



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

MEMORANDUM - #M-05-2019

DATE: June 10, 2019

TO: Local Workforce Board Directors
Fiscal Agent Entities and Staff

FROM: Sarah Ashmore, Interim Executive Director

RE: Requested Changes to the Youth and Adult Allocation Formulas

MESSAGE:

This information is being shared following suggestions, comments, and questions relating to the WIOA Youth and Adult formula allocations.

WIOA Youth and Adult Allocation Methodologies

WIOA Section 128 gives states two options for Youth Activities within state allocations. States may use the allocation formula found in WIOA Sec. 128(b)(2)(A)(i), or a discretionary allocation as described in WIOA Sec. 128(b)(3). If states receive approval in their state plan to use the discretionary allocation method, a minimum of 70% of the pass through amount must be allocated using the standard formula allocation method. The same is true for the Adult Activities within state allocations, states may use the allocation formula found in WIOA Sec. 133(b)(2)(A)(i), or a discretionary allocation as described in WIOA Sec. 133(b)(3).

Oklahoma's discretionary formulas for Youth Activities and Adult Activities were approved in the most recent [State Plan](#) modification. Both Youth and Adult funds are distributed using the following methodology:

- I. Areas of Substantial Unemployment – 28.333%
- II. Excess Unemployment – 28.333%
- III. Disadvantaged Youth – 28.333%
- IV. Excess Youth/Adult Poverty – 15%

Each of the four (4) factors are updated using county level data for the time period provided in the appropriate TEGL issued each year.

Areas of Substantial Unemployment (ASU)



The Bureau of Labor Statistics (BLS) recently created a document defining several [Local Area Unemployment Statistics](#) for administrative use by government agencies and programs. An ASU is defined as a contiguous geographic area within a state with an unemployment rate of at least 6.5% and a population of at least 10,000.

Due to Oklahoma’s low levels of unemployment the number of counties, and in turn Workforce Development Areas (WDA), receiving funds as an ASU has decreased annually over the last few years. OOWD acknowledges this is a significant area of concern. In addition, over the years, board staff has expressed concerns and shared suggestions regarding changes to the ASU factor. Suggested changes have included changing the geographic area used to census tracts, changing the geographic region used to WDAs, and increasing the minimum population threshold for ASUs.

Each time a suggested change is provided, OOWD reviews the suggestion analyzes any adjustments the suggestion change might make to the formula allocations, and runs the adjusted formula. The most current suggestions are:

1. Use the WDAs as the geographic region for ASUs, and
2. Increase the population minimum for an ASU to 65,000

After completing the above mentioned in response, the following results prohibit Oklahoma from making either of these suggested changes to the Youth or Adult formula allocation methodologies:

1. Because BLS unemployment data is not available by WDA, to determine the unemployment rate for the WDA both the labor force and the number of unemployed individuals for each county in the WDA is summed. The total number of unemployed is then divided by the total labor force providing the unemployment rate for each WDA. Due to the low levels of unemployment across Oklahoma there is not a single WDA with an unemployment rate higher than 6.5%. Using this methodology there are no ASUs in Oklahoma.

Workforce Development Area	Unemployment Rate
Central	3.7%
Eastern	5.0%
Northeast	4.2%
South Central	4.2%
Southern	4.5%
Tulsa	4.1%
Western	3.5%

2. There are 11 counties in Oklahoma with a population of at least 65,000. Using BLS unemployment data for the period stated in the TEGE for PY19 Youth funds, none of the counties who qualify under this population threshold have an unemployment rate of at least 6.5%. Using this methodology there are no ASUs in Oklahoma.

County	Population	Unemployment Rate	Workforce Development Area
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Oklahoma	774,203	3.8%	Central
Cleveland	274,024	3.3%	Central
Canadian	132,922	3.3%	Central
Pottawatomie	71,614	4.1%	Central
Wagoner	76,830	4.0%	Eastern
Muskogee	69,471	4.9%	Eastern
Rogers	90,098	4.0%	Northeast
Comanche	123,066	4.4%	South Central
Tulsa	637,123	4.0%	Tulsa
Creek	70,899	4.6%	Tulsa
Payne	80,634	3.5%	Western

Both of these suggested changes result in the state of Oklahoma having no ASUs preventing the state from allocating formula funds using one of the three federally mandated formula factors. As a result, Oklahoma would be unable to pass through 28.333% of youth funds and 28.333% of the adult funds putting the state out of compliance.

Minimum Percentage (90% Methodology)

Another significant part of the allocation process is that of the Minimum Percentage requirements found in both WIOA Section 128 and 133. The intent of this mandated procedure is to prevent extreme fluctuations in the award amounts from year to year. In 2016 there were several inquiries about the 90% Methodology. As a result, OOWD issued [Technical Assistance number TA-02-2016](#). Section two of the TA describes in detail the process used to calculate the award amount for each WDA, if necessary.

While developing the TA, OOWD requested TA and provided the step by step methodology to the Region IV Office. The regional office confirmed that the Minimum Percentages were being calculated correctly.

Future Funding and Changes to the Discretionary Formula

Oklahoma's low unemployment rates continue to be an area of concern while allocating formula funds. There is a risk that at some point, no counties in Oklahoma will have an unemployment rate high enough to qualify as an ASU. As with the suggested changes, this would prohibit Oklahoma from allocating funds using all of the mandated factors. OOWD is communicating with the regional office about this potential problem, and the regional office is communicating with the national office about this potential problem. When it is deemed necessary OOWD will submit an official request for technical assistance to ensure the full pass-through amount is being allocated and that Oklahoma remains WIOA compliant.

In discussion the idea of submitting a waiver request was proposed. However, the regional office has confirmed that changes to the allocation methodologies outside of those described in WIOA are not eligible for a waiver.

In March 2020, Oklahoma must submit a new State Plan. While guidance is expected from DOL in Fall 2019, OOWD has already started preparing for the process. Because the formula allocations must be approved in the State Plan, this is an ideal time to explore changes to the formulas. OOWD and the

Governor's Council will reach out to the local areas for input during this process but it is important to note that federal law mandates no less than 23.333% be distributed using the ASU formula factor.

INQUIRIES: Questions about this memorandum may be directed to Susannah Gravley at susannah.gravley@osuokc.edu or (405) 945-3342.