**Workforce Innovation and Opportunity Act Alternative Funding**

**Discussion Paper**

**Background**

The Workforce Innovation and Opportunity Act (WIOA) §128 provides that statewide funds may be used for discretionary employment and training activities and provide a greater level of flexibility than formula funds.

Discretionary statewide employment and training activities include services such as:

* Implementing innovative programs and strategies designed to meet the needs of all employers, including small employers
* Developing strategies for effectively serving individuals with barriers to employment and for coordinating programs and services among one-stop partners
* Development or identification of education and training programs that respond to real-time labor market information
* Implementing programs to increase the number of individuals training for or placed in non-traditional employment
* Carrying out activities that facilitate remote access, including access using technology

Historically, statewide funds intended for Boards have been made available through an application or competitive process, requiring Boards to apply. The Commission has expressed interest in providing Boards with flexible funding. In addition, the Commission continues to have interest in reducing the administrative burden and streamlining processes for Boards to focus their efforts on managing the delivery of effective services for their customers.

**Issue**

Boards have an ongoing need to be responsive to employer partners and community colleges in developing specific training projects. For example, Boards frequently have a need for additional funds to send participants to training using Individual Training Accounts (ITA). Boards may also have a desire to develop a program that targets a specific population like the long-term unemployed and underemployed. Providing some limited funds for Boards to support these types of innovative projects in their local areas is needed.

The Texas Administrative Code (TAC) §800.63(i) states that, “The Commission may allocate such proportion of available WIA Alternative Funding for Statewide Activities as it determines appropriate, utilizing a distribution methodology that is based on the proportionality of all amounts of WIA formula funds allocated during the same program year, as well as an equal base amount.”

TAC §800.51(f)(5) also states that, notwithstanding any other provision of the rules contained in this part, the level of funding allocated to a workforce area may be determined, modified, or reallocated by the Commission to respond to unforeseen demographic or economic changes.

Based on the allowable uses of WIOA statewide funds and the flexibility provided in the TAC, staff are recommending a distribution to the Boards that would allow them to implement one or more initiatives from a “menu” of initiatives such as:

* High Demand Job Training Initiative\*
* Texas Industry Partnership\*
* Externship for Teachers\*
* Women’s Entrepreneurship Bootcamp\*
* Individual Training Account funds
* Other Innovative Projects for targeted populations

\*Must select and implement at least one of these initiatives

Boards would be required to submit a plan for the fund usage to TWC that has been approved by their Local Workforce Development Board. TWC staff will need to provide confirmation that any Board approved plan for other innovative projects is an allowable use of WIOA statewide funds. Staff will quickly distribute the grant awards to Boards, and develop additional guidance, as needed. Staff will also provide regular updates to Commissioners on each Board’s plans, progress, and use of the funds.

**Decision Point**

Staff recommends that Commissioners consider using available FY2019 WIOA Statewide reserve funds to provide $11,785,422 in WIOA Alternative Funding for Statewide Activities consistent with Commission Rules. A proposed FY2019 Funding Distribution for each local workforce area is attached to this discussion paper.