



WIOA Title I Formula Allocation

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*Illinois Department of Commerce and Economic Opportunity
Illinois Department of Employment Security*



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Overview of Allotment Process

1. Congress passes a budget appropriating funds for the WIOA Programs
2. The WIOA Youth funds available for obligation on April 1st, and the WIOA Adult and Dislocated Worker funds are available for obligation on July 1st for the “base funds” and October 1st for the “advance funds”
3. The US Department of Labor provides the appropriated funds to States in accordance with statutory formulas in WIOA for each program
4. State determines the amount of funds that will be reserved for WIOA Administration / Statewide Activities (up to 15%) and Statewide Rapid Response (up to 25%)
5. State provides funds to Local Workforce Areas in accordance with statutory formulas in WIOA (see WIOA Notice 21-NOT-07).



WIOA Title IB Allocation Regulations

WIOA Within-State Allocation Citations

- Youth sec. 128(b)(2) or 128(b)(3)
- Adult sec. 133(b)(2)(A) or 133(b)(3)
- Dislocated Worker sec. 133(b)(2)(B)

Training Employment Guidance Letter (TEGL) 9-21

- WIOA Youth – Appendix I
- WIOA Adult – Appendix II
- WIOA Dislocated Worker – Appendix III
- WIOA Statutory Formulas for Sub-State Allocations – Attachment C



State Plan Requirement

“Describe the methods and factors the State will use in distributing funds under the core programs in accordance with the provisions authorizing such distributions. For Title I programs, provide a description of the written policies that establish the State’s methods and factors used to distribute funds to local areas for:

- *Youth activities in accordance with WIOA section 128(b)(2) or (b)(3),*
- *Adult and training activities in accordance with WIOA section 133(b)(2)(A) or (b)(3),*
- *Dislocated worker employment and training activities in accordance with WIOA section 133(b)(2)(B) and based on data and weights assigned.”*

ILLINOIS UNIFIED STATE
PLAN

DISTRIBUTION OF
FUNDS FOR CORE
PROGRAMS

PAGES 329-330

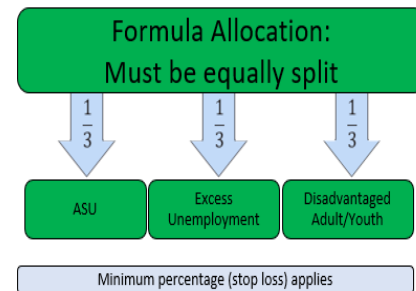
<https://www.illinoisworknet.com/WIOA/Resources/Pages/StateUnifiedPlan.aspx>



Adult and Youth Activities

YOUTH PROGRAM: Illinois will distribute Workforce Innovation and Opportunity Act (WIOA) Youth funds according to Section 128(b)(2)(A). Illinois does not intend to distribute WIOA Youth Program funds to local areas based on the youth discretionary allocation formula contained in Section 128(b)(3)(B). Utilizing the additional factors contained in Section 128(b)(3)(B) would, in our estimation, undermine decisions by the Governor and the Illinois Workforce Innovation Board regarding the local area boundaries within which WIOA should operate locally.

ADULT PROGRAM: Illinois will distribute WIOA Adult funds according to Section 133(b)(2)(A). Illinois also does not intend to distribute funds to local areas for adults based on the adult discretionary allocation formula contained in Section 133(b)(3)(B). As with the discretionary youth allocation described above, utilizing the additional factors contained in Section 133(b)(3)(B) would likely undermine the decisions by the Governor and the Illinois Workforce Board regarding the local workforce area boundaries.





FOR USE IN SUB-STATE ALLOCATION FORMULAS

Workforce Innovation and Opportunity Act (WIOA) Statutory and Discretionary Formulas for Sub State Allocations

Sub-State Allocations Statutory Formula Descriptions

WIOA Youth Activities

Formula:

- 1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)
- 1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)
- 1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

Minimums:

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years.

Maximum: Not allowed

WIOA Adult Activities

Same as Youth Activities, except
Formula uses disadvantaged ADULTS instead of YOUTH

WIOA Dislocated Workers

Formula:

Funds to local areas must be allocated based on a formula created by the Governor using the following 6 data factors:

- Insured unemployment data
- Unemployment concentrations
- Plant closing and mass layoff data
- Declining industries data
- Farmer-rancher economic hardship data
- Long-term unemployment data

The formula will use the most appropriate data available

Weighting a factor zero is not permitted unless a rationale is presented in an approved State Plan.

Minimum:

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years.

Maximum: Not required, but allowed



WIOA Formula Definitions and Examples



Area of Substantial Unemployment, Excess Number of Unemployed Definitions

Area of Substantial Unemployment (ASU): The term "area of substantial unemployment" means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subparagraph, determinations of areas of substantial unemployment shall be made once each fiscal year.

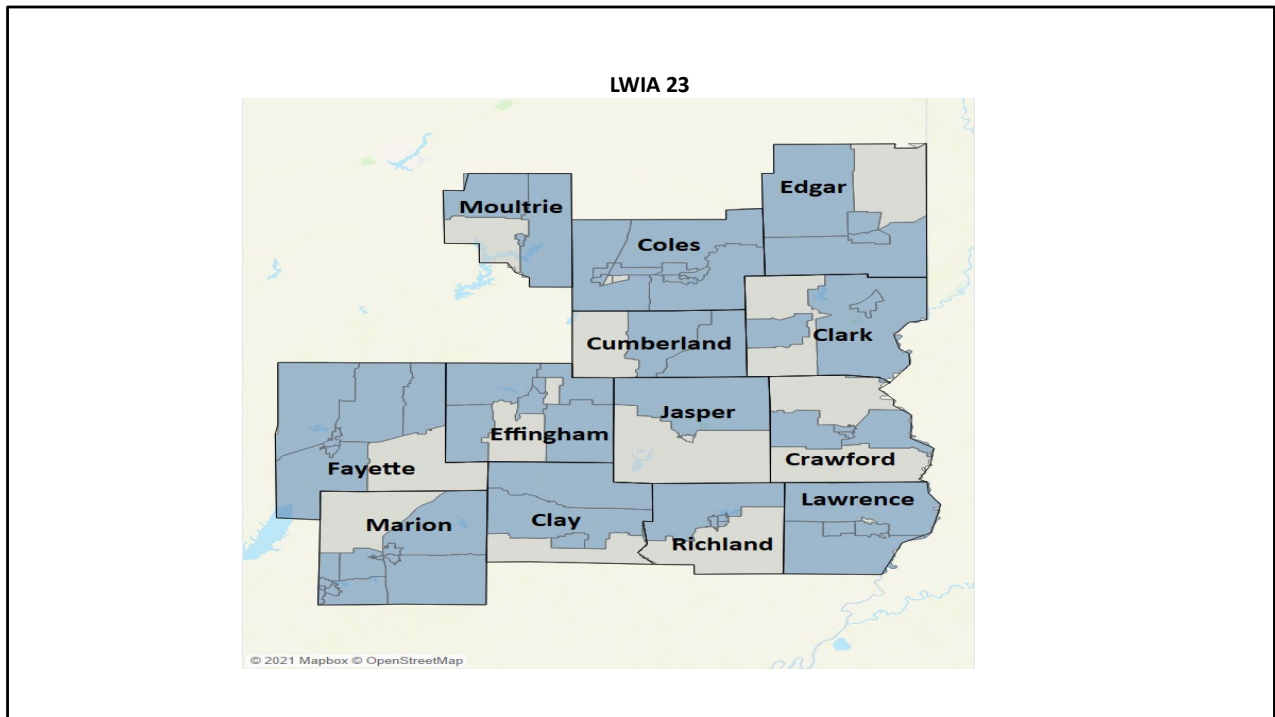
Excess Number: The term "excess number" means, used with respect to the excess number of unemployed individuals within a local area, the higher of (i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area; or (ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment.

DATA SOURCE: Unemployment and unemployment rates for Local Workforce Innovation Areas designated as Areas of Substantial Unemployment (ASUs) are determined by IDES using data from the Local Area Unemployment Statistics (LAUS) program and the latest 5-year employment status estimates from the American Community Survey (ACS)

LWIA 12-MONTH AVERAGES, JULY 2020-JUNE 2021 FOR WIOA PROGRAM YEAR 2022						
	LAUS		ASU		ASU less LAUS	Ratio of ASU to LAUS Unemployed
Area name	Unemployed	Unemployment rate	Unemployed	Unemployment rate	Unemployed	Unemployed
LWIA #1	24,461	6.8	24,461	6.8	0	100.0%
LWIA #2	11,327	7.2	11,327	7.2	0	100.0%
LWIA #3	16,626	9.3	16,626	9.3	0	100.0%
LWIA #4	10,240	6.5	10,240	6.5	0	100.0%
LWIA #5	27,771	7.4	27,771	7.4	0	100.0%
LWIA #6	33,771	7.0	33,771	7.0	0	100.0%
LWIA #7	265,773	10.5	265,773	10.5	0	100.0%
LWIA #10	29,070	8.5	29,070	8.5	0	100.0%
LWIA #11	6,769	7.3	6,769	7.3	0	100.0%
LWIA #13	6,821	6.9	6,821	6.9	0	100.0%
LWIA #14	5,472	5.7	4,945	6.5	-527	90.4%
LWIA #15	18,675	6.8	18,675	6.8	0	100.0%
LWIA #17	8,124	5.5	7,218	6.5	-906	88.8%
LWIA #18	2,428	7.5	2,428	7.5	0	100.0%
LWIA #19	4,663	8.7	4,663	8.7	0	100.0%
LWIA #20	9,004	6.7	9,004	6.7	0	100.0%
LWIA #21	3,885	5.8	3,498	6.5	-387	90.0%
LWIA #22	9,213	6.1	9,030	6.5	-183	98.0%
LWIA #23	7,488	5.8	6,674	6.5	-814	89.1%
LWIA #24	12,106	6.5	12,106	6.5	0	100.0%
LWIA #25	6,784	6.9	6,784	6.9	0	100.0%
LWIA #26	3,973	6.7	3,973	6.7	0	100.0%

Source: Illinois Department of Employment Security, Economic Information and Analysis

Area of Substantial Unemployment, Excess Number of Unemployed Data for Program Year 2022



EXAMPLE: Area of Significant Unemployment boundaries in local workforce area 23.

COUNTY UNEMPLOYMENT TOTALS FOR MULTI-COUNTY LWIAs

LWIA	FIPS	COUNTY	Unemployed		Share of unemployed	
			LAUS	ASU	LAUS	ASU
LWIA # 23	023	CLARK	426	390	5.7%	5.8%
LWIA # 23	025	CLAY	390	350	5.2%	5.2%
LWIA # 23	029	COLES	1,470	1,395	19.6%	20.9%
LWIA # 23	033	CRAWFORD	489	392	6.5%	5.9%
LWIA # 23	035	CUMBERLAND	289	221	3.9%	3.3%
LWIA # 23	045	EDGAR	420	370	5.6%	5.5%
LWIA # 23	049	EFFINGHAM	943	833	12.6%	12.5%
LWIA # 23	051	FAYETTE	602	556	8.0%	8.3%
LWIA # 23	079	JASPER	231	134	3.1%	2.0%
LWIA # 23	101	LAWRENCE	383	346	5.1%	5.2%
LWIA # 23	121	MARION	1,152	1,112	15.4%	16.7%
LWIA # 23	139	MOULTRIE	319	257	4.3%	3.9%
LWIA # 23	159	RICHLAND	374	318	5.0%	4.8%
			7,488	6,674	100.0%	100.0%

Source: Illinois Department of Employment Security, Economic Information and Analysis

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Example: Comparison of unemployed for each of counties in LWIA 23 before and after last year's ASU



Disadvantaged Adult, Youth Definitions

Disadvantaged Adult: The term "disadvantaged adult" means an adult who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of--

- (i) the poverty line; or
- (ii) 70 percent of the lower living standard income level.

Disadvantaged Youth: The term "disadvantaged youth" means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of--

- (i) the poverty line; or
- (ii) 70 percent of the lower living standard income level.

DATA SOURCE: American Community Survey 2011-2015 (see TEGL 14-17)



American Community Survey – TEGL 14-17

Why is ETA using the American Community Survey?

The most recent Census, did not include the long form survey that ETA previously used to update the disadvantaged Youth and Adult data. Instead, ETA worked with the Bureau to use data from the American Community Survey (ACS). ACS data is based on a rolling annual sample survey mailed to approximately three million addresses a year over five years. The data used in the special tabulations for disadvantaged Youth and Adults was collected between January 1, 2011 and December 31, 2015. By pooling several years of survey responses, the ACS can generate detailed statistical portraits of smaller geographies that can replace the data no longer collected in the long form of the decennial Census.

When will the next update of the disadvantaged Youth and Adult data occur?

The Bureau releases a new set of five-year estimates every year, but ETA anticipates updating the disadvantaged Youth and Adult data using the ACS only every five years. Therefore, the next update is anticipated to be in time for the PY 2023 allocations.

Note: The long-form was dropped from the decennial census after Census 2000. Since then much of the data previously collected on the decennial census long form has been produced using the American Community Survey data.



WIOA Dislocated Worker Sub-State Allocations:

Must be allocated to local areas per Formula created by the Governor

States must use the following six data factors using the most appropriate data available



Minimum percentage (stop loss) applies

Maximum percentage (stop gain) not required but may apply

Weighting a factor zero is not permitted unless a rationale is presented in an approved State Plan

Source: TEGL 9-21 Attachment C



Dislocated Worker Program Allocation Formula

Illinois allocates WIOA dislocated worker funds on the basis of the formula described below, pursuant to section 133(b)(2)(B). Each of the following factors will be used to distribute 25% of the funds to be allocated:

- ***Insured Unemployment Data:*** Illinois Department of Employment Security (IDES) unemployment insurance (UI) claimant data for the most recently completed calendar year will be used. Each local workforce area's share of the state total of such claimants is determined, and the area is allocated that share of the funds apportioned by this factor.
- ***Unemployment Concentrations:*** Unemployment figures for the most recently completed program year will be used. Only counties with unemployment rates above the statewide average will be included in the formula. Each workforce area's share of the state total of such unemployment is determined, and the area is allocated that share of the funds apportioned by the factor.



Dislocated Worker Program Allocation Formula

- *Long-term Unemployment Data:* IDES data for the number of UI claimants who were unemployed for 15 or more weeks during the most recently completed calendar year will be used. Each workforce area's share of the state total of such long-term claimants is determined, and the area is allocated that share of the funds apportioned for this factor.
- *Declining Industries Data:* For each workforce area, employment by three-digit North American Industry Classification System (NAICS) code is determined for the first calendar quarter (January-March) of the two most recent years for which data is available from IDES' Quarterly Census of Employment and Wages (QCEW) program. The number of jobs lost within industries showing an employment loss from one year to the next is totaled for each area. Each workforce area's share of the state total of such employment loss is determined, and the area is allocated that share of the funds apportioned by this factor.
- The *Plant Closing and Mass Layoff Data* and *Farmer-Rancher Economic Hardship* factors will be given zero weighting under the WIOA dislocated worker allocation formula, due to a lack of public use data sources with sufficient geographic detail to adequately serve the requirements of an allocation formula.



Share of State Formula Funding Example



Share of State Adult Funding Example

87.5% Allotment 33,685,791	Unemployed in ASUs			Excess Unemployed			Economically Disadvantaged Adults			Initial Formula Allocation	Initial Formula Percentage
	Number	Share of State	Dollars	Number	Share of State	Dollars	Number	Share of State	Dollars		
LWIA P	9,004	1.7261%	\$194,857	2,992	1.2090%	\$136,484	27,395	2.6046%	\$294,028	\$625,369	1.8466%
LWIA F	33,771	6.4742%	\$730,843	12,154	4.9113%	\$554,419	39,820	3.7860%	427,385	\$1,712,647	5.0572%
STATE TOTALS	521,627	100.00%	\$11,288,599	247,469	100.00%	\$11,288,595	1,051,774	100.00%	\$11,288,600	\$33,865,794	100.00%

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The table shows that 87.5% of the adult allotment to the state (\$33,685,791) was made available to distribute amongst the local areas for this program year as prescribed by the Act. It also shows the breakdown of the data factors for two local areas. LWIA F is a single densely populated county outside of the city of Chicago and LWIA P is a more rural local area consisting of five counties.

Looking specifically at the Unemployed in ASUs factor, LWIA F has 33,771 unemployed in ASUs and LWIA P has 9,004. This means that LWIA F makes up 6.4742% of the state's total of 521,627 and LWIA P makes up 1.7261%. LWIA F also has a similar larger percentage in Excess Unemployed since it is a calculation from Unemployed in ASUs. The local areas have a similar total in Economic Disadvantaged Adults and therefore the two percentages for share of the state are much closer.



Example of How Share of State Affects Allocations

PY2020 ASU Data Timeframe: July 2018 - June 2019				PY2021 ASU Data Timeframe: July 2019 - June 2020				PY 2022 ASU Data Timeframe: July 2020 - June 2021			
	Number	Share of State	Dollars		Number	Share of State	Dollars		Number	Share of State	Dollars
LWIA G	71,613	38.9964%	\$5,127,952	LWIA G	184,582	44.6509%	\$5,474,785	LWIA G	265,773	50.9508%	\$5,432,093
LWIA A	12,237	6.6636%	\$876,248	LWIA E	25,310	6.1226%	\$750,706	LWIA F	33,771	6.4742%	\$690,240
LWIA E	12,235	6.6625%	\$876,105	LWIA H	23,977	5.8001%	\$711,169	LWIA H	29,070	5.5729%	\$594,157
LWIA L	12,143	6.6124%	\$869,517	LWIA F	23,876	5.7757%	\$708,173	LWIA E	27,771	5.3239%	\$567,607
LWIA C	10,710	5.8321%	\$766,905	LWIA A	21,214	5.1317%	\$629,217	LWIA A	24,461	4.6894%	\$499,955
LWIA D	6,596	3.5918%	\$472,316	LWIA L	17,899	4.3298%	\$530,892	LWIA L	18,675	3.5801%	\$381,695
LWIA T	6,258	3.4078%	\$448,113	LWIA C	15,941	3.8562%	\$472,817	LWIA C	16,626	3.1873%	\$339,816
LWIA M	5,730	3.1202%	\$410,305	LWIA T	11,229	2.7163%	\$333,057	LWIA T	12,106	2.3208%	\$247,433
LWIA S	5,581	3.0391%	\$399,636	LWIA D	10,846	2.6237%	\$321,697	LWIA B	11,327	2.1715%	\$231,511
LWIA J	4,783	2.6046%	\$342,494	LWIA B	9,423	2.2795%	\$279,490	LWIA D	10,240	1.9631%	\$209,294
LWIA P	4,698	2.5583%	\$336,407	LWIA R	8,641	2.0903%	\$256,296	LWIA R	9,030	1.7311%	\$184,563
LWIA R	4,576	2.4918%	\$327,671	LWIA P	7,683	1.8585%	\$227,881	LWIA P	9,004	1.7261%	\$184,031
LWIA K	4,355	2.3715%	\$311,846	LWIA S	7,416	1.7940%	\$219,962	LWIA M	7,218	1.3837%	\$147,528
LWIA U	3,771	2.0535%	\$270,028	LWIA J	7,317	1.7700%	\$217,026	LWIA J	6,821	1.3076%	\$139,413
LWIA I	3,587	1.9533%	\$256,852	LWIA U	7,238	1.7509%	\$214,682	LWIA U	6,784	1.3005%	\$138,657
LWIA V	3,334	1.8155%	\$238,736	LWIA I	6,406	1.5496%	\$190,005	LWIA I	6,769	1.2977%	\$138,351
LWIA H	3,157	1.7191%	\$226,062	LWIA M	5,402	1.3068%	\$160,226	LWIA S	6,674	1.2795%	\$136,409
LWIA Q	3,061	1.6668%	\$219,187	LWIA K	4,858	1.1752%	\$144,090	LWIA K	4,945	0.9480%	\$101,070
LWIA O	2,863	1.5590%	\$205,009	LWIA V	4,407	1.0661%	\$130,714	LWIA O	4,663	0.8939%	\$95,306
LWIA N	1,872	1.0194%	\$134,047	LWIA O	3,849	0.9311%	\$114,163	LWIA V	3,973	0.7617%	\$81,204
LWIA B	315	0.1715%	\$22,556	LWIA Q	3,547	0.8580%	\$105,206	LWIA Q	3,498	0.6706%	\$71,495
LWIA F	165	0.0898%	\$11,815	LWIA N	2,328	0.5631%	\$69,050	LWIA N	2,428	0.4655%	\$49,626
STATE TOTALS	183,640	100.00%	\$13,149,807	STATE TOTALS	413,389	100.00%	\$12,261,304	STATE TOTALS	521,627	100.00%	\$10,661,454

Example shows how an LWIA can have a higher number (see red highlighted boxes in PY20) in subsequent program years and yet still receive less money. This is because other LWIAs have a larger percentage of the state in those program years (see green highlighted boxes in PY21 and blue highlighted boxes in PY22) and therefore receive a larger portion of the amount available to the local areas from the state.



Hold Harmless: WIOA includes a “Hold Harmless” provision to help alleviate the fluctuations as seen on the previous slide.



Hold Harmless (Stop-Loss)

ADULT and YOUTH PROGRAMS

- There is a hold harmless for adult and youth, so no local area can receive less than 90% of the average allocation percentage of the local area for the two preceding fiscal years.
- This is the same methodology used by USDOL in determining state allotments*

DISLOCATED WORKER PROGRAM

- With the exception of the first year of WIOA, there is a hold harmless for dislocated worker so no local area can receive less than 90% of the average allocation percentage of the local area for the two preceding fiscal years
- This is the same methodology used by USDOL in determining state allotments*

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*Note that that USDOL methodology is the same with the exception that States have a 130% stop gain where local areas do not (not allowed per Act). Illinois does not apply the stop gain.



Hold Harmless (Stop-Loss) Example

	PY 2021 Adult Allocation Percentage	PY 2020 Adult Allocation Percentage	Average of Previous Two Previous Program Year	90% of Average Allocation (Hold Harmless Percentage)
LWIA P	2.0034%	2.3076%	2.1555%	1.9399%
LWIA F	4.7995%	3.4023%	4.1009%	3.6908%

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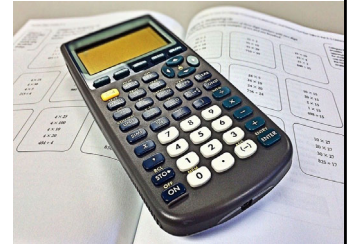
The adult allocation percentage for LWIA P for PY 2021 was 2.0034% and for PY 2020 was 2.3076%. Averaging the two the result is 2.1555% $[(2.0034+2.3076)/2]$. To determine the hold harmless percentage, take the average percentage times 90% $[2.1555*.90]$ to get 1.9399%.

Therefore, the LWIA P can receive no less than 1.9399% of the total amount of adult funding available to distribute to the local areas and LWIA F can't receive less than 3.6908%.



Hold Harmless (Stop-Loss) Calculation

- A calculation is performed to determine if each local area's initial allocation percentage (share of state) for the funding stream is above, equal to, or below the hold harmless percentage.
- The hold harmless provision requires that a proportionate share of funding from those local areas whose initial allocation percentages are over their hold harmless percentage be reduced in order to make those local areas who have initial allocation percentages that are under their hold harmless percentage be equal to their hold harmless percentage.
- This calculation is done separately for each of the three funding streams.





Hold Harmless (Stop-Loss) Effects

- Example Using Data from Slides 19 and 23:
- LWIA P's initial adult allocation percentage (1.8466%) was under their adult hold harmless percentage (1.9399%) and therefore their funding was increased in order to make their percentage equal to their hold harmless percentage.
- LWIA F loses funding because their initial adult allocation percentage (5.0572%) was higher than their hold harmless percentage (3.6908%).



Final Adult Allocation Example

	Initial Allocation	Initial Allocation Percent	Final Hold Harmless Percentage	Final PY'22 Formula Percentage	Final Adult PY'22 Final Allocation	PY'21 Final Allocation	Total Adult % Change
LWIA P	\$625,369	1.8466%	1.9399%	1.9399%	\$656,973	736,917	-10.85%
LWIA F	\$1,712,647	5.0572%	3.6908%	4.5981%	\$1,557,169	1,765,448	-11.80%

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The table above illustrates the final allocations for LWIAs F and P for the adult funding stream after calculating each LWIA's share of the state for the three data factors and applying the hold harmless provision.

Had the hold harmless provision not been applied, LWIA P would have taken an even larger reduction in funding from the previous program year.



Resources

WIOA Program Year 2022 Allotment TEGL

- TEGL 9-21
 - https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8776

Disadvantaged Youth and Adult Data TEGL

- TEGL 14-17
 - https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5794

IDES Labor Market Information

- <https://ides.illinois.gov/resources/labor-market-information.html>

US Department of Labor State Statutory Formula Funding

- <https://www.dol.gov/agencies/eta/budget/formula/state>



Questions and Answers