



Workforce Innovation and Opportunity Act Policy
Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5270
To: Washington WorkSource System
Effective Date: March 11, 2016

Subject: WIOA Title I Formula Allotment Process and Methodology

1. **Purpose:**

To communicate Washington's methodologies for calculating sub-state formula allotments and the annual process for revising the methodologies under the Workforce Innovation and Opportunity Act (WIOA).

2. **Background:**

WIOA law gives the Governor one opportunity a year to change the WIOA Title I (sub-state) local formula allotment methodologies used for the youth, adult, and dislocated worker programs. Under WIOA, the State Workforce Development Board (SWDB) is directed to assist the Governor in developing the allotment formula.

3. **Policy:**

a. Current Methodologies

The State's current methodologies for determining local area WIOA Title I formula allotments for the youth, adult, and dislocated worker programs are articulated in [Attachments A](#), [B](#), and [C](#), respectively.

b. Revising the Methodologies

The process for revising the State's methodologies for determining local area WIOA Title I formula allotments for the youth, adult, and/or dislocated worker programs is as follows:

- i. The SWDB will consult with the State Workforce Agency (SWA) and the 12 Local Workforce Development Boards (LWDBs) on the alignment of fund distribution with the state's strategic priorities, within statutory limitations.
- ii. Requests to explore changes to any of the WIOA Title I formula allotment methodologies (youth, adult, and/or dislocated worker) must be communicated, in writing, to the SWDB by October 31 preceding a program year (e.g., by October 31, 2016 for PY16/FY17 allotments covering April 1, 2017-June 30, 2018).
- iii. The request must detail the alternate variable(s) proposed and program (youth, adult, and/or dislocated worker) methodology to which the variable(s) would be applied; the existing alternate variable(s) proposed for elimination and program (youth, adult, and/or dislocated worker) methodology from which the variable(s) would be eliminated; or both.
- iv. Pursuant to a request, the SWDB will, having delegated operational development of local formula methodologies to the SWA, direct the SWA to convene a state-local work group comprised of SWA and LWDB representatives between November 1 and January 1 to research and develop local area allotment scenarios based on the alternate variables proposed to be added or eliminated. Based on the information, the work group may recommend that one, two, all, or none of WIOA Title I formula allotment methodologies be revised.
- v. If the work group recommends revising program methodologies, a recommendation will be prepared as an agenda item at a regular or special meeting of the SWDB for consideration and action no later than February 15.
- vi. The SWDB, in acting on the work group recommendation, represents the Governor.
- vii. Changes to any WIOA Title I formula allotment methodology will be communicated to the SWA for the purpose of aligning allotment calculation worksheets and this state policy.
- viii. Formula calculation worksheets reflecting approved methodologies will be provided by the SWA to LWDBs after issuance of this policy and future revisions of this policy so local areas are able to research impacts of prospective methodological changes and inform decisions on whether or not to request changes.
- ix. Formula calculation worksheets reflecting local area allotments for the coming program year will be provided by the SWA to LWDBs at least five business days before the SWA issues local formula grant packages.
- x. If the SWDB does not receive a written request to explore changes to the formula allotment methodologies by October 31 preceding a program year, the methodologies referenced under Section 3.a of this policy will remain in effect and be applied to that program year.

4. Definitions:

None.

5. References:

- Public Law 113-128, Workforce Innovation and Opportunity Act of 2014, Sections 128(b)(3), 133(b)(2)(B)(i-ii), and 133(b)(3)
- Proposed 20 CFR 683.120 and 683.125

- [Training and Employment Guidance Letter \(TEGL\) 29-14](#) and all subsequent WIOA program allotment TEGLs

6. Supersedes:

None.

7. Website:

http://www.wa.gov/esd/1stop/policies/wioa_title1.htm

8. Action:

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

- [Attachment A](#) – Local Area WIOA Title I Formula Allotment Methodology for Youth
- [Attachment B](#) – Local Area WIOA Title I Formula Allotment Methodology for Adult
- [Attachment C](#) – Local Area WIOA Title I Formula Allotment Methodology for Dislocated Workers

Direct Allotment-Specific Inquiries To:

*Darrell Stoa, Funds Manager
Financial and Administrative Services Division
Employment Security Department
PO Box 9046
Olympia, WA 98507
360-902-9327
dstoa@esd.wa.gov*

Direct Other Inquiries To:

*Employment System Administration and Policy Unit
Employment System Policy and Integrity Operations Division
Employment Security Department
P.O. Box 9046
Olympia WA 98506-9046
(360) 902-9666
SystemPolicy@esd.wa.gov*

Attachment A – Local Area WIOA Title I Formula Allotment Methodology for Youth

After the state's Youth program allotment is divided into state administration, state set-aside, and local funds in accordance with the appropriate Training and Employment Guidance Letter (TEGL), local area allotments are determined by three county-level factors:

1. The average number of unemployed individuals for Areas of Substantial Unemployment for the 12-month period ending June 30 (33.3% of the allocation)
2. The number of excess unemployed individuals for the 12-month period ending June 30 (33.3% of the allocation)
3. Share of economically-disadvantaged youth (American Community Survey 2006-2010) (33.3% of the allocation)

If a county qualifies for any one of the factors, its percentage of the whole is calculated for that factor. If a county does not qualify for any one factor, its client data will be excluded from the calculation for that factor. Once that has been completed for all three factors, the average percentage of the three factors is calculated at the local area level. If, for example, Olympic WDA's average is 4 percent, 4 percent of the Youth funding would go to Olympic WDA.

Once the total amount of Youth funds have been divided amongst local areas within the state based on their county data, ESD ensures that no local area receives an amount of funding less than its hold-harmless level or greater than its stop-gain level.

The hold-harmless amount is determined for each local area by calculating 90 percent of the average allotment share for the two prior program years and multiplying that share by the total local Youth allotment.

The stop-gain amount is determined for each local area by calculating 130 percent of the allocation percentage of the prior program year and multiplying that share by the total local Youth allotment.

If a local area's initial award is below its hold-harmless level or above its stop-gain level, funding adjustments are necessary. Funds will be given to local areas whose pre-hold-harmless amounts are less than the calculated hold-harmless amount in order to raise their total Youth allotment to match their calculated hold-harmless level. The offsetting reduction to the balance of local areas (those at or above hold-harmless) is based on their percentage of the total pre-hold-harmless amount less the amount surrendered to local areas that were funded below the hold-harmless level.

The same process is used to determine the stop-gain amount for each local area.

After all adjustments are made, a final award is issued to each local area, 10 percent of which is local administrative funding and 90 percent of which is local program funding.

Attachment B – Local Area WIOA Title I Formula Allotment Methodology for Adult

After the state's Adult program allotment is divided into state administration, state set-aside, and local funds in accordance with the appropriate Training and Employment Guidance Letter (TEGL), local area allotments are determined by three county-level factors:

1. The average number of unemployed individuals for Areas of Substantial Unemployment for the 12-month period ending June 30 (33.3% of the allocation)
2. The average number of excess unemployed individuals for the 12-month period ending June 30 (33.3% of the allocation)
3. Share of economically disadvantaged adults (American Community Survey 2006-2010) (33.3% of the allocation)

If a county qualifies for any one of the factors, its percentage of the whole is calculated for that factor. If a county does not qualify for any one factor, its data will be excluded from the calculation for that factor. Once that has been completed for all three factors, the average percentage of the three factors is calculated at the local area level. If, for example, Olympic WDA's average is 4 percent, 4 percent of the Adult funding would go to Olympic WDA.

Once the total amount of Adult funds has been divided amongst local areas within the state based on their county data, ESD ensures that no local area receives an amount of funding less than its hold-harmless level or greater than its stop-gain level.

The hold-harmless amount is determined for each local area by calculating 90 percent of the average allotment share for the two prior program years and multiplying that share by the total local Adult allotment.

The stop-gain amount is determined for each local area by calculating 130 percent of the allocation percentage of the prior program year and multiplying that share by the total local Adult allotment.

If a local area's initial award is below its hold-harmless level or above its stop-gain level, funding adjustments are necessary. Funds will be given to local areas whose pre-hold-harmless amount are less than the calculated hold-harmless amount in order to raise their total Adult allotment to match their calculated hold-harmless level. The offsetting reduction to the balance of local areas (those at or above hold-harmless) is based on their percentage of the total pre-hold-harmless amount less the amount surrendered to local areas that were funded below the hold-harmless level.

The same process is used to determine the stop-gain amount for each local area.

After all adjustments are made, a final award is issued to each local area, 10 percent of which is local administrative funding and 90 percent of which is program funding.

Attachment C – Local Area WIOA Title I Formula Allotment Methodology for Dislocated Workers

After the state's Dislocated Worker (DW) program allotment is divided into state administration, state set-a-side, statewide rapid response, and local funds in accordance with the appropriate Training and Employment Guidance Letter (TEGL), local area DW allotments are determined by three county-level factors that have been assigned certain weights:

1. The average number of unemployed individuals for the 12-month period ending September 30 (weight of 1 = approximately 28.5% of the allocation).
2. The number of excess unemployed individuals for the 12-month period ending September 30 (weight of 1.5 = approximately 43.0% of the allocation).
3. The average share of long term unemployed (Unemployment Insurance claimants with 15+ weeks of benefits for the 12-month period ending September 30) (weight of 1 = approximately 28.5% of the allocation).

After the funding has been divided between the factors, it is spread amongst the counties based on the percentage of individuals that reside in that county per that factor. For example, if 4 percent of the state's long term unemployed participants live in Clallam County, 4 percent of the long-term unemployed funding would go to Clallam County. If a county does not qualify for any one factor, its data is excluded from calculation for that factor.

Once the total amount of DW funds has been divided amongst local areas within the state based on their county data, ESD ensures that no local area receives an amount of funding that is less than its hold-harmless level or greater than its stop-gain level.

The hold-harmless amount is determined for each local area by calculating 90 percent of the average allotment share for the two prior program years and multiplying that share by the total local DW allotment.

The stop-gain amount is determined for each local area by calculating 130 percent of the allocation percentage of the prior program year and multiplying that share by the total local DW allotment.

If a local area's initial award is below its hold-harmless level or above its stop-gain level, funding adjustments are necessary. Funds will be given to local areas whose pre-hold-harmless amounts are less than the calculated hold-harmless amount in order to raise their total DW allotment to match their calculated hold-harmless level. The offsetting reduction to the balance of local areas (those at or above hold-harmless) is based on their percentage of the total pre-hold-harmless amount less the amount surrendered to local areas that were funded below the hold-harmless level.

The same process is used to determine the stop-gain amount for each local area.

After all adjustments are made, a final award is issued to each local area, 10 percent of which is local administrative funding and 90 percent of which is program funding.