

WorkSource Information Notice (WIN)

Workforce and Career Development Division

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Number: WIN - 0035

Date: March 21, 2013

Expiration Date: March 21, 2014

TO: Workforce Development System Partners

FROM: Amy L. Smith, Deputy Director

SUBJECT: Preliminary Impact of Federal Sequestration on Washington's WIA Program

Purpose:

To communicate the impact of federal sequestration on Workforce Investment Act (WIA) and other one-stop affiliated U.S. Department of Labor (USDOL) programs in Washington.

Action Required:

Workforce Development Councils (WDCs) are encouraged to develop appropriate contingency plans based on the preliminary information provided by USDOL.

Content:

Under the Sequestration Transparency Act of 2012 (P.L. 112-155), approximately \$85 billion in cuts were enacted by executive order issued on March 1 in the wake of failure to produce a plan to reduce the federal deficit by \$1.2 trillion over 10 years as required by the Budget Control Act of 2011.

USDOL issued [Training and Employment Notice \(TEN\) 27-12](#) on March 20, 2013 to provide unofficial, advanced notice of sequestration-based, program-specific cuts based on its discretionary flexibility to implement reductions between grants. **USDOL underscores that actual allotments are subject to change and will be formally announced through a Training and Employment Guidance Letter.**

Preliminarily, the net reduction in Washington's WIA program is expected to be 3.56 percent, which would translate into a \$1.97 million reduction statewide compared to the state's \$55.4 million total allotment in PY12/FY13. The sub-program reductions are expected to be as follows:

- Youth: Net 2.55 percent reduction (-\$433,314) from PY12/FY13 allotment
- Adult: Net 2.35 percent reduction (-\$369,836) from PY12/FY13 allotment
- Dislocated Worker: Net 5.15 percent reduction (-\$1,169,232) from PY12/FY13 allotment

Note: USDOL intends to take the full sequestration reductions out of the PY13 base allotments.

The attached table details estimated WDA-level impacts based on the **current** PY12/FY13 allocation formula.

IMPORTANT NOTE: Subsequent recalculation of local WIA program allocations will likely result in significant changes to the planning amounts in the attached table. The table does NOT reflect any changes in local allocation formulae due to updated labor market information nor the “hold harmless” adjustments that would otherwise be factored into the calculation. WDCs are cautioned that the table is intended to provide preliminary planning information only and should NOT be considered more than high-level estimates based on current allocation formulae.

Further refined preliminary planning figures that include hold harmless adjustments will be prepared and shared with WDCs as soon as they are available.

The Workforce and Career Development Division (WCDD) is also in the process of entering updated labor market information into local WIA program allocation formulas for PY13/FY14. Those allocations will reflect sequestration impacts articulated in a formal TEGL to eventually be issued by USDOL.

Per state WIA Policy 3205, Revision 1, WDCs are reminded to not create an excess cash situations (e.g., cash advances, loans, or lines of credit) in response to sequestration. Specialized Accounting Services (SAS) will be monitoring local cash on hand in WIA programs for federal financial reporting.

Noting another sequestration impact on Washington’s one-stop system, Wagner-Peyser funding is expected to be cut 4.50 percent, which would translate into a \$660,645 reduction compared to PY12/FY13.

Sequestration impacts may affect private sector contractors to the federal government. In the event of significant layoff events, WDCs should look first to WIA Dislocated Worker formula funds and then consider Rapid Response Additional Assistance if Dislocated Worker funds are insufficient to address the situation. WDCs should also plan to deploy, as warranted, their local Rapid Response teams.

WDCs may transfer funds between the WIA Adult and Dislocated Worker programs manage the effect of sequestration reductions without losing eligibility for Rapid Response Additional Assistance grants.

References:

[Training and Employment Notice \(TEN\) 27-12, March 20, 2013](#)

[State WIA Policy 3205, Revision 1, Cash Depositories](#)

[State WIA Policy 3935, Revision 1, Rapid Response Additional Assistance](#)

Website:

http://www.wa.gov/esd/1stop/policies/state_guidance.htm

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Attachment:

Attachment A – Preliminary Estimate of Sequestration Impacts on Local WIA Youth, Adult, and DW Programs

Preliminary Estimate of Sequestration Impacts on local WIA Youth, Adult, and DW programs - Attachment A

| WDA | Youth PY12/FY13 | Estimated Youth PY13/FY14 | Adult PY12/FY13 | Estimated Adult PY13/FY14 | DW PY12/FY13 | Estimated DW PY13/FY14 |
|------------------|--------------------|--|--------------------|--|-----------------|---------------------------------------|
| Olympic | \$659,005 | \$642,167 | \$662,440 | \$646,874 | \$650,806 | \$617,308 |
| Pacific Mountain | \$1,147,249 | \$1,117,937 | \$1,114,571 | \$1,088,379 | \$1,295,146 | \$1,228,482 |
| Northwest | \$1,028,939 | \$1,002,650 | \$830,910 | \$811,384 | \$1,029,268 | \$976,289 |
| Snohomish | \$1,499,133 | \$1,460,830 | \$1,453,787 | \$1,419,624 | \$1,721,041 | \$1,632,456 |
| Seattle-King | \$3,994,543 | \$3,892,483 | \$3,786,370 | \$3,697,393 | \$3,992,968 | \$3,787,442 |
| Tacoma-Pierce | \$1,900,731 | \$1,852,173 | \$1,799,641 | \$1,757,351 | \$1,942,744 | \$1,842,748 |
| Southwest | \$1,475,160 | \$1,437,470 | \$1,442,142 | \$1,408,253 | \$1,248,323 | \$1,184,069 |
| North Central | \$793,191 | \$772,925 | \$732,519 | \$715,300 | \$750,122 | \$711,512 |
| South Central | \$1,102,742 | \$1,074,567 | \$1,015,285 | \$991,432 | \$1,016,587 | \$964,262 |
| Eastern WA | \$668,943 | \$651,852 | \$488,750 | \$477,265 | \$380,048 | \$360,486 |
| Benton-Franklin | \$592,725 | \$577,581 | \$552,951 | \$539,958 | \$774,236 | \$734,384 |
| Spokane Area | \$1,249,211 | \$1,217,294 | \$1,071,985 | \$1,046,794 | \$1,099,832 | \$1,043,221 |

Note: Estimates do not reflect changes in local allocation formulae attributable to new labor market information, impacts resulting from balancing allocations to address the 90% hold-harmless required by law, or the increase to the DW program from prior state mitigation.