

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF WORKFORCE DEVELOPMENT
AND
KENTUCKY WORKFORCE INNOVATION BOARD

POLICY NAME: Title I Formula Allocation Methodology

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APPLIES/OF INTEREST TO: Local Workforce Development Areas, Local Workforce Development Boards, Chief Local Elected Officials

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PURPOSE: Methods and factors used to distribute Workforce Innovation and Opportunity Act (WIOA) funds to Local Workforce Development Areas (LWDAs).

BACKGROUND: WIOA requires the Governor of a state to distribute employment and training formula funds to the Chief Local Elected Official (CLEO), who has responsibility for oversight and management of WIOA funds. The procedures below define how the Kentucky Department of Workforce Development (DWD) distributes formula funds to each LWDA. Furthermore, this provides guidance and encouragement to those CLEOs and Local Workforce Development Boards (LWDBs) choosing to equitably distribute funds to counties within a LWDA.

POLICY:

I. Distribution of Formula Funds:

DWD receives funding for the three (3) WIOA programs (Adult, Dislocated Worker, and Youth) from the U.S. Department of Labor. The Secretary of Labor distributes these funds based on a set of factors for each of these funding streams. DWD uses the same methodology as the Secretary of Labor to distribute funds to LWDAs. DWD must distribute WIOA Youth, Adult and Dislocated Worker (DW) activities funds among LWDAs (subject to reservation of

the fifteen percent (15%) limitation for statewide workforce employment and training activities)¹.

Sub-state allocations must be made available to LWDAs no later than thirty (30) calendar days after the date funds are made available to DWD or seven (7) calendar days after the date the Local Plan for the area is approved, whichever is later².

States must utilize a minimum percentage (otherwise known as a ‘stop loss’) to ensure that no LWDA receives an allocation percentage that is less than ninety percent (90%) of the average allocation percentage received by the LWDA for the previous two (2) years. An allocation percentage is the LWDA's share, or percentage, of funds allocated to all LWDAs. States must **not** use ninety percent (90%) of the average amount allocated to the LWDA for the last two (2) years. States must obtain amounts necessary to increase allocations to LWDAs to comply with the minimum percentage requirement by proportionately reducing the allocations to be made to other LWDAs.

II. Youth Funds:

In allocating Youth activities funds to LWDAs, DWD may use either the allocation formula described in WIOA Section 128(b)(2) or the discretionary allocation formula in WIOA Section 128(b)(3).

A. Allocation Formula:

Thirty-three and one-third percent (33 1/3%) of the total funds available for local allocations are allocated based on each LWDA's relative share of each data factor listed below:

1. The relative number of unemployed individuals in Areas of Substantial Unemployment (ASUs) in each LWDA, compared to the total number of unemployed individuals in ASUs in all LWDAs in the state.
2. The relative excess number of unemployed individuals in each LWDA, compared to the total excess number of unemployed individuals in all LWDAs in the state. See the definition of “excess number” below, which requires a comparison of the excess unemployed in ASUs with excess unemployed in all LWDAs.
3. The relative number of disadvantaged youth (age 16 to 21, excluding college students not in the workforce and military), in each LWDA, compared to the total number of disadvantaged youth in all LWDAs in the state. The number of disadvantaged youth comes from special tabulations of data from the ACS prepared in accordance with the definition provided in WIOA.

¹ WIOA Sections 128 and 133

² WIOA Section 182(e)

III. Adult Funds:

In allocating Adult Activities funds to LWDA's, DWD may use either the allocation formula described in WIOA Section 133(b)(2)(A) or the discretionary allocation formula in WIOA Section 133(b)(3).

A. Allocation Formula:

The adult formula allocations are based on the same factors used in youth formula allocations except for disadvantaged adults age 22 to 72, which are based on Low Income.

IV. Dislocated Workers:

In allocating Dislocated Worker Activities funds to local areas, DWD will distribute Dislocated Worker Activities funds among local workforce areas (subject to the Governor's reservation of up to twenty five percent [25%] for statewide Rapid Response activities)³.

A. Allocation Formula:

Under WIOA, the data factors that must be included are:

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

The farmer-rancher economic hardship data factor is based on the designation of Significant Migrant Seasonal Farm Worker (MSFW) State, Significant MSFW One-Stop Center (now branded as Kentucky Career Centers [KCCs]), and Significant Multilingual MSFW One-Stop Centers, in accordance with the number of MSFWs who participate or are estimated to be available to participate in the employment services provided in those states and through those One-Stop Centers⁴.

WIOA Title I formula allotment methodologies and/or weights will be reviewed before communicating the coming program year local area allotments. Subsequently, a recommendation will be prepared as an agenda item at a regularly scheduled or special Kentucky Workforce Innovation Board (KWIB) meeting for review and approval of proposed allotment methodologies and/or weights. If the proposed allotment and/or weights are not adopted by the KWIB, the preceding program year methodologies and/or weights will remain in effect.

³ WIOA Section 133(a)(2)

⁴ TEGL 20-16

In response to an emergency or disaster (i.e., large, unexpected layoff event causing significant job losses) DWD's Office of the Kentucky Workforce Innovation Board shall have discretionary Authority, with the written approval of the DWD Commissioner, to propose and adjust allotment methodologies and/or weights to remedy such emergent activities.

REFERENCES: WIOA Section 128(b); WIOA section 133(b); WIOA Section 182(e); 20 CFR 683.120; TEGL 20-16;
