

RESEA FY 2023 Incentive Reallocation 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

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.

For FY 2023, Texas received an RESEA Performance Outcome Payment in the amount of \$2,700,000. On August 13, 2024, TWC's three-member Commission approved the distribution of the FY 2023 performance incentives to Boards for Board Contract Year 2024 (BCY 2024), and these funds were distributed in August 2024.

Issue

Three Boards (Panhandle, Concho Valley, and Deep East Texas) were unable to fully expend BCY 2024 performance incentive funds by the extended contract end date of February 2025 due to delays associated with procurement processes. Rather than extending BCY 2024 further, staff recommends reallocating the funds to the current contract year.

Decision Point

Staff recommends the reallocation of the BCY 2024 performance incentive balances of the following Boards as an amendment to BCY 2025. These funds will be required to be expended by February 28, 2026:

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