



**Workforce Innovation and Opportunity Act Policy**  
**Employment System Administration and Policy**

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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.

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**Policy Number:** 5270  
**To:** Washington WorkSource System  
**Effective Date:** March 15, 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](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

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## **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.
2. The number of excess unemployed individuals for the 12-month period ending June 30.
3. Share of economically-disadvantaged youth (American Community Survey 2006-2010)

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.
2. The number of excess unemployed individuals for the 12-month period ending June 30.
3. Share of economically disadvantaged adults (American Community Survey 2006-2010).

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. Share of long term unemployed (Unemployment Insurance claimants with 15+ weeks of benefits) (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.

in accordance with paragraph (2).

(2) Formula allocations.--

(A) Adult employment and training activities.--

(i) Allocation.--In allocating the funds described in paragraph (1) (A) to local areas, a State may allocate--

(I)  $33\frac{1}{3}$  percent of the funds on the basis described in section 132(b) (1) (B) (ii) (I);

(II)  $33\frac{1}{3}$  percent of the funds on the basis described in section 132(b) (1) (B) (ii) (II); and

(III)  $33\frac{1}{3}$  percent of the funds on the basis described in clauses (ii) (III) and (iii) of section 132(b) (1) (B).

(ii) Minimum percentage.--The local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 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 under this subparagraph.

(iii) Definition.--In this subparagraph, the term "allocation percentage", used with respect to fiscal year 2015 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year. The term, used with respect to fiscal year 2013 or 2014, means a percentage of the amount allocated to local areas under paragraphs (2) (A) and (3) of section 133(b) of the Workforce Investment Act of 1998 (as in effect on the day before the date of enactment of this Act), received through an allocation made under paragraph (2) (A) or (3) of that section for fiscal year 2013 or 2014, respectively.

(B) Dislocated worker employment and training activities.--

(i) Allocation.--In allocating the funds described in paragraph (1) (B) to local areas, a State shall allocate the funds based on an allocation formula prescribed by the Governor of the State. Such formula may be amended by the Governor not more than once for each program year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs.

(ii) Information.--The information described in clause (i) shall include insured unemployment data, unemployment concentrations, plant closing and mass layoff data, declining industries data, farmer-rancher economic hardship data, and long-term unemployment data.

(iii) Minimum percentage.--The local area shall not receive an allocation percentage for fiscal year 2016 or a subsequent fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 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 under this subparagraph.

(iv) Definition.--In this subparagraph, the term "allocation percentage", used with respect to fiscal year 2015 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph for the fiscal year. The term, used with respect to fiscal year 2014,

Sec. 133(6)(2)(B)(i-ii)

means a percentage of the amount allocated to local areas under section 133(b)(2)(B) of the Workforce Investment Act of 1998 (as in effect on the day before the date of enactment of this Act), received through an allocation made under that section for fiscal year 2014.

(C) Application.--For purposes of carrying out subparagraph

(A)--

(i) references in section 132(b) to a State shall be deemed to be references to a local area;

(ii) references in section 132(b) to all States shall be deemed to be references to all local areas in the State involved; and

(iii) except as described in clause (i), references in section 132(b)(1) to the term "excess number" shall be considered to be references to the term as defined in section 132(b)(1).

(3) Adult employment and training discretionary allocations.-- In lieu of making the allocation described in paragraph (2)(A), in allocating the funds described in paragraph (1)(A) to local areas, a State may distribute--

(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2)(A); and

(B) the remaining portion of the funds on the basis of a formula that--

(i) incorporates additional factors (other than the factors described in paragraph (2)(A)) relating to--

(I) excess poverty in urban, rural, and suburban local areas; and

(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

(ii) was developed by the State board and approved by the Secretary as part of the State plan.

(4) Transfer authority.--A local board may transfer, if such a transfer is approved by the Governor, up to and including 100 percent of the funds allocated to the local area under paragraph (2)(A) or (3), and up to and including 100 percent of the funds allocated to the local area under paragraph (2)(B), for a fiscal year between--

(A) adult employment and training activities; and

(B) dislocated worker employment and training activities.

(5) Allocation.--

(A) In general.--The Governor shall allocate the funds described in paragraph (1) to local areas under paragraphs (2) and (3) for the purpose of providing a single system of employment and training activities for adults and dislocated workers in accordance with subsections (c) and (d) of section 134.

(B) Additional requirements.--

(i) Adults.--Funds allocated under paragraph (2)(A) or (3) shall be used by a local area to contribute to the costs of the one-stop delivery system described in section 121(e) as determined under section 121(h) and to pay for employment and training activities provided to adults in the local area, consistent with section 134.

(ii) Dislocated workers.--Funds allocated under paragraph (2)(B) shall be used by a local area to contribute to the costs of the one-stop delivery system described in section 121(e) as determined under section 121(h) and to pay for employment and training activities provided to dislocated workers in the local area, consistent with section 134.

Sec. 133(b)(3)(B)

Section 128(b)(3)

(ii) Minimum percentage.--The local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the 2 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 under this subparagraph.

(iii) Definition.--In this subparagraph, the term "allocation percentage", used with respect to fiscal year 2015 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year. The term, used with respect to fiscal year 2013 or 2014, means a percentage of the funds referred to in section 128(b) (1) of the Workforce Investment Act of 1998 (as in effect on the day before the date of enactment of this Act), received through an allocation made under paragraph (2) or (3) of section 128(b) of the Workforce Investment Act of 1998 (as so in effect), for the fiscal year 2013 or 2014, respectively.

(B) Application.--For purposes of carrying out subparagraph (A) --

(i) references in section 127(b) to a State shall be deemed to be references to a local area;

(ii) references in section 127(b) to all States shall be deemed to be references to all local areas in the State involved; and

(iii) except as described in clause (i), references in section 127(b) (1) to the term "excess number" shall be considered to be references to the term as defined in section 127(b) (2) .

(3) Youth discretionary allocation.--In lieu of making the allocation described in paragraph (2), in allocating the funds described in paragraph (1) to local areas, a State may distribute--

(A) a portion equal to not less than 70 percent of the funds in accordance with paragraph (2) (A); and

(B) the remaining portion of the funds on the basis of a formula that--

(i) incorporates additional factors (other than the factors described in paragraph (2) (A)) relating to--

(I) excess youth poverty in urban, rural, and suburban local areas; and

(II) excess unemployment above the State average in urban, rural, and suburban local areas; and

(ii) was developed by the State board and approved by the Secretary as part of the State plan.

(4) Local administrative cost limit.--

(A) In general.--Of the amount allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local board involved for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 3.

(B) Use of funds.--Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 3, regardless of whether the funds were allocated under this subsection or section 133(b) .

(c) Reallocation Among Local Areas.--