

below the required \$1 billion threshold specified in section 127(b)(1)(C)(iv)(IV); therefore, unlike in PY 2002, the WIA additional minimum provisions were not applied: (1) The minimum 1998 dollar (not percentage) (JTPA II-B and II-C combined) allotment, and (2) the two-tier small state minimum allotment (.3 percent of the first \$1 billion and .4 percent of the amount over \$1 billion). Instead, as required by WIA, the JTPA section 202(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 were used. Also, as required by WIA, the provision applying a 130 percent stop-gain of the prior year allotment percentage was used. The three formula factors required in WIA use the following data for the PY 2003 allotments:

(1) The number of unemployed for areas of substantial unemployment (ASU's) are averages for the 12-month period, July 2001 through preliminary June 2002;

(2) The number of excess unemployed individuals or the ASU excess (depending on which is higher) are averages for the same 12-month period used for ASU unemployed data; and

(3) The number of economically disadvantaged youth (age 16 to 21, excluding college students and military) are from the 1990 Census. (2000 Census data are expected to be available for use for the PY 2004 allotment calculations.)

Adult Employment and Training Activities Allotments. The total Adult Employment and Training Activities appropriation is \$898,778,000. Attachment II-B shows the PY 2003 Adult Employment and Training Activities allotments and comparison to PY 2002 allotments by state. Similarly to the Youth Activities program, the total available for the outlying areas was reserved at 0.25 percent of the full amount appropriated for Adults. The Adult Activities funds for grants to all outlying areas, for which the distribution methodology is at the Secretary's discretion, were distributed among the areas by the same principles, formula and data as used for outlying areas for Youth Activities. After determining the amount for the outlying areas, the amount available for allotments to the states is \$896,531,055. Like the Youth Activities program, the WIA minimum provisions were not applied for the PY 2003 allotments because the total amount available for the states was below the \$960 million threshold required for Adults in section 132(b)(1)(B)(iv)(IV). Instead, as required by WIA, the minimum allotments were

calculated using the JTPA section 202(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. Also, like the Youth Activities program, a provision applying a 130 percent stop-gain of the prior year allotment percentage was used. The three formula factors use the same data as used for the Youth Activities formula, except that data from the 1990 Census for the number of economically disadvantaged adults (age 22 to 72, excluding college students and military) were used. (2000 Census data are expected to be available for use for the PY 2004 allotment calculations.)

Dislocated Worker Employment and Training Activities Allotments. The total Dislocated Worker appropriation is \$1,431,340,495. The total appropriation includes formula funds for the states, while the National Reserve is used for National Emergency Grants, technical assistance and training, demonstration projects, and the outlying areas Dislocated Worker allotments. Attachment III-B shows the PY 2003 Dislocated Worker Activities fund allotments by state. Like the Youth and Adults programs, the total available for the outlying areas was reserved at 0.25 percent of the full amount appropriated for Dislocated Worker Activities. The Dislocated Worker Activities funds for grants to all outlying areas, for which the distribution methodology is at the Secretary's discretion, were distributed among the areas by the same pro rata share as the areas received for the PY 2003 WIA Adult Activities program, the same methodology used in PY 2002. For the state distribution of formula funds, the three formula factors required in WIA use the following data for the PY 2003 allotments:

(1) Number of unemployed, averages for the 12-month period, October 2001 through September 2002;

(2) Number of excess unemployed, averages for the 12-month period, October 2001 through September 2002; and

(3) Number of long-term unemployed, averages for calendar year 2001.

Since the Dislocated Worker Activities formula has no floor amount or hold-harmless provisions, funding changes for states directly reflect the impact of changes in the number of unemployed.

Wagner-Peyser Act Employment Service Final Allotments. The public Employment Service (ES) program involves a Federal-State partnership between the U.S. Department of Labor and the State Workforce Agencies.

Under the Wagner-Peyser Act, funds are allotted to each state to administer a labor exchange program responding to the needs of the state's employers and workers through a system of local employment services offices that are part of the One-Stop service delivery system established by the state. Attachment IV shows the ES final allotments for PY 2003. These final allotments have been produced using the formula set forth at Section 6 of the Wagner-Peyser Act, 29 U.S.C. 49e. They are based on monthly averages of the civilian labor force (CLF) and unemployment for the calendar year 2002. State planning estimates reflect \$18,000,000 being withheld from distribution to states to finance postage costs associated with the conduct of Wagner-Peyser Act labor exchange services for PY 2003. The Secretary of Labor is required to set aside up to three percent of the total available funds to assure that each state will have sufficient resources to maintain statewide employment service activities, as required under section 6(b)(4) of the Wagner-Peyser Act. In accordance with this provision, the three percent set-aside funds are included in the total planning estimate. The set-aside funds are distributed in two steps to states that have lost in relative share of resources from the previous year. In Step 1, states that have a CLF below one million and are also below the median CLF density are maintained at 100 percent of their relative share of prior year resources. All remaining set-aside funds are distributed on a pro-rata basis in Step 2 to all other states losing in relative share from the prior year but not meeting the size and density criteria for Step 1. Under the Wagner-Peyser Act section 7, ten percent of the total sums allotted to each state shall be reserved for use by the Governor to provide performance incentives for public ES offices; services for groups with special needs; and for the extra costs of exemplary models for delivering job services.

Reemployment Services Allotments. The purpose of these funds is to ensure that Unemployment Insurance (UI) claimants receive the necessary services to become re-employed. The total funds available for PY 2003 are \$34,772,500. The allotment figures for the distribution of funds for each state for PY 2003 are listed in Attachment V. The funds were distributed using the following administrative formula: each state received \$215,000, with the remaining funds distributed using each state's share of first payments for FY 2002 to UI claimants.

Work Opportunity (WOTC) and Welfare to Work Tax Credit Program