were large for the nation as a whole, but they were not distributed evenly across the states. Unemployment became relatively higher in the far West, and lower in the Midwest and Northeast.
- Minimum funding provisions had a large effect on the shift in allotments. The 0.25 percent floors held constant the shares of the seven states with the smallest shares. The hold-harmless provisions prevented sharp year-to-year declines in several states, and instead, led to declines occurring over several years.<sup>11</sup>

### **3.4 Changes in State Allotments for Non-Dislocated Adult Programs Over Time**

Even though we lack the data needed to examine state poverty trends in the period subsequent to WIA's inception, we can examine how allotments changed subsequent to PY97. Table 12 summarizes the way the allotments changed over time. The states in Table 12 are ordered by their change in allotment between PY93 and PY01 from the greatest reduction to the greatest increase. The states are grouped by their percentage change. Group 1 experienced large reductions in share ranging from 57.0 percent to 30.2 percent. Group 2 experienced moderate reductions from 27.0 percent to 10.5 percent. Group 3 showed little change spanning reductions of 5.2 to increases of 3.8 percent. Group 4 experienced moderate gains from 13.2 percent to 15.6 percent. And group 5 had large gains, from 27.2 percent to 129.8 percent.

All of the New England states except Vermont, which was protected by the 0.25 percent floor, had large reductions. Three of the 10 large reduction states were in the Midwest—Michigan, Indiana, and Iowa—and the remaining two are Colorado and Virginia. At the opposite extreme, eight of the 11 large increase states are in the West, including all five states touching the Pacific Ocean. The three remaining members of group 5 are Puerto Rico, the District of Columbia, and Ohio. Six of the 13 small change states had their share determined by the 0.25 percent floor.

As shown in columns E and F of Table 12, the change in shares was due to the way unemployment changed across the states. There were large reductions in unemployment in New England, and several Midwestern states and moderate reductions elsewhere in the Midwest, Middle Atlantic, and South. There were large increases in unemployment in most of the Mountain and Pacific states, as well as in New York and Ohio. Indeed, changes in unemployment had to be the source of the shifts in shares because the poverty shares remained constant as they were based on the 1990 decennial rates over the entire period.

---

<sup>11</sup>One odd result stemming from the effect of the hold-harmless provisions being especially large in PY93 was that the base for the percentage change was artificially high in PY93 in many states. This substantially increases the observed size of the decline between PY93 and PY97.

Table 12. Changes in State Adult Program Shares PY93-PY01 and PY93-PY97

	Shares for:			Change PY93 -PY01 in:			Share change PY93-PY97:	
	PY93	PY97	PY01	Total Share	Share due to:		(percent)	as a % of
	(A)	(B)	(C)	(D)	ASU Unemployment	Excess	(G)	change PY93 -PY01
					(E)	(F)		(H)
<b>Group-1 Large Reductions</b>								
1 Massachusetts	2.75%	1.81%	1.19%	-57.0%	-82.1%	-85.5%	-34.4%	60.4%
2 Iowa	0.63%	0.42%	0.30%	-51.9%	-91.5%	-88.9%	-34.4%	66.3%
3 Colorado	1.14%	0.79%	0.61%	-46.7%	-77.3%	-70.5%	-31.1%	66.6%
4 Michigan	4.58%	3.04%	2.59%	-43.5%	-50.6%	-62.2%	-33.7%	77.5%
5 Rhode Island	0.44%	0.36%	0.25%	-43.4%	-74.1%	-79.5%	-18.8%	43.3%
6 New Hampshire	0.41%	0.30%	0.25%	-38.3%	-100.0%	-100.0%	-26.8%	70.0%
7 Connecticut	1.08%	0.84%	0.71%	-34.0%	-83.4%	-82.5%	-21.6%	63.5%
8 Indiana	1.66%	1.53%	1.14%	-31.0%	-49.7%	-35.3%	-7.8%	25.0%
9 Virginia	1.89%	1.61%	1.32%	-30.5%	-51.3%	-38.0%	-14.8%	48.6%
10 Maine	0.50%	0.44%	0.35%	-30.2%	-30.9%	-28.4%	-11.4%	37.9%
<b>Group-2 Moderate Reductions</b>								
11 Florida	5.46%	4.51%	3.98%	-27.0%	-35.4%	-43.0%	-17.4%	64.5%
12 Utah	0.35%	0.26%	0.26%	-25.8%	-45.5%	-28.7%	-26.3%	101.8%
13 Missouri	1.75%	1.34%	1.30%	-25.7%	-68.1%	-59.2%	-23.6%	91.9%
14 Minnesota	1.11%	0.91%	0.83%	-25.5%	-55.6%	-44.4%	-18.0%	70.6%
15 Louisiana	2.86%	2.24%	2.14%	-25.1%	24.7%	25.8%	-21.5%	85.7%
16 Pennsylvania	4.34%	4.45%	3.25%	-25.1%	-43.6%	-42.3%	2.5%	-9.9%
17 Wisconsin	1.18%	1.01%	0.93%	-21.1%	-45.5%	-30.1%	-13.9%	65.8%
18 New Jersey	2.71%	3.12%	2.21%	-18.4%	-26.0%	-23.3%	15.4%	-84.0%
19 Maryland	1.48%	1.36%	1.29%	-12.8%	-50.7%	-37.8%	-7.8%	61.3%
20 Oklahoma	1.12%	0.93%	0.97%	-12.7%	-71.7%	-64.5%	-16.8%	131.8%
21 North Carolina	1.95%	1.83%	1.70%	-12.5%	-30.4%	-10.5%	-6.0%	47.7%
22 Arkansas	1.13%	0.77%	1.02%	-10.5%	5.0%	3.8%	-32.0%	306.1%
<b>Group-3 Small Changes</b>								
23 Illinois	4.91%	3.99%	4.65%	-5.2%	-1.5%	-13.5%	-18.8%	360.9%
24 Tennessee	1.81%	1.97%	1.72%	-4.8%	-16.7%	-5.4%	8.9%	-184.2%
25 Kentucky	1.67%	1.63%	1.60%	-4.3%	-13.6%	-10.8%	-2.5%	58.8%
26 West Virginia	1.15%	1.05%	1.11%	-2.9%	22.9%	-20.0%	-8.9%	307.7%
27 Alabama	1.84%	1.73%	1.80%	-2.4%	16.3%	20.3%	-6.2%	260.2%
28 Vermont	0.25%	0.25%	0.25%	0.0%	-86.3%	-82.5%	0.0%	62.0%
29 Wyoming	0.25%	0.25%	0.25%	0.0%	-39.0%	-25.9%	0.0%	62.0%
30 Delaware	0.25%	0.25%	0.25%	0.0%	-82.7%	-77.1%	0.0%	62.0%
31 Nebraska	0.25%	0.25%	0.25%	0.0%	243.6%	337.8%	0.0%	62.0%
32 North Dakota	0.25%	0.25%	0.25%	0.0%	-17.2%	6.4%	0.0%	62.0%
33 South Dakota	0.25%	0.25%	0.25%	0.0%	286.0%	391.0%	0.0%	62.0%
34 Mississippi	1.52%	1.26%	1.56%	2.3%	53.5%	29.6%	-17.4%	-759.5%
35 Georgia	2.03%	1.96%	2.11%	3.9%	38.4%	76.0%	-3.7%	-95.5%
<b>Group-4 Moderate Increases</b>								
36 South Carolina	1.20%	1.26%	1.34%	12.0%	5.9%	35.9%	5.0%	41.8%
37 Idaho	0.35%	0.35%	0.39%	13.2%	40.5%	75.9%	0.2%	1.8%
38 Kansas	0.40%	0.49%	0.45%	14.0%	270.7%	351.3%	23.4%	166.5%
39 New York	7.44%	7.65%	8.51%	14.3%	26.8%	13.0%	2.8%	19.6%
40 Montana	0.36%	0.38%	0.42%	15.3%	19.9%	28.8%	4.3%	28.3%
41 Nevada	0.37%	0.49%	0.42%	15.6%	10.2%	42.6%	33.1%	212.6%
<b>Group-5 Large Increases</b>								
42 California	12.97%	17.17%	16.50%	27.2%	48.3%	28.2%	32.3%	118.9%
43 Ohio	3.68%	3.82%	4.76%	29.1%	34.4%	56.8%	3.7%	12.7%
44 Texas	7.03%	8.23%	9.14%	30.0%	45.5%	47.6%	17.2%	57.3%
45 Arizona	1.40%	1.46%	1.84%	30.8%	46.1%	51.1%	4.2%	13.5%
46 Washington	1.68%	2.21%	2.22%	31.8%	38.8%	56.5%	31.0%	97.6%
47 Oregon	1.05%	0.94%	1.42%	34.9%	45.1%	64.4%	-11.1%	-31.7%
48 D.C.	0.28%	0.41%	0.42%	48.0%	65.6%	42.5%	45.3%	94.4%
49 Alaska	0.26%	0.32%	0.39%	48.6%	92.8%	52.2%	19.6%	40.4%
50 New Mexico	0.66%	0.82%	0.99%	51.1%	92.5%	116.5%	25.7%	50.3%
51 Puerto Rico	3.65%	4.60%	5.57%	52.4%	92.1%	98.3%	26.0%	49.6%
52 Hawaii	0.25%	0.46%	0.57%	129.8%	784.1%	1015.1%	83.3%	64.2%
<b>Sums</b>								
Large Reductions	15.1%	11.1%	8.7%	-40.6%	-69.1%	-67.1%	-23.5%	55.9%
Moderate Reductions	25.4%	22.7%	19.9%	-20.2%	-36.9%	-29.5%	-13.8%	77.8%
Small Changes	16.4%	15.1%	16.1%	-1.0%	31.1%	48.1%	-3.7%	24.6%
Moderate Increases	10.1%	10.6%	11.5%	14.1%	62.3%	91.2%	11.5%	78.5%
Large Increases	32.9%	40.4%	43.8%	46.7%	125.9%	148.1%	25.2%	51.6%
<b>Averages</b>								

The declines in ASU and excess unemployment shares were about equal in the states with large overall share reductions, but excess unemployment reductions were considerably larger than ASU unemployment reductions in the states with moderate reductions. In contrast, states with large and moderate increases gained considerably more from increases in excess unemployment than ASU unemployment. However, greater than proportional increases in excess unemployment would be expected because many of the states experiencing unemployment increases initially had low unemployment rates and tiny excess unemployment levels.

In terms of the timing of the changes in unemployment, a bit more than half of the change for the groups with the largest decreases and largest increases occurred between PY93 and PY97. Three-quarters of the change for the groups with moderate decreases or moderate increases occurred between PY93 and PY97. That much of the change occurred during the recovery from the relatively mild recessions of the early 1990's makes sense, as these recessions were heavily concentrated in the Midwest and Northeast, and the recovery in those sections was relatively swift. In contrast, the relative increases in unemployment in the West were less severe, but fairly persistent. They were linked in part to the decline in high-tech firms and continued recession in Japan.

Overall, the results clearly show that there were sharp and persistent shifts in unemployment in many states. Because shifts in poverty were far smaller than shifts in unemployment during the 1990's, our results suggest that giving so much weight to unemployment shifts did not do a good job in equalizing funding per person in poverty. Moreover, while tighter labor markets modestly reduce poverty, not all changes in unemployment are likely to have the same effect on poverty.

For example, declines in traditional "smokestack" manufacturing industries probably have a much stronger affect on local poverty than declines in high tech computer-oriented or aerospace industries. Because of the strong regional differences in unemployment and industry mix it is unfortunate that we did not have more recent state poverty statistics to more precisely pin-down the unemployment-poverty relationship.

It is similarly unfortunate that we have no measure of demand for JTPA/WIA services (among individuals who are not dislocated workers). While we are confident that changes in unemployment are sharper than changes in poverty, it still could be the case that shifts in unemployment trigger sharp shifts in demand for employment and training assistance.

We consider the lack of good measures of service demand to be a major impediment for improving the allotment system. Even if, as is quite likely, new poverty data will make it possible to develop a formula that equalizes funding per person in poverty, that step may not provide equal access to WIA programs. This is because demand may be more of a function of changes in economic circumstances than levels of poverty. Equitably distributing WIA funds is further complicated because adult programs are no longer narrowly targeted on economically disadvantaged individuals.

### **3.5 Effects of WIA Minimum Funding Provisions**

As explained previously, under WIA, minimum funding provisions change when funding available for the states reaches a defined threshold (\$960 million for adults and \$1 billion for youth). In the first year WIA was applicable (PY2000), special minimum funding provisions were not used because funding did not reach the designated threshold. However, in PY2001, the youth funding did exceed \$1 billion, and the special hold-harmless provisions affected state allotments.

In this section, we examine the PY2001 allotment for youth to demonstrate the use of the special WIA hold-harmless provisions. Table 13 describes how ETA allocated youth funds for PY2001 using the new minimum funding provisions. The allotment process is similar to the process described previously under JTPA, with a few significant exceptions. The hold-harmless floor continues to be 90 percent of the prior year's share (Table 13, Column D); however, the calculation of the state minimum floor is no longer 0.25 percent of the total amount of funding.

At the top of Table 13 in Column B, the calculation of the minimum floor is shown in two parts. The first part of the minimum is 0.30 percent of the first maximum set limit (.003 times \$1 billion) plus .40 percent of any excess over the maximum set limit (.004 times 82.98 million). In PY2001 this calculation came to \$2.7 million dollars. An additional floor requirement was also added under WIA—that no state might receive a share that is less than the dollar amount received by their state in the 1998 allotment. The 1998 allotment for each state is presented in Column B in the lower portion of Table 13. The allotment going to each state must be at least equal to the largest of these three amounts (presented in Column H).

Table 13. WIA disadvantaged youth activities allocation for PY01

	Column A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
State	PY 1998 JTPA IB/IC Allotments	PY 2000 WIA Youth Allotments	PY 2000 Stop Loss 90%	130% Stop Gain	Higher of 90% SL/100% 98\$/ Comb Floors	Which Minimum is Higher	Final Min:	Final Max 130% Stop Gain
TOTAL	983,330,497 A	982,823,112 B	974,678,045 C	1,407,868,296 D	1,024,283,004 E	F	1,024,283,004 G	H
Alabama	15,271,005	14,068,303	13,949,730	20,149,610	15,271,005	100% '98 \$	15,271,005	20,149,610
Alaska	3,695,798	3,215,719	3,189,069	4,606,433	3,695,798	100% '98 \$	3,695,798	4,606,433
Arizona	17,363,725	16,578,123	16,440,733	23,747,726	17,363,725	100% '98 \$	17,363,725	23,747,726
Arkansas	9,491,303	10,429,385	10,342,952	14,939,820	10,342,952	90% SL	10,342,952	14,939,820
California	161,407,076	171,424,027	170,003,365	245,560,416	170,003,365	90% SL	170,003,365	245,560,416
Colorado	7,246,178	6,550,692	6,496,404	9,383,694	7,246,178	100% '98 \$	7,246,178	9,383,694
Connecticut	9,511,625	7,700,441	7,636,624	11,030,679	9,511,625	100% '98 \$	9,511,625	11,030,679
Delaware	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
Dist of Columbia	3,755,963	4,528,781	4,491,249	6,487,360	4,491,249	90% SL	4,491,249	6,487,360
Florida	40,269,848	39,070,163	38,746,372	55,966,982	40,269,848	100% '98 \$	40,269,848	55,966,982
Georgia	20,576,897	20,496,219	20,326,358	29,360,295	20,576,897	100% '98 \$	20,576,897	29,360,295
Hawaii	4,909,227	6,045,743	5,995,639	8,660,368	5,995,639	90% SL	5,995,639	8,660,368
Idaho	3,797,390	4,095,248	4,061,309	5,866,335	4,061,309	90% SL	4,061,309	5,866,335
Illinois	40,478,639	40,030,985	39,699,232	57,343,335	40,478,639	100% '98 \$	40,478,639	57,343,335
Indiana	13,604,901	11,014,284	10,923,004	15,777,673	13,604,901	100% '98 \$	13,604,901	15,777,673
Iowa	4,026,670	3,259,920	3,232,904	4,669,750	4,026,670	100% '98 \$	4,026,670	4,669,750
Kansas	4,249,452	3,440,280	3,411,769	4,928,111	4,249,452	100% '98 \$	4,249,452	4,928,111
Kentucky	17,117,753	15,511,193	15,382,645	22,219,377	17,117,753	100% '98 \$	17,117,753	22,219,377
Louisiana	21,954,017	21,598,829	21,419,831	30,939,755	21,954,017	100% '98 \$	21,954,017	30,939,755
Maine	3,835,799	3,720,413	3,689,580	5,329,394	3,835,799	100% '98 \$	3,835,799	5,329,394
Maryland	12,373,732	13,787,590	13,673,327	19,750,361	13,673,327	90% SL	13,673,327	19,750,361
Massachusetts	16,005,091	12,957,434	12,850,050	18,561,184	16,005,091	100% '98 \$	16,005,091	18,561,184
Michigan	29,775,388	28,969,657	28,729,573	41,498,273	29,775,388	100% '98 \$	29,775,388	41,498,273
Minnesota	9,941,839	8,048,735	7,982,032	11,529,601	9,941,839	100% '98 \$	9,941,839	11,529,601
Mississippi	12,504,229	12,562,595	12,458,484	17,995,587	12,504,229	100% '98 \$	12,504,229	17,995,587
Missouri	14,918,738	14,008,527	13,892,433	20,066,847	14,918,738	100% '98 \$	14,918,738	20,066,847
Montana	3,167,474	4,149,252	4,114,865	5,943,695	4,114,865	90% SL	4,114,865	5,943,695
Nebraska	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
Nevada	4,522,885	3,661,485	3,631,141	5,244,981	4,522,885	100% '98 \$	4,522,885	5,244,981
New Hampshire	2,577,055	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
New Jersey	29,273,666	23,699,434	23,503,027	33,948,817	29,273,666	100% '98 \$	29,273,666	33,948,817
New Mexico	10,371,230	10,430,066	10,343,628	14,940,796	10,371,230	100% '98 \$	10,371,230	14,940,796
New York	78,249,155	81,034,703	80,363,135	116,080,084	80,363,135	90% SL	80,363,135	116,080,084
North Carolina	15,933,858	14,391,704	14,272,434	20,615,738	15,933,858	100% '98 \$	15,933,858	20,615,738
North Dakota	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
Ohio	39,689,144	41,633,629	41,288,594	59,639,080	41,288,594	90% SL	41,288,594	59,639,080
Oklahoma	8,085,560	10,326,811	10,241,228	14,792,886	10,241,228	90% SL	10,241,228	14,792,886
Oregon	12,262,757	14,609,203	14,488,130	20,927,300	14,488,130	90% SL	14,488,130	20,927,300
Pennsylvania	38,152,152	34,298,461	34,014,215	49,131,645	38,152,152	100% '98 \$	38,152,152	49,131,645
Puerto Rico	46,950,763	54,369,986	53,919,399	77,883,577	53,919,399	90% SL	53,919,399	77,883,577
Rhode Island	3,076,450	2,490,640	2,469,999	3,567,776	3,331,902	Floor \$	3,331,902	3,567,776
South Carolina	14,935,516	12,091,526	11,991,319	17,320,793	14,935,516	100% '98 \$	14,935,516	17,320,793
South Dakota	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
Tennessee	19,487,876	18,465,533	18,312,501	26,451,391	19,487,876	100% '98 \$	19,487,876	26,451,391
Texas	83,509,904	88,620,250	87,885,817	126,946,181	87,885,817	90% SL	87,885,817	126,946,181
Utah	3,022,222	3,301,394	3,274,034	4,729,160	3,331,902	Floor \$	3,331,902	4,729,160
Vermont	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671
Virginia	16,534,311	13,385,882	13,274,948	19,174,924	16,534,311	100% '98 \$	16,534,311	19,174,924
Washington	21,853,715	21,370,932	21,193,822	30,613,299	21,853,715	100% '98 \$	21,853,715	30,613,299
West Virginia	9,947,712	10,548,280	10,460,862	15,110,134	10,460,862	90% SL	10,460,862	15,110,134
Wisconsin	8,895,053	9,633,249	9,553,414	13,799,376	9,553,414	90% SL	9,553,414	13,799,376
Wyoming	2,458,326	2,457,058	2,436,695	3,519,671	3,331,902	Floor \$	3,331,902	3,519,671

Table 13. WIA disadvantaged youth activities allocation for PY01 (continued)

	Column A	Column B	Column C	Column D	Column E	Column F
State	Factor 1: ASU Unemp	Factor 2: Excess Unemp	Factor 3: Econ Disadv Youth	Total Allocation Based on 3 Factors	% Share	HH/Min \$ Applied
<b>TOTAL</b>	<b>3,582,714</b>	<b>1,130,599</b>	<b>3,522,329</b>	<b>1,082,975,617</b>	<b>100.00%</b>	<b>308,756,064</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
Alabama	65,157	20,159	68,486	20,020,699	0.01849	0
Alaska	18,650	5,923	7,095	4,497,475	0.00415	0
Arizona	73,022	22,125	63,878	20,968,642	0.01936	0
Arkansas	35,761	10,849	41,105	11,279,975	0.01042	0
California	733,270	221,951	457,960	191,685,912	0.17700	0
Colorado	7,758	2,397	38,757	5,519,112	0.00510	7,246,178
Connecticut	8,707	2,716	19,329	3,725,476	0.00344	9,511,625
Delaware	1,602	506	5,016	837,052	0.00077	3,331,902
Dist of Columbia	15,450	4,688	11,380	4,219,874	0.00390	4,491,249
Florida	135,820	41,227	152,454	42,473,115	0.03922	0
Georgia	71,574	21,892	92,762	23,708,573	0.02189	0
Hawaii	23,025	7,009	11,619	5,748,698	0.00531	5,995,639
Idaho	15,192	4,622	14,291	4,471,143	0.00413	0
Illinois	194,354	58,770	139,130	52,606,779	0.04858	0
Indiana	32,376	9,906	60,530	12,628,616	0.01166	13,604,901
Iowa	1,277	407	28,819	3,212,186	0.00297	4,026,670
Kansas	10,749	3,433	25,392	4,781,536	0.00442	0
Kentucky	44,050	13,339	80,475	16,945,109	0.01565	17,117,753
Louisiana	71,978	21,795	94,814	23,928,611	0.02210	0
Maine	13,142	4,027	11,517	3,790,310	0.00350	3,835,799
Maryland	33,624	10,300	41,077	10,886,491	0.01005	13,673,327
Massachusetts	19,770	6,041	40,966	8,119,329	0.00750	16,005,091
Michigan	82,913	25,147	124,857	29,179,691	0.02694	29,775,388
Minnesota	17,170	5,228	53,813	8,914,416	0.00823	9,941,839
Mississippi	60,457	18,383	63,705	18,490,078	0.01707	0
Missouri	21,273	6,478	64,072	10,778,358	0.00995	14,918,738
Montana	14,039	4,308	15,890	4,418,586	0.00408	0
Nebraska	4,030	1,241	15,906	2,432,456	0.00225	3,331,902
Nevada	15,905	4,913	14,891	4,697,391	0.00434	0
New Hampshire	0	0	6,829	699,882	0.00065	3,331,902
New Jersey	88,595	27,891	62,293	24,216,366	0.02236	29,273,666
New Mexico	39,007	12,069	33,484	11,215,526	0.01036	0
New York	347,560	105,078	226,815	91,816,060	0.08478	0
North Carolina	51,998	16,086	78,821	18,453,528	0.01704	0
North Dakota	2,197	676	8,006	1,257,719	0.00116	3,331,902
Ohio	200,411	60,924	133,693	53,347,614	0.04926	0
Oklahoma	11,432	3,523	47,658	7,161,060	0.00661	10,241,228
Oregon	60,902	18,414	37,432	15,852,181	0.01464	0
Pennsylvania	98,576	29,905	129,178	32,719,923	0.03021	38,152,152
Puerto Rico	143,143	84,526	198,455	61,750,516	0.05702	0
Rhode Island	4,803	1,477	7,132	1,686,477	0.00156	3,331,902
South Carolina	48,878	15,078	50,700	14,935,284	0.01379	14,935,516
South Dakota	1,796	547	10,103	1,391,040	0.00128	3,331,902
Tennessee	55,640	16,865	71,935	18,363,499	0.01696	19,487,876
Texas	370,975	112,354	319,078	105,954,243	0.09784	0
Utah	4,740	1,495	22,548	3,265,812	0.00302	3,331,902
Vermont	1,094	333	5,674	798,065	0.00074	3,331,902
Virginia	40,527	12,265	62,455	14,400,404	0.01330	16,534,311
Washington	97,583	29,512	58,492	25,250,013	0.02332	0
West Virginia	44,726	13,860	33,512	12,366,491	0.01142	0
Wisconsin	23,647	7,213	52,220	10,037,569	0.00927	0
Wyoming	2,389	728	5,830	1,070,656	0.00099	3,331,902

Table 13. WIA disadvantaged youth activities allocation for PY01 (continued)

	Column A	Column B	Column C	Column D	Column E
State	Factor 1: ASU Unemp	Factor 2: Excess Unemp	Factor 3: Econ Disadv Youth	Remaining Formula \$	HH/Min \$ Applied
<b>TOTAL</b>	<b>2,895,880</b>	<b>920,386</b>	<b>2,423,855</b>	<b>774,219,550</b>	<b>44,792,533</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Alabama	65,157	20,159	68,486	18,750,992	0
Alaska	18,650	5,923	7,095	4,078,249	0
Arizona	73,022	22,125	63,878	19,512,536	0
Arkansas	35,761	10,849	41,105	10,605,490	0
California	733,270	221,951	457,960	176,341,422	0
Colorado	0	0	0	0	0
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Dist of Columbia	0	0	0	0	0
Florida	135,820	41,227	152,454	39,895,947	40,269,848
Georgia	71,574	21,892	92,762	22,393,505	0
Hawaii	0	0	0	0	0
Idaho	15,192	4,622	14,291	4,171,459	0
Illinois	194,354	58,770	139,130	48,612,706	0
Indiana	0	0	0	0	0
Iowa	0	0	0	0	0
Kansas	10,749	3,433	25,392	4,624,067	0
Kentucky	0	0	0	0	0
Louisiana	71,978	21,795	94,814	22,620,791	0
Maine	0	0	0	0	0
Maryland	0	0	0	0	0
Massachusetts	0	0	0	0	0
Michigan	0	0	0	0	0
Minnesota	0	0	0	0	0
Mississippi	60,457	18,383	63,705	17,325,112	0
Missouri	0	0	0	0	0
Montana	14,039	4,308	15,890	4,150,911	0
Nebraska	0	0	0	0	0
Nevada	15,905	4,913	14,891	4,380,478	4,522,685
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New Mexico	39,007	12,069	33,484	10,425,424	0
New York	347,560	105,078	226,815	84,586,646	0
North Carolina	51,998	16,086	78,821	17,536,631	0
North Dakota	0	0	0	0	0
Ohio	200,411	60,924	133,693	49,177,575	0
Oklahoma	0	0	0	0	0
Oregon	60,902	18,414	37,432	14,576,118	0
Pennsylvania	0	0	0	0	0
Puerto Rico	143,143	84,526	198,455	57,587,278	0
Rhode Island	0	0	0	0	0
South Carolina	0	0	0	0	0
South Dakota	0	0	0	0	0
Tennessee	0	0	0	0	0
Texas	370,975	112,354	319,078	98,536,940	0
Utah	0	0	0	0	0
Vermont	0	0	0	0	0
Virginia	0	0	0	0	0
Washington	97,583	29,512	58,492	23,199,179	0
West Virginia	44,726	13,860	33,512	11,440,258	0
Wisconsin	23,647	7,213	52,220	9,689,838	0
Wyoming	0	0	0	0	0

Table 13. WIA disadvantaged youth activities allocation for PY01 (continued)

	Column A	Column B	Column C	Column D	Column E
State	Factor 1: ASU Unemp	Factor 2: Excess Unemp	Factor 3: Econ Disadv Youth	Remaining Formula \$	HH/Min \$ Applied
<b>TOTAL</b>	<b>2,744,155</b>	<b>874,246</b>	<b>2,256,510</b>	<b>729,427,017</b>	<b>0</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Alabama	65,157	20,159	68,486	18,759,175	0
Alaska	18,650	5,923	7,095	4,064,241	0
Arizona	73,022	22,125	63,878	19,506,301	0
Arkansas	35,761	10,849	41,105	10,614,970	0
California	733,270	221,951	457,960	176,044,587	0
Colorado	0	0	0	0	0
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Dist of Columbia	0	0	0	0	0
Florida	0	0	0	0	0
Georgia	71,574	21,892	92,762	22,425,496	0
Hawaii	0	0	0	0	0
Idaho	15,192	4,622	14,291	4,171,399	0
Illinois	194,354	58,770	139,130	48,556,867	0
Indiana	0	0	0	0	0
Iowa	0	0	0	0	0
Kansas	10,749	3,433	25,392	4,643,202	0
Kentucky	0	0	0	0	0
Louisiana	71,978	21,795	94,814	22,655,421	0
Maine	0	0	0	0	0
Maryland	0	0	0	0	0
Massachusetts	0	0	0	0	0
Michigan	0	0	0	0	0
Minnesota	0	0	0	0	0
Mississippi	60,457	18,383	63,705	17,333,642	0
Missouri	0	0	0	0	0
Montana	14,039	4,308	15,890	4,154,205	0
Nebraska	0	0	0	0	0
Nevada	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New Mexico	39,007	12,069	33,484	10,420,706	0
New York	347,560	105,078	226,815	84,458,703	0
North Carolina	51,998	16,086	78,821	17,574,081	0
North Dakota	0	0	0	0	0
Ohio	200,411	60,924	133,693	49,106,758	0
Oklahoma	0	0	0	0	0
Oregon	60,902	18,414	37,432	14,550,737	0
Pennsylvania	0	0	0	0	0
Puerto Rico	143,143	84,526	198,455	57,574,911	0
Rhode Island	0	0	0	0	0
South Carolina	0	0	0	0	0
South Dakota	0	0	0	0	0
Tennessee	0	0	0	0	0
Texas	370,975	112,354	319,078	98,498,412	0
Utah	0	0	0	0	0
Vermont	0	0	0	0	0
Virginia	0	0	0	0	0
Washington	97,583	29,512	58,492	23,156,595	0
West Virginia	44,726	13,860	33,512	11,428,555	0
Wisconsin	23,647	7,213	52,220	9,728,051	0
Wyoming	0	0	0	0	0

Table 13. WIA disadvantaged youth activities allocation for PY01 (continued)

	Column A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
State	Factor 1: ASU Unemp	Factor 2: Excess Unemp	Factor 3: Econ Disadv Youth	Remaining Formula \$	HH/Min \$ Applied	130% Stop Gain Applied	Remaining Formula \$	Final Dollars
<b>TOTAL</b>	<b>2,744,155</b>	<b>874,246</b>	<b>2,256,510</b>	<b>729,427,017</b>	<b>0</b>	<b>0</b>	<b>729,427,017</b>	<b>1,082,975,612</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Alabama	65,157	20,159	68,486	18,759,175	0	0	18,759,175	18,759,175
Alaska	18,650	5,923	7,095	4,064,241	0	0	4,064,241	4,064,241
Arizona	73,022	22,125	63,878	19,506,301	0	0	19,506,301	19,506,301
Arkansas	35,761	10,849	41,105	10,614,970	0	0	10,614,970	10,614,970
California	733,270	221,951	457,960	176,044,587	0	0	176,044,587	176,044,587
Colorado	0	0	0	0	0	0	0	7,246,178
Connecticut	0	0	0	0	0	0	0	9,511,625
Delaware	0	0	0	0	0	0	0	3,331,902
Dist of Columbia	0	0	0	0	0	0	0	4,491,249
Florida	0	0	0	0	0	0	0	40,269,848
Georgia	71,574	21,892	92,762	22,425,496	0	0	22,425,496	22,425,496
Hawaii	0	0	0	0	0	0	0	5,995,639
Idaho	15,192	4,622	14,291	4,171,399	0	0	4,171,399	4,171,399
Illinois	194,354	58,770	139,130	48,556,867	0	0	48,556,867	48,556,867
Indiana	0	0	0	0	0	0	0	13,604,901
Iowa	0	0	0	0	0	0	0	4,026,670
Kansas	10,749	3,433	25,392	4,643,202	0	0	4,643,202	4,643,202
Kentucky	0	0	0	0	0	0	0	17,117,753
Louisiana	71,978	21,795	94,814	22,655,421	0	0	22,655,421	22,655,421
Maine	0	0	0	0	0	0	0	3,835,799
Maryland	0	0	0	0	0	0	0	13,673,327
Massachusetts	0	0	0	0	0	0	0	16,005,091
Michigan	0	0	0	0	0	0	0	29,775,388
Minnesota	0	0	0	0	0	0	0	9,941,839
Mississippi	60,457	18,383	63,705	17,333,642	0	0	17,333,642	17,333,642
Missouri	0	0	0	0	0	0	0	14,918,738
Montana	14,039	4,308	15,890	4,154,205	0	0	4,154,205	4,154,205
Nebraska	0	0	0	0	0	0	0	3,331,902
Nevada	0	0	0	0	0	0	0	4,522,685
New Hampshire	0	0	0	0	0	0	0	3,331,902
New Jersey	0	0	0	0	0	0	0	29,273,666
New Mexico	39,007	12,069	33,484	10,420,706	0	0	10,420,706	10,420,706
New York	347,560	105,078	226,815	84,458,703	0	0	84,458,703	84,458,703
North Carolina	51,998	16,086	78,821	17,574,081	0	0	17,574,081	17,574,081
North Dakota	0	0	0	0	0	0	0	3,331,902
Ohio	200,411	60,924	133,693	49,106,758	0	0	49,106,758	49,106,758
Oklahoma	0	0	0	0	0	0	0	10,241,228
Oregon	60,902	18,414	37,432	14,550,737	0	0	14,550,737	14,550,737
Pennsylvania	0	0	0	0	0	0	0	38,152,152
Puerto Rico	143,143	84,526	198,455	57,574,911	0	0	57,574,911	57,574,911
Rhode Island	0	0	0	0	0	0	0	3,331,902
South Carolina	0	0	0	0	0	0	0	14,935,516
South Dakota	0	0	0	0	0	0	0	3,331,902
Tennessee	0	0	0	0	0	0	0	19,487,876
Texas	370,975	112,354	319,078	98,498,412	0	0	98,498,412	98,498,412
Utah	0	0	0	0	0	0	0	3,331,902
Vermont	0	0	0	0	0	0	0	3,331,902
Virginia	0	0	0	0	0	0	0	16,534,311
Washington	97,583	29,512	58,492	23,156,595	0	0	23,156,595	23,156,595
West Virginia	44,726	13,860	33,512	11,428,555	0	0	11,428,555	11,428,555
Wisconsin	23,647	7,213	52,220	9,728,051	0	0	9,728,051	9,728,051
Wyoming	0	0	0	0	0	0	0	3,331,902

Table 14 offers a comparison between the allotments given to states under WIA in 2001 and the allotments that would have been distributed to states if the JTPA formula was still in effect in 2001.

First, it is important to point out that more states were directly affected by the new minimum funding provisions. Under WIA, 30 states received minimum funds under the minimum funding provisions, while under JTPA only 23 states would have received minimums. The same 23 minimum funding states in JTPA received minimum funding in WIA, with 19 of those states receiving more funding under WIA, while 4 received the same level. Overall, since more states received their funding based on the minimum funding provisions, many states received more funding in 2001 under the WIA formula than they would have received under the JTPA formula. Seven states that received more funds under WIA minimum funding provisions would not have received minimum funds under JTPA provisions. These states are Florida, Indiana, Kentucky, Minnesota, Nevada, South Carolina, and Virginia. Of the seven states, all but Florida and Nevada would have received less funding under JTPA.

The WIA formula caused all of the states affected by the minimum floor of .30 and .40 percent to receive 23 percent more funding (\$624,463 more per state) than they would have received under JTPA, where the minimum floor is only 0.25 percent of the total allotment. The number of states where the floor was applied remained about the same when using both of the formulas, eight states under JTPA and nine states under WIA. Utah was the only state that received funds based on the minimum floor under WIA that would not have under JTPA.

The largest differences were due to the use of the new 1998 minimum funding provision, which stipulated that states could not receive less funds than their actual allotment in 1998. This WIA provision directly affected the funds going to 17 states, and 15 of these states received more funding than they would have using the JTPA formula. The other 2 states (Florida and Nevada) received less funding under WIA because in the initial calculation steps, funds were shifted from them to the other minimum states.

In addition, under the WIA formula, the 90 percent threshold directly affected fewer states than would have been affected under JTPA (15 under JTPA and four under WIA). However, this is due to the extended use of the new 1998 minimum funding provision, which tended to provide a higher dollar amount per state than the 90 percent threshold. All four of the states that received their funding based on the WIA 90 percent threshold would have received the same amount of funding under JTPA.

Table 14. State youth program allotments under WIA and JTPA formulas PY01

	Final Dollars Under JTPA	Final Dollars Under WIA	Percent Change From JTPA to WIA	Dollar Change from JTPA to WIA
1 Massachusetts	\$12,850,050	\$16,005,091	24.6%	\$3,155,041
2 New Jersey	\$23,503,027	\$29,273,666	24.6%	\$5,770,639
3 Connecticut	\$7,636,624	\$9,511,625	24.6%	\$1,875,001
4 Iowa	\$3,232,904	\$4,026,670	24.6%	\$793,766
5 Delaware	\$2,707,439	\$3,331,902	23.1%	\$624,463
6 Nebraska	\$2,707,439	\$3,331,902	23.1%	\$624,463
7 New Hampshire	\$2,707,439	\$3,331,902	23.1%	\$624,463
8 North Dakota	\$2,707,439	\$3,331,902	23.1%	\$624,463
9 Rhode Island	\$2,707,439	\$3,331,902	23.1%	\$624,463
10 South Dakota	\$2,707,439	\$3,331,902	23.1%	\$624,463
11 Vermont	\$2,707,439	\$3,331,902	23.1%	\$624,463
12 Wyoming	\$2,707,439	\$3,331,902	23.1%	\$624,463
13 Virginia	\$14,111,560	\$16,534,311	17.2%	\$2,422,751
14 Pennsylvania	\$34,014,215	\$38,152,152	12.2%	\$4,137,937
15 Minnesota	\$8,896,001	\$9,941,839	11.8%	\$1,045,838
16 Colorado	\$6,496,404	\$7,246,178	11.5%	\$749,774
17 Indiana	\$12,436,211	\$13,604,901	9.4%	\$1,168,690
18 Missouri	\$13,892,433	\$14,918,738	7.4%	\$1,026,305
19 Tennessee	\$18,312,501	\$19,487,876	6.4%	\$1,175,375
20 Maine	\$3,689,580	\$3,835,799	4.0%	\$146,219
21 Michigan	\$28,729,573	\$29,775,388	3.6%	\$1,045,815
22 South Carolina	\$14,486,486	\$14,935,516	3.1%	\$449,030
23 Kentucky	\$16,679,157	\$17,117,753	2.6%	\$438,596
24 Utah	\$3,274,034	\$3,331,902	1.8%	\$57,868
25 District of Columbia	\$4,491,249	\$4,491,249	0.0%	\$0
26 Hawaii	\$5,995,639	\$5,995,639	0.0%	\$0
27 Maryland	\$13,673,327	\$13,673,327	0.0%	\$0
28 Oklahoma	\$10,241,228	\$10,241,228	0.0%	\$0
29 Nevada	\$4,545,060	\$4,522,685	-0.5%	-\$22,375
30 Kansas	\$4,734,777	\$4,643,202	-1.9%	-\$91,575
31 Wisconsin	\$9,928,167	\$9,728,051	-2.0%	-\$200,116
32 Florida	\$41,284,905	\$40,269,848	-2.5%	-\$1,015,057
33 North Carolina	\$18,070,297	\$17,574,081	-2.7%	-\$496,216
34 Louisiana	\$23,353,721	\$22,655,421	-3.0%	-\$698,300
35 Georgia	\$23,126,317	\$22,425,496	-3.0%	-\$700,821
36 Arkansas	\$10,970,942	\$10,614,970	-3.2%	-\$355,972
37 Montana	\$4,295,256	\$4,154,205	-3.3%	-\$141,051
38 Mississippi	\$17,944,580	\$17,333,642	-3.4%	-\$610,938
39 Alabama	\$19,424,581	\$18,759,175	-3.4%	-\$665,406
40 Idaho	\$4,327,441	\$4,171,399	-3.6%	-\$156,042
41 Puerto Rico	\$59,747,955	\$57,574,911	-3.6%	-\$2,173,044
42 Arizona	\$20,261,491	\$19,506,301	-3.7%	-\$755,190
43 Texas	\$102,341,915	\$98,498,412	-3.8%	-\$3,843,503
44 New Mexico	\$10,829,885	\$10,420,706	-3.8%	-\$409,179
45 West Virginia	\$11,905,166	\$11,428,555	-4.0%	-\$476,611
46 Illinois	\$50,609,030	\$48,556,867	-4.1%	-\$2,052,163
47 Ohio	\$51,243,191	\$49,106,758	-4.2%	-\$2,136,433
48 New York	\$88,159,814	\$84,458,703	-4.2%	-\$3,701,111
49 California	\$183,887,719	\$176,044,587	-4.3%	-\$7,843,132
50 Oregon	\$15,202,628	\$14,550,737	-4.3%	-\$651,891
51 Washington	\$24,203,396	\$23,156,595	-4.3%	-\$1,046,801
52 Alaska	\$4,275,663	\$4,064,241	-4.9%	-\$211,422
	Sum	Sum		
1-24 (Hold-harm states)	\$243,900,272	\$274,354,621		\$30,454,349
25-29 (Unaffected states)	\$34,401,443	\$34,401,443		\$0
30-52 (Loss states)	\$804,673,897	\$774,219,548		-\$30,454,349

Table 14 shows that 24 states received more funding under WIA than they would have using the JTPA minimum funding provisions. Twelve of these states received at least 20 percent more. Four states remained the same in terms of funding. Although 24 states lost funding in order to boost the funds of the 24 hold-harmless states, their percentage losses were small, between 1.9 percent and 4.9 percent.

The WIA minimum funding provisions shifted \$30.4 million dollars out of the approximately \$1 billion total allotment, which amounts to only 3 percent of the total allotment. In addition, the states whose allotments were determined by the minimum funding provisions accounted for only 27 percent of the total allotment. This result is consistent with our earlier findings that the states which generally receive less funding are more positively affected by the hold-harmless provisions.

Because the new WIA provisions tended to positively affect the same states as the JTPA provisions, we observed a similar redistributive effect in terms of high poverty and the minimum funding provisions. In other words, the WIA hold-harmless provisions serve a similar function as the JTPA hold-harmless provisions in that the WIA provisions redistribute funds from states with relatively low poverty to states with relatively high poverty. In fact, the WIA provisions appear to be distributing even more funds to the high poverty states than JTPA would, which would indicate that the WIA provisions are even more generous to states that have more eligible individuals.

Although the WIA formula also includes a provision which limits the total amount of funds allowed to a state to 130 percent of the previous year's share, this new provision had little effect on the amount of funds distributed by the formula in PY2000 or PY2001. It appears that this provision would rarely come into use due to the high threshold of 130 percent and the redistributive effects of the other minimum funding threshold provisions.

As explained earlier, since WIA funding did not otherwise reach the designated threshold, we were only able to examine the use of these special provisions for the PY2001 youth funding. We, therefore, have to be cautious about drawing conclusions based on a single year of data, particularly about the full impact of the minimum funding provisions and how changes in unemployment may affect use of those provisions in the future. The 1998 floor requirement in particular, because it maintains fixed dollar levels, could produce unforeseen results when either funding or unemployment levels change substantially.

### 3.6 Summary and Conclusions

Our analysis of JTPA and WIA programs for adults reached several conclusions with respect to the way the formulas allotted funds over the 1990s:

1. The primary determinant of changes in allotments was changes in unemployment. In other words, large shifts in unemployment created large shifts in allotments.
2. During the 1990's there were large reductions in unemployment rates, but changes in unemployment rates were not uniform across the United States. In relative terms, unemployment fell sharply in the Northeast and Midwest and rose in the West.
3. The hold-harmless provisions for adult programs had the desired effect of preventing large, sudden, reductions in funding. As a result, it took about 3 to 4 years for the effect of a sharp drop in unemployment to be fully felt.
4. The share-floor of 0.25 percent for adult programs substantially boosted the amount of funds going to seven states. While the gains to those states were in the neighborhood of 30 percent, the cost to the remaining states was tiny, only about 0.5 percent. We have no direct evidence that administrative overhead costs drain a much higher percentage of these state's allotment away from the direct provision of services. However, this hypothesis seems plausible, and therefore, maintaining the floor seems justified.
5. More states were directly affected by the new WIA minimum funding provisions. For this reason, many states received more funding in 2001 under the WIA formula than they would have received under the JTPA formula. However, the new WIA provisions produced a similar redistributive effect as the JTPA provisions, in that funds from states with relatively low poverty were moved to states with relatively high poverty.

Our analysis also reached conclusion with respect to the way the target population, economically disadvantaged adults, shifted over the 1990s. State shares of economically disadvantaged adults changed slowly as economic conditions improved. The changes were slow in large part because many members of this group either remained poor for long periods or drifted in and out of poverty.

We also reached several conclusions about overall equity—if we assume that an appropriate criterion for the equitable distribution of allotments is that adult program funds are distributed in proportion to the number of adults in poverty.

- Use of unemployment measures did not distribute funds in proportion to the number of adults in poverty. A large part of the problem was that the initial levels of poverty and levels of unemployment were not highly correlated. A secondary problem was

that changes in unemployment were much greater than changes in poverty, even if usually in the same direction.

- In PY93 and PY97 redistributions of 8 percent and 9.5 percent of the total allocation, respectively, would have equalized dollars available per adult in poverty. However, if the hold-harmless and floor provisions were kept in place, switching to a poverty-based formula only would have redistributed 3 percent of the total PY93 allocation. However, by PY97 the effect of the hold-harmless provisions would have been reduced to about zero.
- Even though relatively small shifts in overall funding could equalize dollars per adult in poverty, the changes in many states would be large in percentage terms. This is because the 13 states with the largest shares received about two-thirds of the total funds, and the 13 states with the smallest shares received less than 3 percent of all funds.

#### 4. ANALYSIS OF JTPA AND WIA DISLOCATED WORKER ALLOTMENTS

In this section we describe the workings of the dislocated worker allocation formula, which is identical under JTPA and WIA. This formula distributes 80 percent of the total Federal dislocated worker funds to the states. Twenty percent of the funds are reserved for emergency disbursements to the states to deal with layoffs and for other purposes.

The following three factors are used to establish the state allotments:

1. Each state's share of regular unemployment, determined by the total number of unemployed in each state.
2. Each state's share of excess unemployment, determined by the total number of state unemployed less the number equal to 4.5 percent of the state workforce.
3. Each state's share of long-term unemployment, determined by the number of individuals who have been unemployed 15 weeks or more in each state.

There are no minimum funding or hold-harmless conditions in the formula.

Factor 1 is calculated by the Bureau of Labor Statistics (BLS) for the 12 months ending in September prior to the start of each program year. So, for instance, the allotment for the 1999 program year (PY99), which runs from July 1, 1999, to June 30, 2000, would rely on BLS regular unemployment figures for October 1, 1997, to September 30, 1998. Factor 2 uses the same unemployment data as factor 1, together with BLS's estimate of each state's workforce for the same period. Importantly, if the state unemployment rate is 4.5 percent or less, the excess unemployment factor is 0. Factor 3 also is calculated by BLS, but the base period is the second calendar year prior to the start of each program year. Thus, for PY99 the base period for calculating long-term unemployment is calendar year 1997.

##### **4.1 Effect of Each Factor on the Dislocated Worker Allotments in PY93, PY97, and PY01**

Here we examine how the allotments differed across the states in PY93, PY97, and PY01. Column A of Table 15-93 shows the dollar allotment of PY93 Title III funds and column B shows the

Table 15-93. Distribution of Title III Allotment to the States and Distribution of Each State's Allotment by Factor for PY93, Ordered by State Shares

	(A) Total Allotment	(B) Share of Total Allocation	(C) Percentage Contribution to State Total		(E) Long-Term Unemployment
			Regular Unemployment	Excess Unemployment	
1 California	\$59,364,587	14.35%	31.9%	38.55%	29.5%
2 New York	\$35,267,711	8.53%	29.6%	34.70%	35.7%
3 Texas	\$26,115,828	6.31%	36.2%	36.21%	27.6%
4 Florida	\$23,759,640	5.74%	33.2%	38.43%	28.4%
5 Illinois	\$22,749,098	5.50%	31.5%	35.27%	33.2%
6 Michigan	\$20,039,145	4.84%	30.5%	39.10%	30.4%
7 Pennsylvania	\$19,621,195	4.74%	33.1%	33.13%	33.8%
8 Ohio	\$16,612,857	4.02%	33.5%	29.80%	36.7%
9 New Jersey	\$15,730,774	3.80%	30.1%	33.80%	36.1%
10 Massachusetts	\$15,662,014	3.78%	24.9%	29.81%	45.3%
11 Puerto Rico	\$9,733,356	2.35%	28.6%	53.29%	18.1%
12 Virginia	\$8,654,704	2.09%	36.3%	27.16%	36.6%
13 North Carolina	\$7,701,811	1.86%	39.2%	24.24%	36.5%
14 Georgia	\$7,297,216	1.76%	37.9%	22.77%	39.4%
15 Maryland	\$7,065,512	1.71%	36.2%	30.60%	33.2%
16 Missouri	\$6,757,085	1.63%	36.4%	25.41%	38.2%
17 Louisiana	\$6,684,536	1.62%	32.1%	32.83%	35.1%
18 Washington	\$6,588,228	1.59%	39.6%	35.48%	24.9%
19 Alabama	\$6,379,917	1.54%	32.3%	31.83%	35.8%
20 Tennessee	\$6,348,778	1.53%	37.4%	31.20%	31.4%
21 Connecticut	\$6,143,535	1.49%	30.4%	28.56%	41.0%
22 Indiana	\$6,121,062	1.48%	41.4%	27.96%	30.6%
23 Kentucky	\$5,680,018	1.37%	31.4%	28.32%	40.3%
24 West Virginia	\$5,242,689	1.27%	25.2%	39.03%	35.8%
25 Arizona	\$5,073,430	1.23%	36.8%	36.63%	26.6%
26 South Carolina	\$4,677,957	1.13%	36.1%	28.77%	35.1%
27 Mississippi	\$4,589,454	1.11%	31.3%	36.78%	31.9%
28 Wisconsin	\$4,423,782	1.07%	45.2%	15.05%	39.8%
29 Oregon	\$4,303,648	1.04%	36.9%	34.48%	28.6%
30 Oklahoma	\$3,918,541	0.95%	36.5%	27.63%	35.9%
31 Minnesota	\$3,911,499	0.95%	46.0%	13.56%	40.5%
32 Arkansas	\$3,654,634	0.88%	33.6%	32.75%	33.7%
33 Colorado	\$3,474,271	0.84%	43.2%	24.72%	32.1%
34 Maine	\$2,563,617	0.62%	26.0%	23.64%	50.3%
35 New Hampshire	\$2,494,279	0.60%	27.5%	27.82%	44.7%
36 Rhode Island	\$2,451,597	0.59%	27.4%	34.35%	38.3%
37 New Mexico	\$2,131,752	0.52%	34.9%	32.07%	33.0%
38 Iowa	\$1,982,773	0.48%	51.5%	1.15%	47.3%
39 Nevada	\$1,631,330	0.39%	38.4%	29.26%	32.3%
40 Kansas	\$1,416,096	0.34%	54.5%	0.00%	45.5%
41 Montana	\$1,210,271	0.29%	34.7%	31.44%	33.9%
42 Utah	\$1,161,930	0.28%	49.9%	9.73%	40.4%
43 District of Columbia	\$1,161,588	0.28%	29.6%	35.03%	35.3%
44 Idaho	\$1,093,581	0.26%	42.8%	30.38%	26.8%
45 Alaska	\$1,059,592	0.26%	33.6%	44.28%	22.1%
46 Vermont	\$929,368	0.22%	31.7%	24.18%	44.2%
47 Delaware	\$825,522	0.20%	37.2%	20.16%	42.6%
48 Nebraska	\$607,812	0.15%	61.4%	0.00%	38.6%
49 Wyoming	\$443,136	0.11%	46.4%	27.11%	26.5%
50 Hawaii	\$430,828	0.10%	72.8%	0.00%	27.2%
51 North Dakota	\$404,747	0.10%	52.9%	3.69%	43.5%
52 South Dakota	\$288,469	0.07%	59.4%	0.00%	40.6%
		Sums		Average	
1-13	\$281,012,720	67.9%	32.2%	34.9%	32.9%
14-26	\$80,059,963	19.4%	34.9%	30.7%	34.4%
27-39	\$41,531,177	10.0%	36.8%	25.6%	37.6%
40-52	\$11,032,940	2.7%	46.7%	17.4%	35.9%
1-52	\$413,636,800	100.0%			

share of funds. States are ordered by their PY93 Title III share. Columns C, D, and E show the percentage of each state’s allotment that was derived from each unemployment factor.

At the bottom of the table we show the share of the allotment among states in each quartile. As with adult programs, the 13 states in the first quartile received about two-thirds of the entire allotment. As expected, the top three states, California, New York, and Texas, accounted for 29.2 percent of the entire allotment. At the same time, the entire bottom quartile, consisting mainly of Great Plains and Mountain states received only 2.7 percent of the total allotment.

The bottom of the table also shows that there are notable differences in the effect of each of the unemployment factors across the quartiles. The primary source of the difference is that the excess unemployment share goes disproportionately to states with the largest shares. Table 16-93 shows that the proportion of the excess unemployment share falls from the top quartile to the bottom quartile.

Table 16-93. PY93 ratio of excess unemployment shares to total shares

	Total share	Excess share	Ratio excess/total	States with no excess
Quartile 1	67.9%	72.8%	107.2%	0
Quartile 2	19.4%	17.7%	91.5%	0
Quartile 3	10.0%	7.9%	78.2%	0
Quartile 4	2.7%	1.6%	60.6%	4

In contrast, the shares based on regular and long-term unemployment are proportionate to the overall share—with one exception—states in the bottom quartile receive a disproportionately high fraction of their allocation based on regular unemployment.

A clear-cut conclusion from the above results is that excess unemployment plays a major role in redistributing funds from states with smaller shares to states with larger shares. The distributional effects of excess unemployment for dislocated worker programs is much stronger than the effect of excess ASU unemployment for adult programs. This is because most states with low overall state unemployment have some areas within the state with unemployment above both the 4.5 percent and 6.5 percent thresholds. However, by using overall state unemployment to establish the excess unemployment measures, the dislocated worker formula makes it far more likely that many states receive little, if any, funds based on the excess unemployment shares.

Tables 15-97 and 15-01 present the same information as Table 15-93 but for program years 97 and 01. About 5 percent more funds go to states in the top quartile in PY97 compared to PY93, and about 14 percent more funds go to states in the bottom quartile. About 15 percent less funds go to states in the middle two quartiles. However, there is little difference between the distributions across quartiles in program years 97 and 01.

The distributional effects of excess unemployment grow over time, as overall unemployment rates fall. As shown in Table 16-01, over 90 percent of the one-third of funds distributed on the basis of excess unemployment go to states in the top quartile. Only about 5 percent of the funds go to states in the middle two quartiles, and no funds go to states in the bottom quartile. The reason for this disproportionate distribution is that, as overall unemployment declined to record low levels, only a few states had any excess unemployment.

Finally, within each quartile the shares based on regular and long-term unemployment continue to be roughly equal. However, as we might expect, states in the top quartile also have a disproportionate share of long-term unemployment, even though the difference is much smaller than the difference in excess unemployment. As a result, states in the remaining three quartiles get a somewhat larger proportion of their funding from the regular unemployment share than the long-term unemployment share.

Based on the annual patterns for PY93, PY97, and PY01 it is clear that excess unemployment is responsible for progressively larger shifts of funds from states with smaller shares to states with larger shares. Long-term unemployment causes a shift in the same direction, but much smaller in magnitude.

Table 15-97. Distribution of Title III allotment to the states and distribution of each state's allotment by factor for PY97, ordered by state shares

	(A)	(B)	(C)		(D)	(E)	
	Total Allotment	Share of Total Allocation	Percentage Contribution to State Total		Regular Unemployment	Regular Excess Unemployment	Long-term Unemployment
1 California	\$226,611,355	21.91%	23.3%	49.1%	27.7%		
2 New York	\$91,917,963	8.89%	26.7%	39.7%	33.6%		
3 Texas	\$81,382,699	7.87%	32.2%	41.0%	26.8%		
4 Pennsylvania	\$47,736,539	4.61%	31.7%	33.0%	35.3%		
5 Florida	\$47,487,185	4.59%	36.1%	30.4%	33.5%		
6 New Jersey	\$44,679,005	4.32%	26.4%	40.4%	33.2%		
7 Illinois	\$41,727,268	4.03%	35.6%	26.9%	37.5%		
8 Puerto Rico	\$39,306,758	3.80%	20.9%	70.2%	8.8%		
9 Ohio	\$30,158,145	2.92%	43.0%	19.4%	37.6%		
10 Washington	\$26,317,878	2.54%	30.3%	42.6%	27.0%		
11 Michigan	\$24,798,043	2.40%	43.2%	14.3%	42.4%		
12 Louisiana	\$22,984,811	2.22%	26.0%	43.7%	30.4%		
13 Massachusetts	\$18,455,865	1.78%	38.7%	14.2%	47.0%		
13.5							
14 Maryland	\$16,322,396	1.58%	38.6%	18.8%	42.6%		
15 Georgia	\$15,447,527	1.49%	51.9%	6.5%	41.6%		
16 Tennessee	\$15,412,716	1.49%	41.7%	24.5%	33.9%		
17 Alabama	\$14,887,940	1.44%	34.1%	28.0%	37.9%		
18 South Carolina	\$13,502,936	1.31%	34.6%	32.1%	33.3%		
19 Virginia	\$13,354,807	1.29%	52.7%	0.0%	47.3%		
20 North Carolina	\$13,056,615	1.26%	58.3%	0.0%	41.7%		
21 Connecticut	\$12,269,326	1.19%	33.3%	20.5%	46.2%		
22 West Virginia	\$12,065,944	1.17%	22.8%	48.4%	28.8%		
23 Kentucky	\$11,913,534	1.15%	37.0%	25.1%	37.9%		
24 Indiana	\$11,375,233	1.10%	55.9%	0.0%	44.1%		
25 Missouri	\$10,875,026	1.05%	49.9%	0.0%	50.1%		
26 Mississippi	\$10,812,972	1.05%	32.2%	43.3%	24.5%		
26.5							
27 Arizona	\$10,790,780	1.04%	45.9%	24.0%	30.1%		
28 Wisconsin	\$8,791,150	0.85%	56.0%	0.0%	44.0%		
29 New Mexico	\$8,607,771	0.83%	28.7%	50.3%	21.0%		
30 Oregon	\$8,292,745	0.80%	48.1%	29.9%	22.0%		
31 Minnesota	\$8,025,182	0.78%	55.3%	0.0%	44.7%		
32 Colorado	\$6,569,865	0.64%	60.7%	0.0%	39.3%		
33 Oklahoma	\$6,134,591	0.59%	53.2%	0.0%	46.8%		
34 Arkansas	\$5,898,001	0.57%	47.9%	23.4%	28.7%		
35 District of Columbia	\$5,631,401	0.54%	19.1%	48.7%	32.1%		
36 Hawaii	\$5,392,433	0.52%	29.4%	36.8%	33.8%		
37 Kansas	\$4,690,124	0.45%	54.1%	0.0%	45.9%		
38 Maine	\$4,643,804	0.45%	34.8%	28.8%	36.4%		
39 Nevada	\$4,632,379	0.45%	42.0%	24.5%	33.5%		
39.5							
40 Rhode Island	\$4,450,933	0.43%	28.5%	30.4%	41.1%		
41 Iowa	\$4,209,472	0.41%	59.1%	0.0%	40.9%		
42 Alaska	\$3,931,646	0.38%	26.6%	55.8%	17.6%		
43 Montana	\$3,531,457	0.34%	32.7%	35.5%	31.8%		
44 Idaho	\$3,203,461	0.31%	44.9%	28.7%	26.3%		
45 Utah	\$2,503,785	0.24%	59.9%	0.0%	40.1%		
46 New Hampshire	\$2,260,095	0.22%	49.2%	0.0%	50.8%		
47 Delaware	\$1,966,568	0.19%	43.3%	13.3%	43.4%		
48 Nebraska	\$1,594,122	0.15%	73.1%	0.0%	26.9%		
49 Vermont	\$1,060,691	0.10%	59.5%	0.0%	40.5%		
50 Wyoming	\$999,905	0.10%	54.6%	2.4%	43.0%		
51 North Dakota	\$911,735	0.09%	52.8%	0.0%	47.2%		
52 South Dakota	\$815,418	0.08%	64.9%	0.0%	35.1%		
S				Average			
1-13	\$743,563,514	71.88%	31.86%	35.77%	32.37%		
14-26	\$171,296,972	16.56%	41.76%	19.02%	39.23%		
27-39	\$88,100,226	8.52%	44.26%	20.49%	35.25%		
40-52	\$31,439,288	3.04%	49.93%	12.79%	37.28%		
1-52	\$1,034,400,000	100.0%					

Table 15-01. Distribution of Title III allotment to the states and distribution of each state's allotment by factor for PY01, ordered by state shares

	(A)	(B)	(C) Percentage Contribution to State Total		(E)
	Total Allotment	Share of Total Allocation	Regular Unemp	Regular Excess Unemp	Longterm Unemp
1 California	\$273,391,437	21.49%	22.7%	52.5%	24.8%
2 Puerto Rico	\$166,101,676	13.06%	6.2%	89.7%	4.1%
3 New York	\$105,559,534	8.30%	29.4%	25.9%	44.7%
4 Texas	\$63,747,179	5.01%	53.5%	0.0%	46.5%
5 Illinois	\$41,575,303	3.27%	49.1%	0.0%	50.9%
6 Florida	\$39,311,417	3.09%	54.0%	0.0%	46.0%
7 Pennsylvania	\$38,706,830	3.04%	46.8%	0.0%	53.2%
8 Ohio	\$34,309,127	2.70%	52.3%	0.0%	47.7%
9 Mississippi	\$30,701,477	2.41%	17.0%	68.3%	14.7%
10 New Jersey	\$30,498,439	2.40%	40.8%	0.0%	59.2%
11 Oregon	\$28,811,913	2.27%	23.3%	57.1%	19.6%
12 Washington	\$27,119,437	2.13%	39.0%	26.6%	34.4%
13 West Virginia	\$25,423,973	2.00%	13.4%	67.8%	18.9%
14 Louisiana	\$23,158,418	1.82%	30.9%	33.8%	35.4%
15 Michigan	\$21,932,071	1.72%	58.8%	0.0%	41.2%
16 New Mexico	\$21,923,521	1.72%	15.6%	71.5%	12.9%
17 Georgia	\$20,930,127	1.65%	52.8%	0.0%	47.2%
18 Maryland	\$17,559,765	1.38%	38.9%	0.0%	61.1%
19 North Carolina	\$16,959,265	1.33%	56.7%	0.0%	43.3%
20 Massachusetts	\$15,134,353	1.19%	45.9%	0.0%	54.1%
21 Alabama	\$15,068,548	1.18%	47.5%	0.0%	52.5%
22 Wisconsin	\$12,880,353	1.01%	56.2%	0.0%	43.8%
23 Arizona	\$12,879,316	1.01%	54.0%	0.0%	46.0%
24 Tennessee	\$12,771,543	1.00%	60.2%	0.0%	39.8%
25 Virginia	\$12,424,713	0.98%	56.8%	0.0%	43.2%
26 Missouri	\$12,374,521	0.97%	47.5%	0.0%	52.5%
27 South Carolina	\$11,936,257	0.94%	50.3%	0.0%	49.7%
28 Kentucky	\$11,735,435	0.92%	49.5%	0.0%	50.5%
29 Alaska	\$11,395,001	0.90%	12.5%	77.6%	9.9%
30 Indiana	\$10,682,428	0.84%	68.3%	0.0%	31.7%
31 Minnesota	\$10,473,235	0.82%	51.5%	0.0%	48.5%
32 District of Colum	\$8,433,959	0.66%	13.6%	62.9%	23.4%
33 Colorado	\$8,255,862	0.65%	55.5%	0.0%	44.5%
34 Connecticut	\$7,406,982	0.58%	42.8%	0.0%	57.2%
35 Arkansas	\$7,103,656	0.56%	56.3%	0.0%	43.7%
36 Montana	\$7,084,638	0.56%	24.7%	51.4%	23.9%
37 Oklahoma	\$6,561,865	0.52%	57.0%	0.0%	43.0%
38 Hawaii	\$6,477,632	0.51%	31.6%	16.1%	52.3%
39 Kansas	\$5,502,565	0.43%	64.1%	0.0%	35.9%
40 Iowa	\$5,437,368	0.43%	48.1%	0.0%	51.9%
41 Nevada	\$5,334,057	0.42%	52.4%	0.0%	47.6%
42 Utah	\$4,430,131	0.35%	55.4%	0.0%	44.6%
43 Idaho	\$3,898,217	0.31%	56.5%	0.0%	43.5%
44 Maine	\$3,214,945	0.25%	56.1%	0.0%	43.9%
45 Nebraska	\$2,997,707	0.24%	62.3%	0.0%	37.7%
46 Rhode Island	\$2,885,714	0.23%	51.1%	0.0%	48.9%
47 Delaware	\$2,184,617	0.17%	48.3%	0.0%	51.7%
48 New Hampshire	\$1,877,882	0.15%	69.9%	0.0%	30.1%
49 Wyoming	\$1,663,175	0.13%	49.1%	0.0%	50.9%
50 South Dakota	\$1,283,809	0.10%	56.0%	0.0%	44.0%
51 North Dakota	\$1,279,725	0.10%	55.9%	0.0%	44.1%
52 Vermont	\$1,240,882	0.10%	54.5%	0.0%	45.5%
		S		Average	
1-13	\$905,257,742	71.2%	34.4%	29.8%	35.7%
14-26	\$215,996,514	17.0%	47.8%	8.1%	44.1%
27-39	\$113,049,515	8.9%	44.4%	16.0%	39.6%
40-52	\$37,728,229	3.0%	55.0%	0.0%	45.0%

Table 16-01. PY01 ratio of excess unemployment shares to total shares

	Total share	Excess share	Ratio excess/total	States with no excess
Quartile 1	71.2%	90.0%	126.5%	6
Quartile 2	17.0%	5.5%	32.6%	11
Quartile 3	8.9%	4.4%	50.0%	9
Quartile 4	3.0%	0.0%	0.0%	13

#### 4.2 Effect on the Dislocated Worker Allotments in PY93, PY97, and PY01 of Giving 100 Percent Weights to Each Factor

Table 17 shows the shift of funds that would be transferred from states losing funds to states gaining funds if, instead of the 1/3 - 1/3 - 1/3 weighting of each factor, each factor, in turn, was the sole basis for allocating funds in PY93, PY97, and PY01. The key result is found on line 2, where it is clear that, over time, progressively greater percentages of total funds would be shifted if excess unemployment was used as the sole factor.

Table 17. Shifts in state allotments based on giving a 100 percent weight to each factor

	<u>Shifts as a % of total allotment</u>		
	PY93	PY97	PY01
Formula based solely on:			
1. Regular unemployment	5.1%	11.7%	23.7%
2. Excess unemployment	7.3%	22.2%	44.7%
3. Long-term unemployment	6.4%	7.6%	22.2%

Indeed, in PY93 the excess unemployment shift would be only a bit larger than the shift due to use of either regular or long-term unemployment as the sole factor. But the shift tripled from PY93 to PY97, and doubled from PY97 to PY01. Also of note, the long-term unemployment shift was relatively small in PY93 and PY97, while the regular unemployment shift doubled from one period to the next.

Overall, Table 17 reinforces the key conclusion that the sharp decline in unemployment through the 1990's caused the excess unemployment factor to distribute one-third of the total allocation to a successively smaller number of states. This strongly accentuated the proportion of funds received by states with relatively high unemployment. Also, there was a delay in the full effect of the unemployment

shifts because the base period for the long-term unemployment factor has a greater time lag relative to a given program year.

### **4.3 Change in State Dislocated Worker Allotments PY93-PY01 and PY93-PY97**

In the preceding subsections we focused on how the allocation shares differed across quartiles. In conducting that analysis, states could shift from one quartile to another in different periods. In this section we focus on how the share going to each state changed over time.

Table 18 displays the state shares ordered by the percentage change in their allocation between PY93 and PY01 from largest loss to greatest gain. This table contains the same statistics as Table 12, but for dislocated worker allotments instead of adult program allotments.

Because both the dislocated and adult allotments are largely based on shifts in unemployment, the rank order of states is similar in both tables. All six of the New England states had large reductions (reductions from 56.6 percent to 75.5 percent). Four of the 14 states with large reductions were abutting states in the Midwest—Michigan, Indiana, Illinois, and Missouri. The remaining four states are Virginia, Florida, Oklahoma, and New Jersey.

The size and extent of the declines was truly remarkable. As shown in Table 19, one-third of the total PY93 dislocated worker allotment went to states that subsequently had large declines. By PY01 the share fell by 17.1 percentage points to roughly half its PY93 value. In contrast, states with large shifts in their adult allotments received only 15.1 percent of the PY93 allotments, and their share decline was “only” 6.4 percentage points.

Table 18 shows that states with large increases were predominantly along the Pacific Rim and elsewhere in the West, along with Puerto Rico and the District of Columbia. However, among states with large gains, the average gain in dislocated worker allocation was more than four times as great as the average gain in adult program funds. This was the case whether the gains were measured as a percent of the PY93 allotment or as the percentage-point increase in the allotment.

Table 18. Changes in Dislocated Worker State Shares PY93-PY01 and PY93-PY97

	PY93	Shares for: PY97	PY01	Change PY93 -PY01 in:			Share change PY93-PY		
				Total Share (percent)	Regular Unemployment	Share due to: Excess ong-Term Unemployment	(percent)	as a % of change PY93 -PY01	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
<b>Group-1 Large Reductions</b>									
1 New Hampshire	0.60%	0.22%	0.15%	-75.5%	-37.8%	-100.0%	-83.5%	-32.4%	42.9%
2 Massachusetts	3.79%	1.78%	1.19%	-68.6%	-42.1%	-100.0%	-62.5%	-33.3%	48.6%
3 Michigan	4.84%	2.40%	1.72%	-64.4%	-31.3%	-100.0%	-51.8%	-28.1%	43.6%
4 Rhode Island	0.59%	0.43%	0.23%	-61.7%	-28.6%	-100.0%	-51.1%	-47.3%	76.6%
5 Connecticut	1.49%	1.19%	0.58%	-60.8%	-44.8%	-100.0%	-45.4%	-50.9%	83.7%
6 Maine	0.62%	0.45%	0.25%	-59.2%	-12.2%	-100.0%	-64.4%	-43.7%	73.8%
7 Vermont	0.22%	0.10%	0.10%	-56.6%	-25.3%	-100.0%	-55.3%	-4.9%	8.6%
8 Virginia	2.09%	1.29%	0.98%	-53.3%	-26.8%	-100.0%	-44.9%	-24.3%	45.7%
9 Florida	5.74%	4.59%	3.09%	-46.2%	-12.4%	-100.0%	-12.9%	-32.7%	70.7%
10 Oklahoma	0.95%	0.59%	0.52%	-45.5%	-14.9%	-100.0%	-34.8%	-13.0%	28.6%
11 Indiana	1.48%	1.10%	0.84%	-43.3%	-6.4%	-100.0%	-41.3%	-23.6%	54.6%
12 Illinois	5.50%	4.03%	3.27%	-40.6%	-7.4%	-100.0%	-9.0%	-19.0%	46.8%
13 Missouri	1.63%	1.05%	0.97%	-40.4%	-22.3%	-100.0%	-18.1%	-7.5%	18.5%
14 New Jersey	3.80%	4.32%	2.40%	-37.0%	-14.5%	-100.0%	3.3%	-44.5%	120.4%
<b>Group-2 Moderate Reductions</b>									
15 Arkansas	0.88%	0.57%	0.56%	-36.8%	6.0%	-100.0%	-18.0%	-2.1%	5.6%
16 Pennsylvania	4.74%	4.61%	3.04%	-35.9%	-9.4%	-100.0%	1.2%	-34.1%	95.0%
17 Tennessee	1.53%	1.49%	1.00%	-34.6%	5.3%	-100.0%	-17.1%	-32.6%	94.3%
18 Ohio	4.02%	2.92%	2.70%	-32.8%	4.8%	-100.0%	-12.7%	-7.5%	22.8%
19 Kentucky	1.37%	1.15%	0.92%	-32.8%	5.8%	-100.0%	-15.7%	-19.9%	60.6%
20 North Carolina	1.86%	1.26%	1.33%	-28.4%	3.5%	-100.0%	-15.2%	5.6%	-19.8%
21 Alabama	1.54%	1.44%	1.18%	-23.2%	12.9%	-100.0%	12.4%	-17.7%	76.3%
22 Colorado	0.84%	0.64%	0.65%	-22.7%	-0.7%	-100.0%	7.1%	2.2%	-9.6%
23 Texas	6.31%	7.87%	5.01%	-20.6%	17.4%	-100.0%	33.7%	-36.3%	176.0%
24 Maryland	1.71%	1.58%	1.38%	-19.2%	-13.2%	-100.0%	48.8%	-12.5%	65.2%
25 Arizona	1.23%	1.04%	1.01%	-17.5%	21.1%	-100.0%	43.0%	-2.9%	16.9%
26 South Carolina	1.13%	1.31%	0.94%	-17.0%	15.6%	-100.0%	17.4%	-28.1%	165.1%
27 Delaware	0.20%	0.19%	0.17%	-13.9%	11.7%	-100.0%	4.4%	-9.7%	69.3%
28 Minnesota	0.95%	0.78%	0.82%	-12.9%	-2.5%	-100.0%	4.4%	6.1%	-47.4%
29 Iowa	0.48%	0.41%	0.43%	-10.8%	-16.8%	-100.0%	-2.1%	5.0%	-46.5%
<b>Group-3 Small Changes</b>									
30 Georgia	1.76%	1.49%	1.65%	-6.7%	30.0%	-100.0%	11.9%	10.2%	-151.2%
31 Wisconsin	1.07%	0.85%	1.01%	-5.3%	17.6%	-100.0%	4.4%	19.1%	-359.8%
32 New York	8.53%	8.89%	8.30%	-2.7%	-3.1%	-27.4%	21.6%	-6.6%	247.6%
33 North Dakota	0.10%	0.09%	0.10%	2.8%	8.7%	-100.0%	4.4%	14.1%	502.4%
34 Nevada	0.39%	0.45%	0.42%	6.3%	45.0%	-100.0%	56.6%	-6.4%	-100.6%
<b>Group-4 Moderate Increases</b>									
35 Louisiana	1.62%	2.22%	1.82%	12.7%	8.3%	15.9%	13.5%	-18.1%	-142.7%
36 Idaho	0.26%	0.31%	0.31%	15.9%	53.1%	-100.0%	87.9%	-1.0%	-6.6%
37 Wyoming	0.11%	0.10%	0.13%	22.0%	29.0%	-100.0%	134.9%	35.3%	159.9%
38 Utah	0.28%	0.24%	0.35%	24.0%	37.6%	-100.0%	37.0%	43.9%	183.0%
39 Kansas	0.34%	0.45%	0.43%	26.4%	48.7%	0.0%	-0.4%	-4.6%	-17.4%
40 Washington	1.59%	2.54%	2.13%	33.9%	31.8%	0.5%	84.6%	-16.2%	-47.9%
41 South Dakota	0.07%	0.08%	0.10%	44.7%	36.6%	0.0%	56.6%	28.0%	62.7%
42 California	14.35%	21.91%	21.49%	49.8%	6.6%	103.9%	25.7%	-1.9%	-3.8%
43 West Virginia	1.27%	1.17%	2.00%	57.7%	-16.3%	173.7%	-16.8%	71.3%	123.7%
<b>Group-5 Large Increases</b>									
44 Nebraska	0.15%	0.15%	0.24%	60.4%	62.8%	0.0%	56.6%	52.9%	87.6%
45 Montana	0.29%	0.34%	0.56%	90.4%	35.6%	211.2%	34.2%	63.1%	69.9%
46 Mississippi	1.11%	1.05%	2.41%	117.5%	18.2%	303.9%	0.2%	130.9%	111.4%
47 Oregon	1.04%	0.80%	2.27%	117.7%	37.3%	260.6%	49.1%	182.5%	155.1%
48 District of Columbia	0.28%	0.54%	0.66%	136.1%	8.5%	324.3%	56.6%	21.8%	16.0%
49 New Mexico	0.52%	0.83%	1.72%	234.4%	49.3%	645.9%	30.5%	107.1%	45.7%
50 Alaska	0.26%	0.38%	0.90%	249.7%	29.9%	513.0%	56.6%	135.7%	54.3%
51 Hawaii	0.10%	0.52%	0.51%	388.9%	112.5%	0.0%	839.5%	-2.3%	-0.6%
52 Puerto Rico	2.35%	3.80%	13.06%	454.9%	20.7%	833.9%	25.3%	243.6%	53.6%
		<b>Sums</b>			<b>Averages</b>			<b>Averages</b>	
<b>Large Reductions</b>	33.4%	23.5%	16.3%	-53.8%	-23.3%	-100.0%	-40.8%	-28.9%	54.5%
<b>Moderate Reductions</b>	28.8%	27.2%	21.2%	-23.9%	4.1%	-100.0%	6.1%	-12.3%	48.3%
<b>Small Changes</b>	11.9%	11.8%	11.5%	-1.1%	19.7%	-85.5%	19.8%	6.1%	27.7%
<b>Moderate Increases</b>	19.9%	29.0%	28.8%	31.9%	26.2%	-0.7%	47.0%	15.2%	34.5%
<b>Large Increases</b>	6.1%	8.4%	22.3%	205.6%	41.6%	343.7%	127.6%	103.9%	65.9%

Table 19. Comparison of shifts in state allotments PY93-PY01 for dislocated worker and adult programs

	Share PY93	Share PY01	Percentage point difference
<u>Dislocated Worker Programs</u>			
Large reductions	33.4%	16.3%	-17.1
Moderate reductions	28.8%	21.2%	-7.6
Small changes	11.9%	11.5%	-0.4
Moderate increases	19.9%	28.8%	8.9
Large increases	6.1%	22.3%	16.2
<u>Adult Program</u>			
Large reductions	15.1%	8.7%	-6.4
Moderate reductions	25.4%	19.9%	-5.5
Small changes	16.4%	16.1%	-0.4
Moderate increases	10.1%	11.5%	1.4
Large increases	32.9%	43.8%	10.9

As shown in Table 19, states with large increases in dislocated worker allotments received 6.1 percent of PY93 allotments. But by PY01 those states received 22.3 percent of the total allotment, a jump of 16.2 percentage points. In contrast, a much larger percentage of the total PY93 adult allotments went to states experiencing large gains. The PY93 share was 32.9 percent for those gainers, and the increase was a healthy 10.9 percentage points to 43.8 percent in PY01. The initial share was large because the large gainers included California, Texas, and Ohio. However, even though the base was much greater for adult programs than dislocated worker programs, the percentage point shift for adult programs was much less than the shift for dislocated worker programs.

As already noted, there could be huge upward or downward shifts in dislocated worker allotments because of the way the excess unemployment factor was calculated. Shifts in adult allotments were far less because most states had some areas within the state with unemployment meeting the excess ASU unemployment criteria. In addition, downward adult program shifts were limited by the minimum funding provisions and to a lesser extent by the hold harmless provisions.

We have already seen that the shifts in adult program allotments were much larger than shifts in poverty. Nevertheless, the much larger shifts in dislocated worker allotments than in adult program allotments might be justified if there were much larger shifts in the target population of dislocated workers. This is the topic of the next several subsections.

#### **4.4 The Relationship Between Eligibility and State Dislocated Worker Allotments**

In this subsection we examine state dislocated worker shares in PY93, PY97, and PY99 and then examine the extent to which the dislocated worker allotments were distributed in proportion to the share of eligible individuals. Unfortunately, we have to limit this analysis to the JTPA period because 1999 was the latest year for which we had a measure of dislocated worker shares. On the other hand, our results are more clear cut than for adult programs because WIA did not fundamentally alter the eligibility requirement for participation in dislocated worker programs. In contrast, adult program participants shifted from disadvantaged adults alone to all adults.

Under JTPA Title III (and WIA) the vast majority of dislocated workers are individuals who lost jobs as a result of permanent closures or substantial layoffs. However, some dislocated workers are displaced homemakers and business owners, such as ranchers and farmers, displaced due to changes in environmental or other public policies.

Because there are no published state-level estimates of dislocated workers, we had Professor Lori Kletzer (UC-Santa Cruz) develop these estimates for use in this paper. To do this, she used the 1994, 1996, 1998, and 2000 Displaced Worker Surveys (DWSs), which are supplements to the February Current Population Surveys (CPSs). She formed a model based on information contained in the DWSs. So, for calendar year 1993 she developed estimates using data from the 1994 survey, for years 1994 and 1995 she used the 1996 survey, for years 1996 and 1997 we relied on the 1998 survey, and for years 1998 and 1999 she used the 2000 survey.

The DWS is asked of regular CPS participants, ages 20 and older. Our estimates are based on the following questions:

- Did you lose a job in the previous three calendar years?
- Did you not expect recall?
- Were you not self-employed?
- Did you lose your job due to: plant closing or relocation, elimination of position or shift, or slack work?

If the answer to all four questions was yes, then the individual were defined as displaced worker.

For the years 1994-99, each observation is weighted by a variable called “wgt dw”, a variable added by the Census Bureau as a displaced worker supplement weight.<sup>12</sup> These weights were then used to estimate the number of dislocated workers in each of the 50 states and the District of Columbia. Weights were not available for Puerto Rico, which received 7.32 percent of the PY99 allotment, an increase of 5.07 percentage points relative to its PY93 share.

#### 4.4.1 The Relationship Between the Distribution of Dislocated Workers and State Shares in PY93 and PY99

Much as we did for adult programs, we used our estimates of the number of dislocated workers to calculate funds available for each potential participant. As shown in Table 20, the state Title III allotment per dislocated worker was \$102.66 for PY93, and \$314.99 for PY99.

Table 20. State Allotments per Dislocated Worker in PY93 and PY99

	PY93	PY99
JTPA Title III state allotment	\$413,636,802	\$1,042,093,538
Dislocated workers	4,029,029	3,308,292
Funds per dislocated worker	\$102.66	\$314.99

##### 4.4.1.1 PY93 Shares

Column A of Table 21-93 shows that there were large differences in the per-eligible allotment across the states. For instance, Hawaii received \$18.15 per eligible while Mississippi received \$219.92 per eligible.

Column B shows that Hawaii’s allotment would increase 452 percent, if funds were redistributed to make each state’s allotment share equal to its share of dislocated workers. Five other states would more than double their allotments—Nebraska, North and South Dakota, Colorado, and Kansas.

---

<sup>12</sup>For the year 1993, wgt dw is not available. There is an alternative weight, wgt fnl. We used wgt fnl for the years 1994-99 and compared these weighted counts to the correct weighted counts using wgt dw. We then developed an adjustment for wgt fnl so that for 1993 it would yield a weight similar to wgt dw.

Table 21-93. Allotment per dislocated worker, differences in share of dislocated workers versus share of allotment by state for PY93

	A	B		C	D	E	F
	Allotment per Dislocated Worker	Percent Difference Share of Dislocated Workers vs Share of Allotment		Share of Dislocated Workers	Share of Allotment	Difference Dislocated Worker Share vs Allotment Share	Cummulative Percent of Total Gain or Loss
1 Hawaii	\$18.15	452.2%	Washington	3.24%	1.63%	1.61%	11.3%
2 Nebraska	\$25.15	298.7%	California	16.25%	14.70%	1.55%	22.1%
3 South Dakota	\$30.39	229.9%	Texas	7.93%	6.47%	1.46%	32.3%
4 North Dakota	\$39.05	156.7%	Georgia	3.07%	1.81%	1.26%	41.1%
5 Colorado	\$41.11	143.9%	Colorado	2.10%	0.86%	1.24%	49.7%
6 Kansas	\$46.71	114.6%	Wisconsin	1.79%	1.10%	0.69%	54.5%
7 Washington	\$50.39	98.9%	Minnesota	1.58%	0.97%	0.61%	58.8%
8 Wyoming	\$54.11	85.3%	Indiana	2.13%	1.52%	0.61%	63.1%
9 Vermont	\$57.52	74.3%	Tennessee	2.16%	1.57%	0.59%	67.2%
10 Nevada	\$57.84	73.3%	Oregon	1.61%	1.07%	0.54%	71.0%
11 Georgia	\$59.03	69.8%	Maryland	2.26%	1.75%	0.51%	74.6%
12 Wisconsin	\$61.36	63.4%	Hawaii	0.59%	0.11%	0.48%	77.9%
13 Minnesota	\$61.38	63.3%	Missouri	2.13%	1.67%	0.46%	81.1%
14 Oregon	\$66.50	50.8%	Nebraska	0.60%	0.15%	0.45%	84.3%
15 Delaware	\$66.93	49.8%	Kansas	0.75%	0.35%	0.40%	87.1%
16 Iowa	\$67.51	48.5%	Nevada	0.70%	0.40%	0.30%	89.1%
17 Idaho	\$67.98	47.5%	Oklahoma	1.26%	0.97%	0.29%	91.2%
18 Montana	\$70.12	43.0%	Iowa	0.73%	0.49%	0.24%	92.8%
19 Indiana	\$71.39	40.4%	Vermont	0.40%	0.23%	0.17%	94.0%
20 Tennessee	\$72.90	37.5%	South Dakota	0.24%	0.07%	0.16%	95.2%
21 Oklahoma	\$77.11	30.0%	North Dakota	0.26%	0.10%	0.16%	96.3%
22 Maryland	\$77.46	29.4%	Montana	0.43%	0.30%	0.13%	97.2%
23 Missouri	\$78.62	27.5%	Idaho	0.40%	0.27%	0.13%	98.1%
24 Texas	\$81.77	22.6%	Delaware	0.31%	0.20%	0.10%	98.8%
25 California	\$90.66	10.6%	Wyoming	0.20%	0.11%	0.09%	99.4%
26 North Carolina	\$96.12	4.3%	North Carolina	1.99%	1.91%	0.08%	100.0%
27 New Mexico	\$100.12	0.1%	New Mexico	0.53%	0.53%	0.00%	100.0%
28 South Carolina	\$101.17	-0.9%	South Carolina	1.15%	1.16%	-0.01%	0.1%
29 Ohio	\$107.48	-6.7%	Alaska	0.19%	0.26%	-0.07%	0.6%
30 Virginia	\$107.73	-6.9%	D.C.	0.18%	0.29%	-0.11%	1.3%
31 Connecticut	\$110.74	-9.5%	Utah	0.17%	0.29%	-0.12%	2.1%
32 Florida	\$112.13	-10.6%	Connecticut	1.38%	1.52%	-0.14%	3.1%
33 Arizona	\$116.14	-13.7%	Virginia	1.99%	2.14%	-0.15%	4.2%
34 Illinois	\$120.18	-16.6%	Maine	0.48%	0.63%	-0.15%	5.3%
35 New Jersey	\$121.21	-17.3%	Rhode Island	0.44%	0.61%	-0.16%	6.4%
36 Maine	\$132.52	-24.4%	Arizona	1.08%	1.26%	-0.17%	7.6%
37 New York	\$135.34	-25.9%	New Hampshire	0.36%	0.62%	-0.26%	9.4%
38 Rhode Island	\$137.13	-26.9%	Ohio	3.84%	4.11%	-0.28%	11.3%
39 Pennsylvania	\$138.95	-27.9%	Arkansas	0.44%	0.90%	-0.47%	14.6%
40 Alaska	\$140.36	-28.6%	Kentucky	0.88%	1.41%	-0.53%	18.3%
41 Massachusetts	\$156.30	-35.9%	Mississippi	0.52%	1.14%	-0.62%	22.6%
42 Michigan	\$157.82	-36.5%	Florida	5.26%	5.88%	-0.62%	26.9%
43 D.C.	\$158.49	-36.7%	Louisiana	1.03%	1.65%	-0.63%	31.3%
44 Kentucky	\$160.33	-37.5%	West Virginia	0.66%	1.30%	-0.63%	35.7%
45 Louisiana	\$161.46	-37.9%	New Jersey	3.22%	3.89%	-0.67%	40.4%
46 Utah	\$167.30	-40.1%	Alabama	0.79%	1.58%	-0.79%	45.9%
47 New Hampshire	\$171.55	-41.6%	Illinois	4.70%	5.63%	-0.93%	52.5%
48 West Virginia	\$196.19	-48.9%	Pennsylvania	3.50%	4.86%	-1.35%	61.9%
49 Alabama	\$201.37	-50.2%	Massachusetts	2.49%	3.88%	-1.39%	71.6%
50 Arkansas	\$207.35	-51.7%	Michigan	3.15%	4.96%	-1.81%	84.2%
51 Mississippi	\$219.92	-54.4%	New York	6.47%	8.73%	-2.26%	100.0%
Gainers	\$62.50	87.6%		55.63%	41.29%	14.34%	25.77%
Lossers	\$147.47	-28.6%		44.37%	58.71%	-14.34%	-32.32%

At the same time, Mississippi's share would decrease by 54 percent. Five other states would suffer reductions of 40 percent or more—Arkansas, Alabama, West Virginia, New Hampshire, and Utah.

The range of gains and losses is exceptionally large because unemployment levels are poor indicators of the number of dislocated workers in the Workforce Investment Act (WIA) allotment formulas. Looking at the states at the extremes of the distribution, in PY93 Great Plains states tended to have low unemployment, but relatively large numbers of dislocated workers, while Southern states along the Mississippi River tended to have high levels of unemployment, but relatively small numbers of dislocated workers.<sup>13</sup>

Table 21-93 also compares the share of dislocated workers in each state (in column C) to the state's share of the dislocated worker allotment (in column D). Line 1 shows that Washington State had 3.24 percent of dislocated workers, but received only 1.63 percent of the dislocated worker allotment. Thus, as shown in column E, a 1.61 percentage point increase in Washington's allotment would be needed to make its allotment proportional to its share of dislocated workers.

At the bottom of Table 21-93 we see that overall a transfer of 14.34 percent of the PY93 allotment would be needed to bring each state's allotment into balance with its share of dislocated workers. Five states, Washington, California, Texas, Georgia, and California would receive just under half of the total redistribution.

At the opposite end of the redistribution, losses by five states—New York, Michigan, Massachusetts, Pennsylvania, and Illinois—would account for a bit more than one-half of the total redistribution. Since the “losing” states received 44.37 percent of the total allotment, an overall transfer of about one-third of the funds going to those states would be required to equalize funding per dislocated worker.

---

<sup>13</sup>States with equal numbers of dislocated workers, but lower unemployment rates, might need less employment and training funds because dislocated workers can more easily find new jobs in tighter labor markets. However, differences in unemployment rates are far from perfect indicators of relative labor market tightness, and often skill miss-matches make it difficult for dislocated workers to adjust in states with low unemployment rates. Thus, it would be valuable to more thoroughly analyze the factors determining participation rates in different cost programs.

#### 4.4.1.2 PY99 Shares

Table 21-99 uses the same format as Table 21-93 to display key information about the differences between the PY99 allotments and the 1999 share of dislocated workers. At one extreme, New Hampshire received only \$91.60 per dislocated worker in PY99. Other states that would more than double their funding if allotments were proportional to dislocated worker shares are: Utah, Colorado, South Dakota, Massachusetts, Alabama, Washington, North Carolina, and Missouri.

At the other extreme, the District of Columbia received \$1,255.65 per dislocated worker. Other states whose funding would be cut more than in half are: Hawaii, Louisiana, New York, New Mexico, and West Virginia.

Three states, Colorado, South Dakota, and Washington, were “big gainers” in both PY99 and PY93. But Alabama, New Hampshire, Utah, and Massachusetts, which were “big gainers” in PY99, were “big losers” in PY93. Louisiana and the District of Columbia were “big losers” in PY93 and PY99. But only Hawaii went from a big gainer in PY93 to a big loser in PY99.

The size of the differences between the dislocated worker and allocation shares in PY99 reinforces the view that the distribution of unemployment levels poorly matches the distribution of worker dislocation. In addition, the major shifts of states from gainers to losers and vice versa between PY93 and PY99 suggest that there can be large and rapid shifts in unemployment and worker dislocation. Together, both factors suggest that finding an effective formula to match funding to dislocation is a difficult task.

Turning to differences in dislocated worker and allotment shares, we see at the bottom of column E of Table 21-99 that a shift equal to 25.35 percent of total funds would be needed to equalize dollars per dislocated workers across the states. Given that the states losing funds started out with 60 percent of the initial allotment, they would collectively face a reduction of 42.2 percent.

Two states, New York and California, would contribute 45 percent of the redistribution. Four additional states, Louisiana, New Jersey, West Virginia, and New Mexico, would also contribute about 45 percent of the redistribution. Seven states would receive just over 50 percent of the gains: Ohio, Florida, Massachusetts, North Carolina, Washington, Illinois, and Missouri.

Table 21-99. Allotment per Dislocated Worker, Differences in Share of Dislocated Workers versus Share of Allotment by State for PY99

	A	B		C	D	E	F
	Allotment per Dislocated Worker	Percent Difference Share of Dislocated Workers vs Share of Allotment		Share of Dislocated Workers	Share of Allotment	Difference Dislocated Worker Share vs Allotment Share	Cummulative Percent of Total Gain or Loss
1 New Hampshire	\$91.60	243.9%	Ohio	5.24%	2.70%	2.54%	10.0%
2 Utah	\$96.48	226.5%	Florida	5.89%	3.59%	2.30%	19.1%
3 Colorado	\$103.84	203.3%	Massachusetts	3.08%	1.29%	1.79%	26.1%
4 South Dakota	\$123.92	154.2%	North Carolina	3.04%	1.38%	1.66%	32.7%
5 Massachusetts	\$132.05	138.5%	Washington	2.98%	1.33%	1.65%	39.2%
6 Alabama	\$136.11	131.4%	Illinois	4.79%	3.26%	1.53%	45.2%
7 Washington	\$140.95	123.5%	Missouri	2.85%	1.33%	1.52%	51.2%
8 North Carolina	\$142.71	120.7%	Alabama	2.51%	1.09%	1.43%	56.9%
9 Missouri	\$146.91	114.4%	Colorado	1.90%	0.63%	1.27%	61.9%
10 Kansas	\$158.52	98.7%	Michigan	3.11%	2.05%	1.06%	66.0%
11 Indiana	\$161.90	94.6%	Virginia	2.26%	1.33%	0.93%	69.7%
12 Ohio	\$162.33	94.0%	Indiana	1.87%	0.96%	0.91%	73.3%
13 Wisconsin	\$173.04	82.0%	Wisconsin	1.74%	0.95%	0.78%	76.4%
14 Vermont	\$179.49	75.5%	Utah	1.01%	0.31%	0.70%	79.1%
15 Arizona	\$181.16	73.9%	Arizona	1.57%	0.90%	0.67%	81.8%
16 Oklahoma	\$184.00	71.2%	Georgia	2.33%	1.66%	0.66%	84.4%
17 Virginia	\$185.45	69.9%	Pennsylvania	4.08%	3.51%	0.57%	86.6%
18 Florida	\$191.93	64.1%	Kansas	0.97%	0.49%	0.48%	88.5%
19 Nevada	\$205.45	53.3%	Oklahoma	1.13%	0.66%	0.47%	90.4%
20 Nebraska	\$206.16	52.8%	Maryland	2.27%	1.90%	0.37%	91.9%
21 Michigan	\$207.71	51.6%	New Hampshire	0.52%	0.15%	0.37%	93.3%
22 Illinois	\$214.37	46.9%	Minnesota	1.07%	0.81%	0.26%	94.3%
23 North Dakota	\$216.78	45.3%	Nevada	0.58%	0.38%	0.20%	95.1%
24 Georgia	\$225.04	40.0%	Mississippi	1.52%	1.36%	0.16%	95.8%
25 Minnesota	\$239.30	31.6%	Tennessee	1.51%	1.36%	0.16%	96.4%
26 Wyoming	\$254.54	23.8%	South Carolina	0.94%	0.78%	0.16%	97.0%
27 South Carolina	\$261.92	20.3%	Connecticut	1.12%	0.97%	0.15%	97.6%
28 Maryland	\$263.49	19.5%	Oregon	1.84%	1.70%	0.15%	98.2%
29 Pennsylvania	\$271.08	16.2%	South Dakota	0.24%	0.09%	0.15%	98.8%
30 Connecticut	\$272.51	15.6%	Nebraska	0.29%	0.19%	0.10%	99.2%
31 Delaware	\$278.90	12.9%	Vermont	0.23%	0.13%	0.10%	99.6%
32 Mississippi	\$281.62	11.9%	North Dakota	0.11%	0.08%	0.03%	99.7%
33 Tennessee	\$281.80	11.8%	Rhode Island	0.40%	0.37%	0.03%	99.8%
34 Oregon	\$289.59	8.8%	Wyoming	0.14%	0.12%	0.03%	99.9%
35 Rhode Island	\$293.16	7.4%	Delaware	0.19%	0.17%	0.02%	100.0%
						25.36%	
36 Texas	\$322.61	-2.4%	Iowa	0.39%	0.44%	-0.05%	0.2%
37 Iowa	\$354.99	-11.3%	Montana	0.38%	0.47%	-0.09%	0.6%
38 Kentucky	\$373.86	-15.7%	Kentucky	0.81%	0.97%	-0.15%	1.2%
39 Montana	\$391.40	-19.5%	Idaho	0.34%	0.49%	-0.16%	1.8%
40 Arkansas	\$407.99	-22.8%	Maine	0.24%	0.39%	-0.16%	2.4%
41 New Jersey	\$430.89	-26.9%	Texas	7.01%	7.18%	-0.17%	3.1%
42 Idaho	\$460.25	-31.6%	Arkansas	0.81%	1.04%	-0.24%	4.0%
43 Maine	\$523.47	-39.8%	Alaska	0.30%	0.58%	-0.29%	5.1%
44 California	\$578.43	-45.5%	Hawaii	0.34%	0.88%	-0.54%	7.2%
45 Alaska	\$618.45	-49.1%	D.C.	0.22%	0.89%	-0.67%	9.9%
46 West Virginia	\$656.77	-52.0%	New Mexico	0.65%	1.39%	-0.73%	12.8%
47 New Mexico	\$667.17	-52.8%	West Virginia	0.74%	1.54%	-0.80%	15.9%
48 New York	\$752.52	-58.1%	New Jersey	2.55%	3.48%	-0.94%	19.6%
49 Louisiana	\$768.05	-59.0%	Louisiana	1.00%	2.45%	-1.44%	25.3%
50 Hawaii	\$810.59	-61.1%	New York	5.68%	13.58%	-7.89%	56.4%
51 D.C.	\$1,255.65	-74.9%	California	13.21%	24.25%	-11.05%	100.0%
Gainers	\$198.74	75.7%		65.33%	39.97%	25.36%	63.4%
Lossers	\$585.82	-38.9%		34.67%	60.03%	-25.36%	-42.2%

#### 4.4.2 Ability of Each Factor To Match Dislocation Shares

A large redistribution would be needed in PY99 to match dislocation and allotment shares mainly because the excess unemployment factor concentrated funds among states with high unemployment, but relatively low levels of worker dislocation. Thus, a key step in making the distribution of funds more equitable would be to eliminate, or make major modifications to, the excess unemployment factor.

As shown in Table 22, if funds were distributed based solely on excess unemployment a reallocation of 60 percent would be needed to equalize dollars per dislocated worker in PY99. In contrast, the redistribution would only be about 10.9 percent in PY99 and in PY93, if regular unemployment was the only factor. The redistribution would be about 17 percent in both PY93 and PY97, if long-term unemployment was the only factor.

Table 22. Reallocations needed to equalize dollars per dislocated worker if each factor was used alone

	PY93	PY99
Regular unemployment	10.8%	10.9%
Excess unemployment	17.5%	60.2%
Long-term unemployment	17.2%	16.5%

Clearly, use of regular unemployment alone would produce a more equitable allocation, and little would be gained by using long-term unemployment. As noted several times, excess unemployment is an extremely poor indicator of the distribution of worker dislocation.

#### 4.4.3 Share Changes by State between PY93 and PY99

In this subsection we switch from examining the difference between allotment and dislocated worker shares in individual program years to examining these differences for individual states between PY93 and PY99.

Column C of Table 23-93 shows that North Dakota had the greatest percentage decrease in its share of dislocated workers, 57.1 percent. The average decrease, across the 29 states with decreases, was 22.5 percent, with a standard deviation of 16.1 percent. Utah had the greatest increase, 487.0 percent. The average increase, across the 22 states with increases, was 64.8 percent, with a standard deviation of 109.8 percent. Thus, there were some very large positive and negative differences in the share of dislocated workers across the states and a lot of diversity in the size of those differences.

Column F of Table 23-93 shows the percentage change in each state's allotment share between PY93 and PY99. There was a similar amount of positive and negative differences and diversity in the size of those differences.

Perhaps the most interesting and important information in Table 23-93 comes from the quartile summaries at the bottom of the table. Columns C and F shows that when taken as a whole, the changes in the share of dislocated workers in each quartile become progressively more positive (reading down the table), but the changes in the share of allotments became progressively more negative. In other words, changes in allotments are negatively correlated with changes in dislocated workers, leading to precisely the opposite relationship (we assume) the formula was intended to produce.

Importantly, this relationship is not a statistical artifact due to differences in the PY93 distribution of the shares of dislocated workers and allocations across the quartiles. In PY93, the distribution of dislocated worker and allotment shares was about equal. Also, within each group, the shares in the top three quartiles were about equal, but share in the bottom quartile was about half that of those in the other quartiles.

Looking more deeply into the source of the negative correlation, we determined that removing five states—California, New York, Michigan, Massachusetts, and Ohio—substantially weakens the negative correlation, but does not come close to producing a positive correlation.

Table 23-93. Change in dislocated worker and allotment shares PY93-PY99

	A	B	C	D	E	F
	Dislocated Worker Shares		Pct Chg	Allotment Shares		Pct Chg
	PY93	PY99	PY93-99	PY93	PY99	PY93-99
1 North Dakota	0.26%	0.11%	-57.1%	0.10%	0.08%	-24.2%
2 Nebraska	0.60%	0.29%	-51.2%	0.15%	0.19%	27.4%
3 Maine	0.48%	0.24%	-50.8%	0.63%	0.39%	-38.1%
4 Iowa	0.73%	0.39%	-46.2%	0.49%	0.44%	-10.0%
5 Hawaii	0.59%	0.34%	-41.7%	0.11%	0.88%	728.0%
6 Vermont	0.40%	0.23%	-41.6%	0.23%	0.13%	-42.0%
7 Delaware	0.31%	0.19%	-38.7%	0.20%	0.17%	-18.7%
8 Minnesota	1.58%	1.07%	-32.3%	0.97%	0.81%	-15.9%
9 Tennessee	2.16%	1.51%	-29.9%	1.57%	1.36%	-13.8%
10 Wyoming	0.20%	0.14%	-29.7%	0.11%	0.12%	5.3%
11 Georgia	3.07%	2.33%	-24.1%	1.81%	1.66%	-8.0%
12 New Jersey	3.22%	2.55%	-20.9%	3.89%	3.48%	-10.6%
13 California	16.25%	13.21%	-18.7%	14.70%	24.25%	65.0%
14 Connecticut	1.38%	1.12%	-18.3%	1.52%	0.97%	-36.0%
15 South Carolina	1.15%	0.94%	-17.9%	1.16%	0.78%	-32.4%
16 Nevada	0.70%	0.58%	-17.8%	0.40%	0.38%	-7.1%
17 Idaho	0.40%	0.34%	-15.4%	0.27%	0.49%	82.3%
18 Indiana	2.13%	1.87%	-12.3%	1.52%	0.96%	-36.7%
19 New York	6.47%	5.68%	-12.1%	8.73%	13.58%	55.5%
20 Montana	0.43%	0.38%	-12.0%	0.30%	0.47%	56.2%
21 Texas	7.93%	7.01%	-11.6%	6.47%	7.18%	11.0%
22 Rhode Island	0.44%	0.40%	-10.5%	0.61%	0.37%	-39.1%
23 Oklahoma	1.26%	1.13%	-10.4%	0.97%	0.66%	-31.9%
24 Colorado	2.10%	1.90%	-9.6%	0.86%	0.63%	-27.3%
25 Washington	3.24%	2.98%	-8.1%	1.63%	1.33%	-18.2%
26 Kentucky	0.88%	0.81%	-7.4%	1.41%	0.97%	-31.3%
27 Wisconsin	1.79%	1.74%	-2.9%	1.10%	0.95%	-12.9%
28 Louisiana	1.03%	1.00%	-2.3%	1.65%	2.45%	47.9%
29 Michigan	3.15%	3.11%	-1.3%	4.96%	2.05%	-58.7%
30 Maryland	2.26%	2.27%	0.3%	1.75%	1.90%	8.6%
31 Illinois	4.70%	4.79%	1.9%	5.63%	3.26%	-42.2%
32 South Dakota	0.24%	0.24%	2.1%	0.07%	0.09%	32.6%
33 West Virginia	0.66%	0.74%	11.6%	1.30%	1.54%	18.9%
34 Florida	5.26%	5.89%	11.9%	5.88%	3.59%	-39.0%
35 Virginia	1.99%	2.26%	13.4%	2.14%	1.33%	-37.9%
36 Oregon	1.61%	1.84%	14.8%	1.07%	1.70%	59.1%
37 Pennsylvania	3.50%	4.08%	16.3%	4.86%	3.51%	-27.8%
38 District of Columb	0.18%	0.22%	22.8%	0.29%	0.89%	209.6%
39 New Mexico	0.53%	0.65%	23.9%	0.53%	1.39%	162.7%
40 Massachusetts	2.49%	3.08%	23.9%	3.88%	1.29%	-66.7%
41 Kansas	0.75%	0.97%	29.4%	0.35%	0.49%	39.8%
42 Missouri	2.13%	2.85%	33.7%	1.67%	1.33%	-20.5%
43 Ohio	3.84%	5.24%	36.6%	4.11%	2.70%	-34.3%
44 Arizona	1.08%	1.57%	44.4%	1.26%	0.90%	-28.3%
45 New Hampshire	0.36%	0.52%	44.8%	0.62%	0.15%	-75.4%
46 North Carolina	1.99%	3.04%	52.9%	1.91%	1.38%	-27.8%
47 Alaska	0.19%	0.30%	57.9%	0.26%	0.58%	121.4%
48 Arkansas	0.44%	0.81%	84.1%	0.90%	1.04%	15.3%
49 Mississippi	0.52%	1.52%	193.2%	1.14%	1.36%	19.5%
50 Alabama	0.79%	2.51%	219.4%	1.58%	1.09%	-31.3%
51 Utah	0.17%	1.01%	487.0%	0.29%	0.31%	7.7%
1-13	29.8%	22.6%	-24.3%	25.0%	34.0%	36.1%
14-26	28.5%	25.1%	-11.8%	25.8%	28.8%	11.3%
27-39	26.9%	28.8%	7.2%	31.2%	24.6%	-21.1%
40-51	14.7%	23.4%	58.9%	18.0%	12.6%	-29.8%
1-51	100.0%	100.0%		100.0%	100.0%	

As shown in Table 24, the change in dislocation shares increases at the extremes, accentuating the quartile-by-quartile differences. However, the change in allotment share increased 41 percentage points in quartile 1, 22 percentage points in quartile 2, and 7 percentages points in quartile 3. However, the change in allotment share decreases 16 percentage points in quartile 4.

Table 24. Effect on PY93-PY99 share changes of removing California, New York, Michigan, Massachusetts, and Ohio

	<u>Change in dislocation share</u>			<u>Change in allotment share</u>		
	All states	46 states	Difference	All states	46 states	Difference
Quartile 1	-24.3%	-30.9%	6.6	36.1%	-5.4%	41.5
Quartile 2	-11.8%	-11.7%	-0.1	11.3%	-11.2%	22.5
Quartile 3	7.2%	8.3%	1.1	-21.1%	-14.0%	7.1
Quartile 4	58.9%	79.3%	-20.4	-29.8%	-13.5%	-16.3

From an equity standpoint it clearly is inappropriate to exclude the effects on five states which in PY93 contained 32 percent of all dislocated workers and received 36 percent of the total allocation. Indeed, it is hard to see how a “good” formula would lead to a 20 percent increase in the share of funds going to those states, which had a 6 percent decline in the share of dislocated workers.

#### 4.4.4 Share Changes by State Between PY97 and PY99

Table 23-97 presents the same information as Table 23-93 but for the change in dislocated worker and allotment shares between PY97 and PY99. The summary at the bottom of the table shows the surprising result that across the quartiles the changes in the dislocation shares were larger between PY97 and PY99 than between PY93 and PY99. However, this difference is partly explained by the base year share of dislocated workers being much smaller, 15 percent versus 29.8 percent, in the PY97-99 comparison than in the PY93-99 comparison. In general, it is easier to generate large percentage changes in share from a small base than a large base.

Also of considerable importance, we see in the summary section of Table 23-97 that the changes in allotment shares show little, if any, correlation with the changes in dislocation shares. While the correlation is not nearly as negative as was the case between PY93 and PY99, it still was the case that

Table 23-97. Change in dislocated worker and allotment shares PY97-PY99

	A		B	C	D		E	F
	Dislocated Worker Shares		Pct Chg	Pct Chg	Allotment Shares		Pct Chg	Pct Chg
	PY97	PY99	PY97-99	PY97	PY99	PY97-99	PY97-99	PY97-99
1 Maine	0.79%	0.24%	-70.1%	0.47%	0.39%	-15.8%		
2 Iowa	1.04%	0.39%	-62.4%	0.42%	0.44%	4.4%		
3 South Carolina	1.83%	0.94%	-48.5%	1.36%	0.78%	-42.3%		
4 Nebraska	0.56%	0.29%	-47.3%	0.16%	0.19%	19.6%		
5 Kentucky	1.51%	0.81%	-46.2%	1.20%	0.97%	-19.3%		
6 Arkansas	1.39%	0.81%	-42.0%	0.59%	1.04%	76.0%		
7 Minnesota	1.69%	1.07%	-36.7%	0.81%	0.81%	0.9%		
8 North Dakota	0.16%	0.11%	-32.8%	0.09%	0.08%	-17.1%		
9 New Mexico	0.91%	0.65%	-27.9%	0.87%	1.39%	60.3%		
10 Wyoming	0.20%	0.14%	-27.9%	0.10%	0.12%	15.0%		
11 New Jersey	3.47%	2.55%	-26.7%	4.49%	3.48%	-22.4%		
12 Delaware	0.24%	0.19%	-22.6%	0.20%	0.17%	-16.0%		
13 Kansas	1.25%	0.97%	-21.8%	0.47%	0.49%	4.0%		
14 Idaho	0.43%	0.34%	-21.0%	0.32%	0.49%	53.3%		
15 Montana	0.47%	0.38%	-20.6%	0.35%	0.47%	31.9%		
16 Oklahoma	1.40%	1.13%	-19.2%	0.62%	0.66%	7.1%		
17 Virginia	2.78%	2.26%	-18.6%	1.34%	1.33%	-0.8%		
18 Pennsylvania	4.98%	4.08%	-18.1%	4.80%	3.51%	-26.9%		
19 Texas	8.35%	7.01%	-16.0%	8.18%	7.18%	-12.2%		
20 Oregon	2.17%	1.84%	-14.8%	0.83%	1.70%	103.4%		
21 California	15.09%	13.21%	-12.5%	22.77%	24.25%	6.5%		
22 Wisconsin	1.94%	1.74%	-10.7%	0.88%	0.95%	8.0%		
23 New Hampshire	0.58%	0.52%	-9.5%	0.23%	0.15%	-33.1%		
24 Michigan	3.42%	3.11%	-9.2%	2.49%	2.05%	-17.7%		
25 District of Columb	0.24%	0.22%	-8.1%	0.57%	0.89%	57.3%		
26 Colorado	1.90%	1.90%	0.0%	0.66%	0.63%	-5.3%		
27 Florida	5.72%	5.89%	2.8%	4.77%	3.59%	-24.8%		
28 Maryland	2.15%	2.27%	5.4%	1.64%	1.90%	15.8%		
29 Georgia	2.20%	2.33%	5.6%	1.55%	1.66%	7.1%		
30 Washington	2.76%	2.98%	8.2%	2.64%	1.33%	-49.5%		
31 Rhode Island	0.36%	0.40%	9.2%	0.45%	0.37%	-17.4%		
32 Utah	0.92%	1.01%	9.5%	0.25%	0.31%	23.2%		
33 Hawaii	0.31%	0.34%	10.9%	0.54%	0.88%	63.0%		
34 New York	5.12%	5.68%	11.0%	9.24%	13.58%	47.0%		
35 Tennessee	1.27%	1.51%	19.4%	1.55%	1.36%	-12.5%		
36 Illinois	3.74%	4.79%	28.1%	4.19%	3.26%	-22.3%		
37 Ohio	4.07%	5.24%	28.8%	3.03%	2.70%	-10.9%		
38 West Virginia	0.57%	0.74%	29.2%	1.21%	1.54%	27.3%		
39 Indiana	1.44%	1.87%	30.0%	1.14%	0.96%	-16.1%		
40 Arizona	1.16%	1.57%	35.2%	1.08%	0.90%	-17.0%		
41 South Dakota	0.17%	0.24%	45.5%	0.08%	0.09%	15.5%		
42 Massachusetts	2.11%	3.08%	46.3%	1.85%	1.29%	-30.3%		
43 Alaska	0.18%	0.30%	64.1%	0.40%	0.58%	47.0%		
44 Mississippi	0.92%	1.52%	65.8%	1.09%	1.36%	25.0%		
45 Alabama	1.50%	2.51%	67.0%	1.50%	1.09%	-27.5%		
46 Connecticut	0.66%	1.12%	70.1%	1.23%	0.97%	-21.1%		
47 North Carolina	1.73%	3.04%	76.2%	1.31%	1.38%	5.0%		
48 Missouri	1.50%	2.85%	90.4%	1.09%	1.33%	21.7%		
49 Vermont	0.11%	0.23%	105.1%	0.11%	0.13%	25.3%		
50 Nevada	0.28%	0.58%	106.8%	0.47%	0.38%	-19.4%		
51 Louisiana	0.27%	1.00%	276.4%	2.31%	2.45%	6.0%		
7.0 1-13	15.0%	9.2%	-39.0%	11.2%	10.4%	-7.7%		
20.0 14-26	43.7%	37.7%	-13.7%	44.0%	44.3%	0.5%		
33.0 27-39	30.6%	35.1%	14.4%	32.2%	33.4%	3.8%		
45.5 40-51	10.6%	18.0%	70.6%	12.5%	11.9%	-4.6%		
26.0 1-51	100.0%	100.0%		100.0%	100.0%			

the dislocation share increased by 70.6 percent in the bottom quartile, but the allocation share decreased by 4.6 percent. This provides further evidence that even in a short period where overall economic conditions were fairly similar, the formula did a poor job of providing funds in proportion to the number of targets.

Finally, it is worth noting that the lack of correlation between changes in dislocation and changes in funding was not a result of there being small changes in each state's allocation. Table 25 shows that when the states are ordered by the change in allocation, there were large changes in the allocations, but small changes in dislocation. Further, the changes in allocations and dislocations generally had opposite signs.

This is further evidence that where there were large changes in allocations, there were small changes in dislocations (and vice versa), and those changes were in opposite directions. Both of these characteristics are undesirable in an allocation formula.

Table 25. Quartile change in allocations and dislocations PY93-PY99 and PY97-PY99 when states are ordered by allocation change

	<u>Change PY93-99 in:</u>		<u>Change PY97-99 in:</u>	
	Allocation	Dislocation	Allocation	Dislocation
Quartile 1	-38.9	7.0	-45.3	6.9
Quartile 2	-16.5	-2.9	-25.2	11.6
Quartile 3	34.0	-6.5	3.9	-4.1
Quartile 4	59.1	5.2	66.8	-12.1

#### 4.5 Summary and Conclusions

Our analysis of JTPA and WIA dislocated workers reached several conclusions with respect to the way the formula allotted funds over the 1990s:

1. The allotment shifts were far larger for dislocated worker programs than for adult programs.
2. Dislocated worker allotment shifts were especially large because its excess unemployment factor was calculated on a statewide basis. Over the 1990's, unemployment in more and more states fell below the 4.5 percent excess threshold. In contrast, the excess unemployment factor for adult programs was based on

unemployment in Areas of Substantial Unemployment (ASUs) or the state as a whole. Most states had some areas that met the 6.5 percent ASU threshold, and therefore also met the 4.5 percent excess unemployment threshold.

Our analysis also reached conclusion with respect to the way target populations, dislocated workers, shifted over the 1990s. State shares of dislocated workers showed substantial shifts that were often negatively correlated with shifts in unemployment. However, in contrast to poor adults, most dislocated workers relatively quickly left dislocated status. Thus, most dislocated workers in any given year recently lost jobs.

We also reached several conclusions about overall equity—if we assume that an appropriate criterion for the equitable distribution of allotments is that the dislocated worker funds are distributed in proportion to the number of dislocated workers.

1. Use of unemployment measures did an especially poor job of distributing funds in proportion to the number of dislocated workers. The problem was exacerbated because the sharp unemployment decline led the excess unemployment factor to distribute funds to only a few states with high unemployment, but relatively few dislocated workers.
2. In PY93 a redistribution of about 15 percent of the total allocation would have equalized dollars available per dislocated worker. That figure jumped to over 25 percent by PY99. However, if regular unemployment were the only factor, the redistribution would have only been about 10.8 percent in each period.

## 5. RECOMMENDATIONS

The above results suggest a simple way to allocate adult program funds in proportion to adult poverty—use new Census Bureau poverty measures as the sole factor in the formula. Even though these estimates lag by 3 years, the changes in poverty are so slow that this would make little difference. Use of the new poverty measures is attractive for several additional reasons:

1. The new measures are available at the county level, so they could be used to allocate funds at the substate level.
2. Use of the new measures would eliminate the need for the states to produce complex ASU unemployment estimates.
3. The new measures have greater statistical integrity than unemployment measures, especially at the substate level. This is because the ASU measures are based on the untested assumption that within each state the unemployment distribution in 1990 remains the same across census tracts throughout the rest of the decade.
4. Use of the new poverty measure would largely eliminate the effect of the hold-harmless provisions. After only four years of using the new poverty measures the shifts due to hold-harmless provisions fell from about 6 percent of the PY93 allotment to almost zero in PY97.

The central problem with the dislocated worker formula is that the cross-state distribution of dislocated workers in any one year is not especially highly correlated with the prior year's distribution, nor with any of the unemployment measures.<sup>14</sup> This suggests that it is reasonable to reserve a substantial fraction of the total allocation for distribution as events unfold during a given program year. Indeed, fluctuations in the distribution of worker dislocation are so large and difficult to predict that it probably would be equitable to at least double the set-aside from 20 to 40 percent. The increase would make it easier to cover unforeseen dislocations that often occur late in the program year, while ensuring each state has sufficient funds on hand to prepare to implement programs as they are needed.

Whether or not the set-aside is increased, it would be highly desirable to remove the excess unemployment measure from the current formula as that measure is an especially poor indicator of the given state's share of dislocated workers.

---

<sup>14</sup> Even if the cross-state distribution in one year was similar to the distribution in the following year, the DWS measures might be unsuitable for use in the formula because they are lagged by as much as three years. However, estimates of the dislocated worker distribution with a one-year lag can be obtained from the BLS mass-layoff reporting system or other data. Thus, data constraints are not at issue. The problem is difficulty in predicting the incidence of dislocation one year in advance.