



Oklahoma Office of Workforce Development
900 N. Portland Ave.
Oklahoma City, OK 73107

TECHNICAL ASSISTANCE - #TA-02-2016

DATE: July 15, 2016

RE: Formula Allocation and the 90% Hold Harmless Provision

The Oklahoma Office of Workforce Development received numerous requests regarding steps taken in calculating the 90% hold harmless provision. Included below is the step-by-step process, along with PY16 allocations and planning numbers by local area.

- 1) The three variables as described in Sec. 128(b)(2) are calculated at the county level. The amount of funding available for each county is then combined with the other counties in each Workforce Development Area (WDA). This total provides both the Formula Allocation and the Formula Percent Share for each WDA.
 - a) **Example:** Area A consists of County 1, County 2, County 3 and County 4. Based solely on the data County 1's allocation is \$4,835; County 2's allocation is \$28,990; County 3's allocation is \$5,548 and County 4's allocation is \$62,905. Area A's Formula Allocation is \$102,278 and their Formula % Share is 10.2%.
- 2) WIOA Sec. 128(b)(2)(ii) states that each WDA must receive an award amount that is no less than 90% of the average allocation percentage of the WDA for the 2 preceding years. The State refers to this final number as the "90% Minimum." This amount is calculated utilizing the following steps:
 - a) To calculate the allocation percentage for Year 1, divide the WDA's award amount by the total amount awarded across the state.
 - i) **Example:** Area A's award was \$252,000 out of the \$1,000,000 total awarded.
 $252,000/1,000,000=0.252$ or 25.2%.
 - b) To calculate the allocation percentage for Year 2, divide the WDA's award amount by the total amount awarded across the state.
 - i) **Example:** Area A's award was \$227,000 out of the \$1,000,000 total awarded.
 $227,000/1,000,000=0.227$ or 22.7%
 - c) To calculate the average allocation percentage to use in determining the 90% Minimum, add the allocation percentage from Year 1 and Year 2 then divided by 2.
 - i) **Example:** $(0.252+0.227)/2=0.24$ or 24%. Area A's average allocation percentage is 24%.



- d) To calculate the WDA's 90% Minimum, multiply the average allocation percentage by the total amount being awarded in the current year, then multiply that amount by .90 or 90%.
- i) **Example:** The current total award amount is \$1,000,000 and Area A's average allocation percentage is 24% or .24, $1,000,000 \times .24 = 240,000$ and $240,000 \times .90 = 216,000$. Area A's 90% Minimum is \$216,000 meaning that their current year award legally cannot be less than \$216,000.00
- 3) In the event that a WDA's Formula Allocation is less than their 90% Minimum, Sec. 128(b)(2)(ii) states that the amount necessary to increase those WDAs who did not meet their 90% Minimum be ratably reduced from other WDAs Formula Allocations. The current year's Formula Percent Share for each WDA that qualifies for reduction is used to ensure ratable or proportionate reduction. The amount calculated after the increases and reductions is called the Adjusted Amount, to calculate the Adjusted Amount use the following steps:
- a) For each WDA determine if the Formula Allocation or the 90% Minimum is of greater value.
- i) **Example:** Area A's Formula Allocation is \$102,278 but their 90% Minimum is \$216,000, therefore the 90% Minimum will be used.
- b) Sum the greater value for each area to determine how much funding will be reduced from appropriate areas, referred to as the Difference.
- i) **Example:** The sum of the greater values for each WDA is \$1,243,117.80 but the total award amount for the current year is \$1,000,000. $1,243,117.80 - 1,000,000 = 243,117.80$. \$243,117.80 is the Difference and will need to be ratably reduced from the impacted WDAs.
- c) In order the ratably reduce the impacted areas, the Formula Percent Share for the impacted WDAs must be adjusted so that they total 1.00 or 100%.
- i) **Example:** Area B, C and G need to be reduced to ensure that all areas receive an award equal or greater to their 90% Minimum. Area B's Formula % Share is .104 or 10.4%, Area C's Formula % Share is .149 or 14.9% and Area G's Formula % Share is .413 or 41.3%. The Sum of these Formula % Shares is 0.666 or 66.6%. Using the following ratio comparison method adjust the % Share for each WDA:
- (1) For Area B, divide the Formula % Share by the sum of all the Formula % Shares.
 $.104 / .666 = 0.156$ or 15.6%
- (2) For Area C, divide the Formula % Share by the sum of all the Formula % Shares.
 $.149 / .666 = 0.224$ or 22.4%
- (3) For Area G, divide the Formula % Share by the sum of all the Formula % Shares.
 $.413 / .666 = 0.620$ or 62.0%
- (4) The sum of the Adjusted % Shares is now 1.00 or 100%.

- d) The Adjusted % Share is then multiplied by the Difference to calculate the Reduction Amount for each area.
- i) Area B: $.156 \times 243,117.80 = 37,942.67$, Area B's Formula Allocation will be reduced by \$37,942.67
 - ii) Area C: $.224 \times 243,117.80 = 54,402.64$, Area C's Formula Allocation will be reduced by \$54,402.64
 - iii) Area G: $.620 \times 243,117.80 = 150,772.49$, Area G's Formula Allocation will be reduced by \$150,772.49
- e) Once the reductions have been calculated this value is the Adjusted Award Amount. This amount will either be the 90% Minimum or the Formula Allocation minus the Reduction Amount.
- 4) Compare the Adjusted Award Amount for each WDA to their 90% Minimum, in the event that the reduction caused a WDA to fall below their 90% Minimum, repeat steps 3a through 3e. For each area use the greater value of the 90% Minimum or the Adjusted Award Amount for all areas except those who's Adjusted Amount fell below the 90% Minimum; for those WDAs revert back to their Formula Allocation amount.
- 5) Once the Adjusted Amount for all WDAs is equal to or greater than their 90% Minimum, that Adjusted Amount will become the Final Award Amount.

Youth PY16 Allocations

AREA	YOUTH PY16
Central	\$ 1,204,162.63
East Central	\$ 321,917.38
Eastern	\$ 762,608.53
Northeast	\$ 351,214.10
Northwestern	\$ 341,179.41
South Central	\$ 361,248.79
Southern	\$ 1,279,200.74
Southwest	\$ 125,433.61
Tulsa	\$ 827,861.81
TOTAL	\$ 5,574,827.00

Adult PY16 Planning Numbers

AREA	ADULT PY16
Central	\$ 167,442.12
Eastern	\$ 94,710.95
Northeast	\$ 48,133.15
Northwestern	\$ 37,775.99
South Central	\$ 48,291.39
Southern	\$ 153,027.49
Southwest	\$ 14,084.94
Tulsa	\$ 120,684.97
TOTAL	\$ 684,151.00

Dislocated Worker (DLW) PY16 Planning Numbers

AREA	DLW PY16
Central	\$ 121,025.14
Eastern	\$ 62,269.26
Northeast	\$ 44,362.82
Northwestern	\$ 45,791.42
South Central	\$ 37,913.77
Southern	\$ 105,985.30
Southwest	\$ 14,104.54
Tulsa	\$ 78,338.75
TOTAL	\$ 388,765.86