

RESEA Performance Outcome Payment Distribution

Discussion Paper

Background

In Fiscal Year 2021 (FY 2021), the U.S. Department of Labor (DOL) established a Performance Outcome Payment program for the Reemployment Services and Eligibility Assessment (RESEA) program. The payment is based on states passing two sequential eligibility requirements, as follows:

- Meet the unemployment insurance (UI) duration target set by DOL for the state's RESEA claimants
- Exceed the reemployment rate set by DOL for the state and its RESEA claimants

Texas has met the UI duration set by DOL for all four years of the program and exceeded the reemployment rate for the last three years, earning RESEA program Performance Outcome Payments for FY 2022, FY 2023, and FY 2024. For FY 2024, DOL added a requirement that a portion of states' outcome payments must be used to serve additional claimants.

Each year, the Texas Workforce Commission (TWC) establishes a methodology to distribute a portion of the Performance Outcome Payment to the Local Workforce Development Boards (Boards) as performance incentives based on their RESEA monthly completion rate. Establishing a performance activity-based distribution method for the RESEA program aligns with TWC's objective to emphasize highly successful efforts at the local level that benefit core customers.

Issue 1: Reallocation of FY 2023 Performance Incentive Balances to BCY 2025

The FY 2023 performance incentives to Boards for Board Contract Year 2024 (BCY 2024) were distributed in August 2024. Three Boards (Panhandle, Concho Valley, and Deep East Texas) were unable to fully expend funds by the contract end date of February 2025.

Decision Point 1

Staff seeks approval to reallocate the BCY 2024 performance incentive balances of the following Boards as an amendment to BCY 2025:

- Panhandle: \$47,584
- Concho Valley: \$36,185
- Deep East Texas: \$41,433

Issue 2: Performance and Training Incentive

Staff has determined the Board-level RESEA activity for the calendar year 2024 (CY 2024) performance period and established a distribution methodology that creates two incentive eligibility tiers for the FY 2024 Performance Outcome Payment. Eligibility Tier One establishes a funding allocation of \$2,500 per month for each month a Board achieved the 2024 DOL minimum performance threshold of 70 percent up to 76.4 percent. Eligibility Tier Two provides a funding allocation of \$20,000 each month a Boards met or exceeded the TWC 77 percent contract measure of providing all required services to their respective

RESEA claimants pools for CY 2024. Additionally, all Boards will be provided a \$5,000 training allotment to send staff to the annual RESEA training.

Decision Point 2

Staff recommends amending the BCY 2025 contract to allocate \$1,582,500 of the FY 2024 Performance Outcome Payment to Boards as outlined in the incentive chart below and requiring that funds be expended by February 28, 2026.

Performance Outcome Payment Incentive Distribution Table							
Board Number	Board Name	CY2024 met or exceeded 70% RESEA Completion Rate	Performance Incentive Payment (\$2,500)	CY2024 met or exceeded 77% RESEA Completion	Performance Outcome Payment (\$20,000)	RESEA Training Incentive	Total Incentive Amount
1	Panhandle	3	\$ 7,500	7	\$140,000	\$5,000	\$152,500
2	South Plains	1	\$ 2,500	2	\$40,000	\$5,000	\$47,500
3	North Texas	4	\$ 10,000	2	\$40,000	\$5,000	\$55,000
4	North Central	0	\$ -	1	\$20,000	\$5,000	\$25,000
5	Tarrant County	0	\$ -	0	\$0	\$5,000	\$5,000
6	Dallas	0	\$ -	0	\$0	\$5,000	\$5,000
7	North East	5	\$ 12,500	1	\$20,000	\$5,000	\$37,500
8	East Texas	1	\$ 2,500	0	\$0	\$5,000	\$7,500
9	West Central	1	\$ 2,500	0	\$0	\$5,000	\$7,500
10	Upper Rio/Borderplex	5	\$ 12,500	2	\$40,000	\$5,000	\$57,500
11	Permian Basin	1	\$ 2,500	0	\$0	\$5,000	\$7,500
12	Concho Valley	2	\$ 5,000	4	\$80,000	\$5,000	\$90,000
13	Heart of Texas	1	\$ 2,500	2	\$40,000	\$5,000	\$47,500
14	Capital Area	0	\$ -	1	\$20,000	\$5,000	\$25,000
15	Rural Capital	5	\$ 12,500	2	\$40,000	\$5,000	\$57,500
16	Brazos Valley	0	\$ -	0	\$0	\$5,000	\$5,000
17	Deep East	0	\$ -	0	\$0	\$5,000	\$5,000
18	Southeast	0	\$ -	0	\$0	\$5,000	\$5,000
19	Golden Crescent	4	\$ 10,000	5	\$100,000	\$5,000	\$115,000
20	Alamo	1	\$ 2,500	1	\$20,000	\$5,000	\$27,500
21	South Texas	4	\$ 10,000	6	\$120,000	\$5,000	\$135,000
22	Coastal Bend	2	\$ 5,000	1	\$20,000	\$5,000	\$30,000
23	Lower Rio	5	\$ 12,500	5	\$100,000	\$5,000	\$117,500
24	Cameron County	3	\$ 7,500	7	\$140,000	\$5,000	\$152,500
25	Texoma	1	\$ 2,500	0	\$0	\$5,000	\$7,500
26	Central Texas	5	\$ 12,500	4	\$80,000	\$5,000	\$97,500
27	Middle Rio	1	\$ 2,500	10	\$200,000	\$5,000	\$207,500
28	Gulf Coast	2	\$ 5,000	2	\$40,000	\$5,000	\$50,000
Totals		57	\$ 142,500	65	\$1,300,000	\$140,000	\$1,582,500

Issue 3: Additional Customers in the Profile Pools

DOL requires states use a portion of their FY 2024 performance outcome payment to increase the number of customers selected for RESEA. At the end of FY 2025 Q1, staff noticed a marked increase in the number of customers profiled for RESEA. The trend continued in Q2. To meet the requirements of the grants, staff developed a distribution

methodology to distribute a portion of the performance outcome payment to Boards that are experiencing increases in their profile pools.

Decision Point 3

Staff recommends amending the BCY 2025 contract to allocate \$1,290,114 of the FY 2024 Performance Outcome Payment to Boards for the provision of services to additional customers in their profile pools, as listed in chart below, as well as requiring that funds be expended by February 28, 2026. The remaining balance (\$8,293) of the \$2,880,907 outcome payment, will be allocated to TWC's RESEA administration.

Performance Outcome Payment Additional Customers Distribution Table

Board Number	Board Name	% Increase in BCY2024 to BCY2025	Profile Pool BCY2024	Projection For BCY2025	Additional RESEA Customers	Allocation Based on Cost Per Customer(\$134.78)
02	South Plains	29%	754	1,068	314	\$ 42,321
05	Tarrant County	15%	6,361	7,488	1,127	\$ 151,897
06	Dallas	13%	10,347	11,916	1,569	\$ 211,470
09	West Central Texas	34%	320	484	164	\$ 22,104
10	Borderplex	22%	2,751	3,536	785	\$ 105,802
11	Permian Basin	26%	384	520	136	\$ 18,330
14	Capital Area	20%	1,914	2,384	470	\$ 63,347
15	Rural Capital	21%	1,452	1,832	380	\$ 51,216
16	Brazos Valley	25%	539	716	177	\$ 23,856
19	Golden Crescent	22%	268	344	76	\$ 10,243
20	Alamo Area	20%	4,708	5,856	1,148	\$ 154,727
21	South Texas	29%	593	832	239	\$ 32,212
22	Coastal Bend	8%	1,501	1,640	139	\$ 18,734
23	Lower Rio Grande	9%	4,314	4,716	402	\$ 54,182
25	Texoma	18%	450	552	102	\$ 13,748
28	Gulf Coast	9%	22,976	25,320	2,344	\$ 315,924
	Grand Total		59,632	69,204	9,572	\$ 1,290,114

Recommendation

Staff recommends the Commission approve the distribution of the Performance Outcome Payments consistent with the Decision Points listed above.