


TEXAS WORKFORCE COMMISSION LETTER

ID/No: WD 39-06

Date: June 22, 2006

Keyword: WIA

To: Local Workforce Development Board Executive Directors
Commission Executive Staff
Integrated Service Area Managers

From:  Luis M. Macias, Director, Workforce Development Division

Subject: **Workforce Investment Act: Minimum Expenditure Rate for
Out-of-School Youth**

PURPOSE:

To provide Local Workforce Development Boards (Boards) with guidance on increasing the minimum expenditure requirement for out-of-school youth activities funded under the Workforce Investment Act (WIA).

REFERENCE:

Workforce Investment Act §101(33) and §129(c)(4)(A)

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. Federal and state laws, rules, policies, and required procedures with a “No Local Flexibility” rating are indicated by the acronym, **NLF**, in the margin to the right of the applicable paragraph. Additionally, all information with a “No Local Flexibility” rating is indicated by “must” or “shall.”

Failure to comply with the federal and state laws, rules, policies, and required procedures with a “No Local Flexibility” rating may result in corrective action, up to and including sanction and penalty.

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All guidance or recommended practices with a “Local Flexibility” rating are indicated by the acronym, **LF**, located in the margin to the right of the applicable paragraph. Additionally, guidance or recommended practices with a “Local Flexibility” rating are indicated by “may” or “recommend.”

Boards are not subject to corrective action for failure to comply with guidance or recommended practices with a “Local Flexibility” rating.

BACKGROUND:

WIA §129(c)(4)(A) requires that Boards expend a minimum of 30 percent of the funds allocated for youth activities on out-of-school youth. WIA defines an out-of-school youth as an eligible youth who is a school dropout or who has received a secondary school diploma or its equivalent but is still basic-skills deficient, unemployed, or underemployed.

In July 2004, the U.S. Department of Labor (DOL) outlined a new strategic vision that establishes out-of-school youth as a priority population for educational and high-growth, high-demand employment opportunities. DOL developed this strategy to provide youth who have disconnected from mainstream institutions and systems with a second chance to successfully transition into adult roles and responsibilities.

Proposed WIA reauthorization legislation in HR 27 and S1021 increases the minimum expenditure required on out-of-school youth. HR 27, which passed the full House, increases the minimum expenditure for out-of-school youth activities to 70 percent. S1021, passed by Senate committee, increases the minimum expenditure to 40 percent.

With the possibility of WIA being reauthorized within the next year, it is critical that the Texas workforce system prepare for a shift in emphasis and resources. However, a program redesign on the scale of that required for Texas will not be accomplished overnight. Sufficient lead time and implementation strategies will be necessary to complete an orderly and efficient program redesign and to refocus resources.

On March 30, 2006, the Texas Workforce Commission (Commission) approved a policy concept to increase the minimum expenditure level for out-of-school youth. On June 5, 2006, the Commission approved the phase-in of the out-of-school youth minimum expenditure levels for Program Year 2006 (PY'06) and PY'07 and authorized staff to transmit this policy to the Boards through a WD Letter and contract amendment.

PROCEDURES:

Beginning with PY'06, Boards must expend a minimum of 45 percent of the total funding allocated for WIA Youth activities on services to out-of-school youth.

NLF

In the absence of WIA reauthorization in PY'07, Boards must expend a minimum of 60 percent of the total funding allocated for WIA Youth activities in PY'07 on services to out-of-school youth.

NLF

ACTIONS REQUIRED:

Boards must ensure that appropriate staff is apprised of and complies with the requirements in this WD Letter.

INQUIRIES:

Direct inquiries regarding this WD Letter to the assigned contract manager for your local workforce development area.

Rescissions: None	Expiration: Continuing
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