

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/Wagner-Peyser
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 13-08

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: DOUGLAS F. SMALL /s/
Deputy Assistant Secretary

SUBJECT: Allotments for training and employment services as specified in the American Recovery and Reinvestment Act of 2009 (Recovery Act) for activities under the Workforce Investment Act of 1998 (WIA). Workforce Investment Act Adult, Dislocated Worker and Youth Activities Program Allotments; Wagner-Peyser Act Allotments, and Reemployment Service (RES) Allotments.

- 1. Purpose.** To provide states and outlying areas with stimulus allotments under the American Recovery and Reinvestment Act of 2009 to supplement Program Year (PY) 2008 allotments for WIA Title I Adult, Dislocated Worker and Youth Activities Programs, and Employment Service (ES) activities, as required by the Wagner-Peyser Act, as amended, and to provide RES Allotments.
- 2. References.** American Recovery and Reinvestment Act of 2009 (Recovery Act), Division A Title VIII, P.L. 111-5; Workforce Investment Act of 1998, (29 U.S.C. 2801 et seq.), P.L. 105-220, as amended; Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.); and Training and Employment Guidance Letter (TEGL) 23-07, "PY 2008 Allotments: WIA and ES State and Outlying Areas; and TEGL 07-08", "Instructions for Workforce Investment Act and Wagner-Peyser Act State Planning and Waiver Requests for Year Five of the Strategic Five-Year State Plan (Program Year 2009)"; WIA and Wagner-Peyser Strategic State Plans OMB No. 1205-0398; WIA Adult, Youth, Dislocated Worker, National Emergency Grants (WIASRD) OMB No. 1205-0420.

RESCISSIONS None	EXPIRATION DATE Conti nui ng
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3. **Background.** The funds for the allotments announced in this TEGL are part of the funds appropriated in the American Recovery and Reinvestment Act of 2009, P.L. 111-5 (the Recovery Act), signed into law February 17, 2009.

Recovery Act funds for Training and Employment Services under WIA and the Wagner-Peyser Act are available for allotment as follows:

- \$1,188,000,000 for youth activities, including summer employment for youth;
- \$495,000,000 for adult services, including supportive services and needs-related payments. Priority for receipt of these services is to go to recipients of public assistance and other low-income individuals as described in 134(d)(4)(E) of WIA;
- \$1,435,500,000 for dislocated worker training and employment services and national reserve; and
- \$396,000,000 for Wagner-Peyser Act activities; \$247,500,000 of those funds are to support RES for unemployment insurance claimants.

The above figures represent the amount of Recovery Act funds as specified in the Act less one percent which is authorized to be retained at the federal level for program administration and oversight.

States are expected to spend Recovery Act funding quickly and effectively. WIA funding for Adults, Dislocated Workers, and Youth are considered to be PY 2008 funds and, therefore, must be expended by the end of PY 2010 (June 30, 2011). Wagner-Peyser funds are available for obligation by the states through September 30, 2010 and must be expended by the end of PY 2010 (June 30, 2011). It is the Congress' intent, as well as that of the Administration, that the majority of these funds will be utilized within the first year of availability.

The Recovery Act is intended to preserve and create jobs, promote the nation's economic recovery, and assist those most impacted by the recession. It provides the U.S. Department of Labor and the public workforce investment system with unprecedented levels of funding for a number of employment and training programs to help Americans acquire new skills and get back to work. If the workforce system is to meet both the letter and the spirit of the law and fulfill its critical role in U.S. economic recovery, we must implement the Act expeditiously and effectively, with full accountability of our expenditure of funds. But the Recovery Act provides more than an injection of workforce development resources into communities in need across the country. The significant investment of stimulus funds presents an extraordinary and unique opportunity for the workforce system to advance transformational efforts and demonstrate its full capacity to innovate and implement effective One-Stop service delivery strategies. As states and localities plan how their One-Stop systems will make immediate use of the Recovery Act funds, ETA encourages them to take an expansive view of how the funds can be integrated into efforts to improve the effectiveness of the public workforce system. In this system, the needs of workers and employers are equally important in

developing thriving communities where all citizens succeed and businesses prosper. Successful implementation of the Recovery Act includes not only quick and effective provision of services and training for workers in need, but also leveraging changes in the system's basic operations to develop a strong, invigorated, innovative public workforce system capable of helping enable future economic growth and advancing shared prosperity for all Americans.

In a stronger, more comprehensive workforce investment system, adults move easily between the labor market and education and training in order to advance in their careers and upgrade their contributions to the workplace, while disconnected youth are able to reconnect through multiple pathways to education and training opportunities necessary to enter and advance in the workforce. Adult education, job training, postsecondary education, registered apprenticeship, career advancement and supportive service activities are fully aligned with economic and community development strategies, so as to meet the skill needs of existing and emerging employers and high growth occupations as well as the needs of under-skilled adults. Under such a dual-customer approach, seamless career pathways would be developed and offered, and support services and needs-based payments would be available, making it far easier for young people and adults to advance and persist through progressive levels of the education and job training system as quickly as possible and gain education and workforce skills of demonstrated value at each level. Education and training at every level would be closely aligned with jobs and industries important to local and regional economies. Every level of education and training would afford students and trainees the ability to advance in school or at work, with assessments and certifications linked to the requirements of the next level of education and employment.

With this infusion of funding, states and local areas should consider how their funding decisions and implementation activities for Recovery Act funds can help achieve this goal of workforce system transformation.

The WIA allotments for states are based on formula provisions defined in the Act (see Attachment I for WIA and Wagner-Peyser formula descriptions). The WIA allotments for the outlying areas (e.g., American Samoa, Guam, Northern Marianas, Palau, and the Virgin Islands) are based on a discretionary formula used for PY 2008 funds as authorized under WIA Title I.¹

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

¹ The Marshall Islands and Micronesia no longer receive WIA Title I funding, pursuant to P.L. 108-188, Compact of Free Association Amendments of 2003, (December 17, 2003); instead, these areas now receive funding from the Department of Education appropriation. The Compact, as amended by the Consolidated Appropriations Act of 2008, continues the availability of programs previously available to Palau through September 2009, including WIA Title I funding provisions.

To assist states in the implementation, monitoring, and reporting of Recovery Act activities, ETA anticipates providing TEGs or other documents on the following topics:

- Policy and Planning;
- Participant and Performance Reporting; and
- Financial Reporting.

Pursuant to the intent of the Recovery Act, allotments will be issued no later than 30 days from the date the bill was signed into law, February 17, 2009. The Recovery Act allotment funds will be issued as modifications to the PY 2008 WIA grants, with the funds having the same period of performance as PY 2008 funds. We reiterate the additional Wagner-Peyser obligation requirement for Recovery Act funds which is specified in the Act as September 30, 2010. It should be noted that grant agreements will have new provisions specific to the Recovery Act funding. The following is the schedule for processing the Recovery Act funds:

- Week of March 2, 2009 – Amended agreement sent to state grantees;
- Week of March 9, 2009 – States return the signed version of the agreement; and
- Week of March 16, 2009 – Notice of Obligation allotting funds issued.

4. Policy and Procedures for Quick and Effective Expenditure of Funds.

The intent of the Recovery Act is that funds be spent quickly and effectively in meeting the employment and training needs of the Nation's workforce. In order to accomplish this, ETA will be issuing Notices of Obligation (NOOs) for WIA and Wagner-Peyser funds no later than March 19, 2009, 30 days from the President's signing of the Recovery Act.

In an effort to support states in their rapid deployment of funds and recognizing that normal plan submission and approval procedures may hamper such efforts, ETA has determined that states' approved PY 2008 WIA and Wagner-Peyser Act Strategic State Plans qualify the states to receive Recovery Act allotments pursuant to WIA section 112. To qualify states for PY 2009 allotments, ETA will grant extensions on current WIA and Wagner-Peyser Strategic State Plans for PY 2009. This strategy will permit states to immediately receive and begin expending Recovery Act funds while providing a meaningful period in which to develop plans for the most effective use of Recovery Act and formula funds. Requests for the extension through June 30, 2009 must be submitted to ETA by April 15, 2009. ETA will require that states submit a subsequent modification to the State Plan to incorporate Recovery Act planning by June 30, 2009. Details regarding the State Plan modifications will be provided in a subsequent Policy and Planning TEG.

Likewise, because approved local plans are already in place, states are required to make the Recovery Act funds for WIA and Wagner-Peyser available to Local Areas not later than 30 days of being made available to the State. States are encouraged to

devise a Local Plan modification process that enables local areas to plan for the quickest and most effective use of Recovery Act funds in the local areas while not delaying the rapid allocation of funds to local areas within 30 days of receipt of funds by the state. Therefore, the Local Plans, required by WIA section 118, may be dated and not reflect the economic context altered by the economic downturn or strategies altered by the additional funds available through the Recovery Act. Under 20 CFR 661.355, each Governor sets the policy for when a Local Plan must be modified, such as significant changes in local economic conditions and changes in financing available for WIA title I and partner-provided WIA services. States are encouraged to review their Local Plan modification policy, and to require that Local Plans be modified according to state policy.

5. State Youth Activities Funds: Title I Subtitle B --Chapter 4--Youth Activities.

A. State Allotments. The amount available for WIA Youth Activities totals \$1,188,000,000, which includes \$17,820,000 for Native Americans, \$1,167,210,00 for states, and \$2,970,000 for outlying areas. Attachment II contains a breakdown of the State WIA Youth Activities program allotments by state. States are expected to spend Recovery Act funding quickly and effectively.

Even though the supplemental funds are part of the PY 2008 grant agreements, the allotment formulas use more recent unemployment data than that used for the PY 2008 allotments in order to more effectively distribute Recovery Act funds to those areas of greatest need. The three data factors required by WIA for the Youth Activities state formula allotments are:

- (1) The number of unemployed for Areas of Substantial Unemployment (ASUs), averages for the 12-month period, July 2007 through June 2008, as prepared by the states using special 2000 Census data based on households, obtained under contract with the Census Bureau and provided to states by the Bureau of Labor Statistics (BLS);
- (2) The number of excess unemployed individuals or the ASU excess (depending on which is higher), averages for the same 12-month period as used for ASU unemployment data; and
- (3) The number of economically disadvantaged youth (age 16 to 21, excluding college students and military), from special 2000 census tabulations.

While the total amount available for states is above the \$1 billion threshold, the Recovery Act exempts the program from the additional minimum provisions required by that threshold as specified in WIA Section 127(b)(1)(C)(iv)(IV). Instead, as required by WIA, the JTPA section 262(a)(3) (as amended by section 701 of the Job Training Reform Amendments of 1992) minimums of 90 percent hold-harmless of the prior year allotment percentage and 0.25 percent state

minimum floor are applicable. WIA also requires the application of a 130 percent stop-gain of the prior year allotment percentage. For purposes of the hold-harmless provision, the PY 2008 allotment percentages are used for the preceding year.

- B. Within-State Allocations. Youth Activities funds are to be distributed among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions of WIA Section 128 and according to the approved State Plan.

For purposes of identifying ASUs for the within-state Youth Activities allocation formula, states should continue to use the special 2000 Census data based on households which was obtained under contract with the Census Bureau and provided to states in October 2006 by BLS. These data will continue to be used for this purpose until further notice. For purposes of developing the number of economically disadvantaged Youth Activities for the statutory formula, the special 2000 census data provided to states for the within-state Youth Activities allocations beginning in PY 2004 should continue to be used.

States are to use the same reference periods for the data factors as described above and PY 2008 as the prior year hold-harmless, to be consistent with national office allotment distributions.

- C. Transfers of Funds. There is no authority for local workforce investment areas to transfer funds to or from the Youth Activities program.

6. State Adult Employment and Training Activities Funds: Title I Subtitle B -- Chapter 5--Adult and Dislocated Worker Employment and Training Activities.

- A. State Allotments. The amount available for Adult Activities is \$495,000,000 of which \$493,762,500 is for states and \$1,237,500 is for outlying areas. Attachment III shows the Adult Activities allotments. States are strongly encouraged to spend Recovery Act funding quickly and effectively. WIA funding for the WIA Adult program is considered to be PY 2008 funds and, therefore, must be expended by June 30, 2011.

Even though the supplemental funds are part of the PY 2008 grant agreements, the allotment formulas use more recent unemployment data than that used for the PY 2008 allotments in order to more effectively distribute Recovery Act funds to those areas of greatest need. The three data factors required by WIA for the Adult state formula allotments are:

- (1) The number of unemployed for Areas of Substantial Unemployment (ASUs), averages for the 12-month period, July 2007 through June 2008, as prepared by the states using special 2000 Census data based on households, obtained

under contract with the Census Bureau and provided to states by the Bureau of Labor Statistics (BLS);

- (2) The number of excess unemployed individuals or the ASU excess (depending on which is higher), averages for the same 12-month period as used for ASU unemployment data; and
- (3) The number of economically disadvantaged adults (age 22 to 72, excluding college students and military) from special 2000 census tabulations.

Since the total amount available for the Adult program for states is below the required \$960 million threshold specified in WIA Section 132(b)(1)(B)(iv)(IV), the WIA additional minimum provisions are not applicable. Also, like the youth program, the provision applying the 130 percent stop-gain of the prior year allotment percentage was used. For purposes of the hold-harmless provision, the PY 2008 allotment percentages are used for the preceding year.

B. Within-State Allocations. Adult allotments are to be distributed among local workforce investment areas (subject to reservation of up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA Section 133 and according to the approved State Plan.

For purposes of identifying ASUs for the within-state Adult allocation formula, the special 2000 census data provided to states by BLS in October 2006 is to be used for census sharing until further notice. For purposes of developing the number of economically disadvantaged adults for the statutory formula, the special 2000 census data provided to states for the within-state Adult Activities allocations beginning in PY 2004 should continue to be used.

States are to use the same reference periods for the data factors as described above and PY 2008 as the prior year hold-harmless, to be consistent with national office allotment distributions.

C. Transfers of Funds. WIA Section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 20 percent of Dislocated Worker Activities funds to Adult Activities. It should be noted that this is different than the 30 percent currently permitted for regular formula funds pursuant to prior year appropriation acts. Additionally, ETA does not anticipate granting waivers that would allow transfers above the 20 percent. As will be described in the forthcoming planning guidance, the waiver to transfer more than 20 percent of local area funds between Dislocated Worker and Adult programs will not apply to Recovery Act funds.

7. State Dislocated Worker Employment and Training Funds: Title I Subtitle B -- Chapter 5--Adult and Dislocated Worker Employment and Training Activities.

The amount available for the Dislocated Worker Activities program is \$1,435,500,000, with \$1,237,500,000 for states, \$3,588,750 for outlying areas, and \$194,411,250 for the National Reserve. States are expected to spend Recovery Act funding quickly and effectively. Recovery Act funding is considered to be PY 2008 funds and, therefore, must be expended by June 30, 2011.

A. State Allotments. Attachment IV shows Recovery Act Dislocated Worker Activities fund allotments by state.

The three data factors required in WIA for the dislocated worker state formula allotments are:

- (1) The number of unemployed, averages for the 12-month period, January 2008 through December 2008;
- (2) The number of excess unemployed, averages for the 12-month period, January 2008 through December 2008; and
- (3) The number of long-term unemployed, averages for calendar year 2008.

B. Within-State Allocations. Dislocated Worker Activities funds for the Recovery Act are to be distributed among local workforce investment areas (subject to reservation of up to 25 percent for statewide rapid response activities and up to 15 percent for statewide workforce investment activities) in accordance with the provisions in WIA Section 133 and according to the approved State Plan.

C. Transfers of Funds. WIA Section 133(b)(4) provides the authority for local workforce investment areas, with approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Worker Activities, and up to 20 percent of Dislocated Worker Activities funds to Adult Activities. It should be noted that this is different than the 30 percent currently permitted for regular formula funds pursuant to prior year appropriation acts. Additionally, ETA does not anticipate granting waivers that would allow transfers above the 20 percent. As will be described in the forthcoming planning guidance, the waiver to transfer more than 20 percent of local area funds between Dislocated Worker and Adult programs will not apply to Recovery Act funds.

8. Wagner-Peyser Act Final Allotments. The amount available for employment service grants totals \$396,000,000. Within this amount \$247,500,000 is designated for reemployment services (RES) to connect unemployment insurance claimants to employment and training opportunities that will facilitate their reentry to employment. Such funds shall remain available to the states for obligation through September 30, 2010, and must be expended by the end of PY 2010.

After determining the funding for outlying areas, allotments to states are calculated using the formula set forth at section 6 of the Wagner-Peyser Act (29 U.S.C. 49e). Formula allotments are based on each state's share of calendar year 2008 monthly averages of the civilian labor force and unemployment. The distribution of Wagner-Peyser funds includes \$395,034,690 for states, as well as \$965,310 for outlying areas. Attachment V shows the distribution of Recovery Act amounts under the ES formula.

Under section 7(b) of the Wagner-Peyser Act, ten percent of the total sums allotted to each state shall be reserved for use by the Governor to provide performance incentives, services for groups with special needs, and for the extra costs of exemplary models for delivering job services through the one-stop system.

9. **Reporting.**

Financial Reporting for the Recovery Act Funds. For the WIA formula programs, states are required to track financial information separately for each of the funding streams. States will submit the standard ETA-9130 reports for statewide youth, statewide adult, statewide dislocated worker, statewide rapid response (Dislocated Worker Activities), local youth, local adult, and local dislocated worker activities.

The ETA-9130 reports for Recovery Act funds will be due 10 days after the end of the quarter rather than the current 45 day requirement. States are also to submit the ETA-9130 report each quarter for the Wagner-Peyser Act funds. Final guidance on financial reporting will be issued under a separate document.

Participant and Performance Reporting for the Recovery Act Funds. Accountability guidelines for the Recovery Act emphasize data quality, streamlining data collection, and collection of information that shows measurable program outputs. ETA is developing reporting guidelines that will minimize any new collection burdens. Final guidance on participant and performance reporting will be issued under a separate TEGL.

To the extent that new information or reports are required for Recovery Act activities, ETA will seek OMB clearance through the Paperwork Reduction Act process.

10. **Inquiries.** Questions regarding these allotments and planning requirements may be directed to the appropriate Regional Office or to the ETA Recovery Act email address eta.stimulus@dol.gov. Information may also be found at the ETA Web site at www.doleta.gov.

11. **Attachments:**

- I. WIA and Wagner-Peyser Statutory Formula Descriptions
- II. WIA Youth Activities Allotments

III. WIA Adult Activities Allotments

IV. WIA Dislocated Worker Activities Allotments

V. Wagner-Peyser Act (Employment Service and Reemployment Services)
Allotments