

## **Allocation Planning Policy**

### **Reference:**

Workforce Investment Act of 1998, Sec. 112, Sec. 128, Sec. 133; Federal Register/Vol. 65, No. 156/Aug. 11, 2000; One-Stop Comprehensive Financial Management Technical Assistance Guide; State Workforce Investment Plan; TEGL 26-10; and TEGL 8-10; WIA Issuance 12-04.

### **Background:**

This policy determines the WIA allocation method for the WIA Five-Year State Workforce Plan. Section 112(b)(12) of the Act requires the State Plan to address:

- A. A description of the methods and factors the State will use in distributing funds to local areas for Youth activities and Adult employment and training activities under Sections 128(b)(3)(B) and 133(b)(3)(B), including:
  - i. a description of how the individuals and entities represented on the State board were involved in determining such methods and factors of distribution; and
  - ii. a description of how the State consulted with chief elected officials in local areas throughout the State in determining such distribution;
- B. Assurances that the funds will be distributed equitably throughout the State, and that no local areas will suffer significant shifts in funding from year to year; and
- C. A description of the formula prescribed by the Governor pursuant to Section 133(b)(2)(B) for the allocation of funds to local areas for Dislocated Worker employment and training activities.

### **Action:**

After the 10 day public review period, this policy is considered final. Questions and comments should be submitted in writing to Jan Fox, Policy Coordinator, [jan.fox@nebraska.gov](mailto:jan.fox@nebraska.gov).

### **Policy:**

The allocation process takes into consideration several key definitions including:

**Hold Harmless (Minimum Percentage)** – Effective at the end of the second full fiscal year after the date on which a local area is designated, the local area shall not receive an allocation percentage for a fiscal year that is less than 90% of the average allocation percentage of the local area for the two preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas. In order to avoid shifts in funding levels to the local areas, the Governor shall implement the hold-harmless provision provided by the Secretary for the Adult and Youth funds. No hold-harmless provisions are available for the Dislocated Worker funds.

**Excess Number** – This term means, when used with respect to the excess number of unemployed individuals within a State, the higher of:

- the number that represents the number of unemployed individuals in excess of 4.5% of the civilian labor force in the State; or
- the number that represents the number of unemployed individuals in excess of 4.5% of the civilian labor force in areas of substantial unemployment in such State.

**Area of Substantial Unemployment (ASU)** – This term means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under Title IB and that has an average rate of unemployment of at least 6.5% for the latest July 1 – June 30 program year, as determined by the U.S. Secretary of Labor. Determinations of areas of substantial unemployment shall be made once each fiscal year. An ASU is a contiguous area with a current population of at least 10,000 and an average unemployment rate of at least 6.5% for the 12-month reference period.

**Annual Funding Agreement** – Under the Governor-Secretary Agreement, funds are authorized for expenditure through a grant agreement entered into on a Program Year basis between the Governor (or designated representative) and the U.S. Secretary of Labor or the Grant Officer. The grant agreement and associated Notices of Obligation are the basis for federal obligation of funds allotted to the States in accordance with WIA Sections 127(b) and 132(b) for each Program Year.

**Notices of Obligation (NOOs)** – The U.S. Department of Labor/Employment and Training Administration's Grant Officer notifies the State through NOOs of the amount of funds that shall be obligated and allocated. Obligations and costs may not exceed the amount obligated by the NOO unless otherwise modified by the Grantor.

**Notices of Obligational Authority (NOAs)** – The State of Nebraska, as the pass-through entity, provides funding authority to each subrecipient through NOAs. The NOA informs each subrecipient of the federal award information including amount of funds, CFDA number, award name, and award year.

### **Distribution Timing**

Funds for Youth activities are available on **April 1**. The Adult and Dislocated Worker funds are allotted on both a Program Year (PY) and Fiscal Year (FY) basis.

- **Base Funds (PY):** The first allotment becomes available for obligation on **July 1**; this portion is commonly referred to as "base" funds.
- **Advance Funds (FY):** The second allotment becomes available for obligation on **October 1**; this portion is commonly referred to as "advance" funds.

### **Availability of Funds**

For the State, funds are available for expenditure during the Program Year of allotment and the two succeeding Program Years. For local areas, funds are available for the year of allocation plus one succeeding year.

### **Statewide Funds**

The Workforce Investment Act allows the Governor to reserve not more than 15% of the WIA Adult, Dislocated Worker and Youth allotments for statewide workforce investment activities. However, the Full-Year Continuing Appropriations Acts of 2011 and 2012 decreased the portion of formula grant funds the Governor may reserve for statewide activities by 10 percentage points, from 15% to 5% for "base" funds.

Each funding source contributes not more than 15% to pay for the statewide-required activities and other allowable statewide activities. This set-aside includes the 5% of funds used for administration by the State. Depending upon the availability of funds, the remaining 10% of the funds shall be used to pay for the following required activities:

- disseminate the state list of eligible providers of training services
- conduct evaluations of activities authorized in this section of the law
- provide incentive grants to local areas
- provide technical assistance to local areas
- assist in establishment and operation of One-Stop delivery system
- operate a fiscal and management information system (MIS)
- provide additional assistance to local areas that have high concentrations of eligible Youth to carry out the local activities identified in Section 129(c)

And may be used for the following allowable activities:

- capacity building and technical assistance to local areas, One-Stop operators, One-Stop partners, eligible providers, including development and training of staff
- research and demonstrations
- implement innovative, incumbent worker training programs
- promote innovative initiatives in partnership with education and economic development that achieve a regional strategy approach to addressing workforce and economic development solutions
- support for identification of eligible providers of training services
- implement innovative programs for displaced homemakers (to include those who receive public assistance and are within two years of exhausting lifetime eligibility).
- implement programs to increase number of individuals trained and placed in non-traditional employment
- establish and implement innovative projects in partnership with economic development that spur job creation and entrepreneurial efforts, particularly in the rural areas
- support system-wide efforts that promote awareness and service delivery to individuals with disabilities
- promote system-wide efforts that support demand-driven, high growth jobs
- other activities authorized in this section that the state deems necessary to assist local areas in carrying out activities through the statewide Workforce Investment system

### **Methods and Factors of Distribution for Adult and Youth Funds**

Nebraska will use the standard allocation formulas (below) for distributing the Adult [Sec. 133(b)(2)(A)(i)] and Youth [Sec. 128 (b)(2)(A)(i)] funds portion to the local areas. The 30% discretionary method will not be a part of the process.

In allocating the Adult and Youth funds to local areas, a State may allocate:

1.  $33\frac{1}{3}\%$  of the funds on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each designated area, compared to the total number of unemployed individuals in all such areas of substantial unemployment in the State;
2.  $33\frac{1}{3}\%$  of the funds on the basis of the relative excess number (note definition above) of unemployed individuals in each designated area (or area of substantial unemployment), compared to the total excess number of unemployed individuals in all designated areas (or all areas of substantial unemployment) of the State; and
3.  $33\frac{1}{3}\%$  of the funds on the basis of the relative number of disadvantaged (Youth or Adults), compared to the total number of disadvantaged (Youth or Adults) in the State.

### **Methods and Factors of Distribution for Dislocated Worker Funds**

For within-state allocations of the Dislocated Worker funds, 10% will be set aside for Rapid Response activities, not more than 15% shall be reserved for statewide activities, and the remaining portion of funds will be distributed according to the factors identified in the table below. The NWIB's Policy and Procedures Committee was originally responsible for the assignment of formula weights for Dislocated Worker funds. The committee had representatives from all three local areas in the state. The factors chosen were based on the required information as identified in Section 133(b)(2)(B) of the Act. Much discussion took place to balance the needs of Dislocated Workers in both the urban and rural areas. The Dislocated Workers (including farmers and ranchers) factor received the largest emphasis. It was important to the committee that the distribution of funds gave proper consideration to the number of workers impacted by the current agricultural economy. Multiple sources of data are used to capture the number of affected workers including: the Dislocated Worker unit's report on Rapid Response (plant closing and layoff numbers); Nebraska Department of Revenue farm income data; bankruptcy reports to give additional farmer/rancher data; and mass layoff statistics program report.

ALLOCATION FACTOR	WEIGHT ASSIGNED IN FORMULA	DATA SOURCE(S) AND TIME PERIOD
<b>UI</b> - Relative average number of unemployed individuals who reside in the local area as compared to the total average number of unemployed individuals in the state.	10	Local Area Unemployment Statistics (LAUS) Program (most recent available Program Year data)
<b>Excess UI</b> - Relative number of unemployed individuals who reside in areas of concentrated unemployment in each local area as compared to the total number of unemployed individuals in all such areas of concentrated unemployment in the state.	20	Local Area Unemployment Statistics (LAUS) Program (most recent available Program Year data)
<b>Long Term</b> - Relative number of individuals who have been unemployed for 15 weeks or more and who reside in the local area as compared to the total number of such individuals in state.	10	Unemployment Insurance Benefit Files (most recent available Program Year data)
<b>Dislocated Workers</b> - Relative number of Dislocated Workers (including farmers and ranchers) in the local area as compared to the total number of such individuals in the state.	40	WARN/Rapid Response Report (most recent available Program Year data), NE Dept. of Revenue, US District Bankruptcy Court, Mass Layoff Statistics Program
<b>Declining Industries</b> - The reduction in the number of jobs within declining industries in a local area as compared to the number of jobs reduced within declining industries in the state.	20	Industry Projections (short term method) (latest projection years), Mass Layoff Statistics Program, Rapid Response/WARN (most recent available Program Year data)
	100	

**Rapid Response Funds** -- Rapid Response funds shall be provided for activities described in the "Rapid Response - State Dislocated Worker Unit Policy. If there is a justified need for additional dislocated worker funds, local areas may make a request to the Nebraska Department of Labor's (NDOL) Office of Employment and Training (OET) for a portion of the Rapid Response funds retained at the State level by completing and submitting the "Request For Rapid Response Funds, Application For Direct Dislocated Worker Participant Services" (see Attachment "A.") The funds may be used to provide support to Workforce Development activities for infrastructure needs, such as equipment. The funds are also used to produce publications for Rapid Response presentations and public educational purposes.

#### **Development of the Methods and Factors**

The Nebraska Workforce Investment Board's (NWIB) Policy and Procedures Committee was originally responsible for the development of the allocation formulas for the distribution of funds for Adult, Dislocated Worker, and Youth employment and training activities. Through a reorganization of the NWIB, the Performance Committee assumed this responsibility. This committee has tracked the distribution of funds and related participation levels and has chosen to keep the same weighting of factors. In November and December 2012, the set formula for distributing 30% of the funds was researched and reviewed by the Performance Committee based upon a proposal submitted by the Mayor of the City of Omaha. The proposal was ultimately withdrawn and the Performance Committee took no further action on the review of an alternative funding formula for 30% of the funds.

At their February 13, 2013 meeting, the NWIB's Performance Committee discussed the effect of Declining Industry criteria on the Dislocated Worker fund allocation. Annually, NDOL's Office of Labor Market Information prepares the "WIA Program Planning Data" and historically has used long term projections for the Declining Industry factor. Coming out of a nation-wide recession has resulted in few declining industries in Nebraska which caused an anomaly in the PY13 allocation factor for Declining Industries. The Performance Committee made recommendation to the NWIB that short term projections be used going forward for the Declining Industry factor. The NWIB's Executive Committee approved the recommendation at their April 12, 2013 meeting.

#### **Deobligation**

Local area grantees shall face deobligation of Adult, Dislocated Worker, Youth funds and/or Adult Discretionary Allocations when they have failed to expend all funds within the two years allowed for expenditure. Local area grantees may face deobligation of Adult, Dislocated Worker, Youth funds and/or Adult Discretionary Allocations when the State faces deobligation and reallocation for exceeding the Secretary's 20% limitation. Funds deobligated shall be reallocated to other eligible local area grantees who have an acceptable expenditure rate and who areas prepared to expand their program. In making reallocations to eligible local areas, the Governor shall allocate to each local area within the State an amount based on the relative amount allocated to such local area under the initial allocation. If no local areas grantees have an acceptable expenditure rate or when other eligible local area grantees are not prepared to expand their program, then these funds may be used for Statewide projects.

#### **Reallotment**

In the event Nebraska is required to make funds available for reallocation by the Secretary, the funds will be reallocated from grantees and the Governor's reserve funds as follows: The amount available for reallocation shall be equal to the amount by which the unobligated balance of an individual grantee's program year allotment at the end of the program year exceeds the Secretary's 20% limitation.

**Transfer between Adult and Dislocated Worker Funding Streams at the Local Level**

The Governor has received approval for a waiver allowing transfer of funds up to 50% between Adult and Dislocated Worker funding for Program Years 2009 through 2017. In order to ensure all population groups are served, the State requires that all transfer requests be limited to 25% per quarter not to exceed 50% with justification of need provided. The Governor must approve transfers. No transfers of funds are authorized for the Youth program.

## REQUEST FOR RAPID RESPONSE FUNDS

### *Application for Direct Dislocated Worker Participant Services*

**Local Area Name:** Choose an option

**Contact Person:** Click here to enter text.

**Address:** Click here to enter text.

**Phone:** Click here to enter text.

**E-mail:** Click here to enter text.

1. **Describe in detail, the increased number of unemployed in your area due to plant closings, mass layoffs, or labor force reductions. Include: timeframe of layoffs, name and location of affected business, number of employees affected. This description should include past and future layoff activity.**

Click here to enter text.

2. **Has the local area obligated all of its current year base and advance dislocated worker funds?**

Choose an option

3. **Has the local area expended at least 50% of its current year base and advance dislocated worker funds?**

Choose an option

4. **Amount of Rapid Response funds requested?**

Click here to enter text.

5. **Number of new dislocated workers enrollees that will result?**

Click here to enter text.

6. **Estimated date when all requested funds will be expended?**

Click here to enter text.

7. **Attach a line item budget identifying how the requested funds will be used.**

---

**Signature of Local Area Representative**

**Date**

**Submit completed application in electronic format to:**

[Joan.Modrell@nebraska.gov](mailto:Joan.Modrell@nebraska.gov) and [Jan.Fox@nebraska.gov](mailto:Jan.Fox@nebraska.gov)