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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIOA YOUTH PROGRAM REQUIREMENTS

EXECUTIVE SUMMARY

Purpose

This policy provides guidance and establishes the procedures regarding the *Workforce Innovation and Opportunity Act* (WIOA) youth program, including the 75 percent out-of-school (OS) youth and 20 percent work experience minimum expenditure requirements.

Note that, at the time of issuance, the Employment Development Department (EDD) established this guidance using the WIOA Notices of Proposed Rule Making (NPRM). The policies and procedures may be subject to change upon the issuance of the final regulations.

Scope

This directive applies to Local Workforce Development Boards (local boards), Local Workforce Development Areas (local areas), and other recipients of WIOA funds.

Effective Date

This directive is effective on the date of issuance.

REFERENCES

- WIOA (Public Law 113-128) Sections 3, 107, 116, 123, 128, and 129
- *Workforce Investment Act* (WIA) (Public Law 105-220) Sections 101 and 129
- Title 2 *Code of Federal Regulations* (CFR) Chapter I, Chapter II, Part 200, et. al, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule" (Uniform Guidance)
- Title 2 CFR Part 2900 et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 20 CFR WIOA NPRM, Sections 681 and 683.215
- Training and Employment Guidance Letter (TEGL) [23-14](#), *WIOA Youth Program Transition* (March 26, 2015)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

- TEGL [19-14](#), *Vision for the Workforce System and Initial Implementation of the WIOA* (February 19, 2015)
- TEGL [12-14](#), *Allowable Uses and Funding Limits of WIA Program Year (PY) 2014 funds for WIOA Transitional Activities* (October 28, 2014)
- TEGL [13-09](#), *Contracting Strategies That Facilitate Serving the Youth Most In Need* (February 16, 2010)
- California *Education Code* (EC) Section 58500
- Workforce Services Directive (WSD) 14-9 Subject: *30 Percent Expenditure Requirement—Youth Formula Funds* (February 13, 2015)

STATE-IMPOSED REQUIREMENTS

This directive contains some State-imposed requirements. These requirements are indicated by ***bold, italic*** type.

FILING INSTRUCTIONS

This directive finalizes Workforce Services Draft Directive WSDD-117, issued for comment on June 29, 2015. The Central Office Workforce Services Division received 16 comments during the draft comment period and these comments resulted in substantive changes to the directive. A summary of comments is provided as Attachment 3. Retain this directive until further notice.

For information on policies related to the 30 percent OS youth expenditure requirement, please refer to [WSD14-9](#).

BACKGROUND

The WIOA Section 129 introduces key investments in OS youth and work experience. Specifically, it increases the minimum OS youth expenditure rate from 30 percent under WIA to 75 percent under WIOA, and introduces a 20 percent work experience expenditure requirement. Additionally, it adds new program elements, increasing the number of required youth program elements from 10 under WIA to 14 under WIOA.

Operational implementation of the WIOA youth program begins July 1, 2015, with all provisions taking effect July 1, 2016. Local areas should use their PY 2015-16 WIOA youth formula funds to properly align their youth programs and services in preparation for full WIOA youth program implementation effective July 1, 2016.

POLICY AND PROCEDURES

Youth Eligibility Criteria

The WIOA Section 129(a)(1) provides new eligibility criteria for the WIOA youth program. To be eligible to participate in the WIOA youth program, an individual must be an OS youth or an in-school (IS) youth.

Youth enrolled beginning July 1, 2015 must meet the new eligibility criteria. On July 1, 2015, all WIA youth participants who are still enrolled in the WIA youth program must be grandfathered into the WIOA youth program, even if the participant would not otherwise be eligible for WIOA. Local youth programs are not required to complete an eligibility re-determination if the participant has been determined eligible and enrolled under WIA. Furthermore, these participants must be allowed to complete the WIA services specified in their individual service strategy. Additional guidance will be issued to provide more detail on the new eligibility criteria as it is released by the Department of Labor.

Definitions

For the purposes of this directive, the following definitions apply:

School - any secondary or post-secondary school (20 CFR NPRM Section 681.230).

Attending School - An individual is considered to be attending school if the individual is enrolled in secondary or post-secondary school. These include, but are not limited to: traditional K-12 public and private, and alternative (e.g., continuation, magnet, and charter) schools.

Not Attending School - an individual who is not attending a secondary or post-secondary school* (NPRM Preamble page 20732).

*An individual who is enrolled in adult education, YouthBuild, or Job Corp is not considered to be attending school (20 CFR NPRM Section 681.230).

School dropout - an individual who is not attending school and who has not received a secondary school diploma or its recognized equivalent.

Alternative school - An alternative school is a type of school designed to achieve grade-level (K-12) standards and meet student needs (EC Section 58500). ***Examples of alternative schools include, but are not limited to: continuation, magnet, and charter schools. If the youth participant is attending an alternative school at the time of enrollment, the participant is considered to be in-school.***

OS Youth Eligibility

In order to receive services as an OS youth, an individual must meet the following eligibility criteria:

1. Not attending any secondary or post-secondary school (not including adult education, YouthBuild, or JobCorps)
2. Age 16-24 years old
3. One or more of the following barriers:
 - a. A school dropout.
 - b. A youth who is within the age of compulsory school attendance, but has not attended school for at least the most recent complete school year calendar

quarter. (Note that, “school year quarter” is defined by the local school district calendar).

- c. A recipient of a secondary school diploma or its recognized equivalent who is a low-income individual and is either basic skills deficient or an English language learner.
- d. An individual who is subject to the juvenile or adult justice system.
- e. A homeless individual, a runaway, an individual who is in foster care or has aged out of the foster care system, a child eligible for assistance under section 477 of the *Social Security Act*, or an individual who is in an out-of-home placement.
- f. An individual who is pregnant or parenting.
- g. An individual with a disability.
- h. A low-income individual who requires additional assistance to enter or complete an educational program or to secure or hold employment.

(Reference: WIOA Section 129[a][1][B])

A youth participant’s eligibility is determined at intake; therefore, the youth remains eligible for youth services until exited. For example, an individual who is an OS youth at time of enrollment and is subsequently placed at an alternative school, or any school, is still considered an OS youth. Additionally, an individual who is an OS youth and between the ages of 16-24 at the time of enrollment, and is now beyond the age of 24, is still considered an OS youth until exited.

IS Youth Eligibility

In order to receive services as an IS youth, an individual must meet the following eligibility criteria:

1. Attending school, including secondary and post-secondary schools
2. Age 14-21 years old
3. Low income individual
4. Meets one or more of the following barriers:
 - a. Basic skills deficient.
 - b. An English language learner.
 - c. An offender.
 - d. A homeless individual, a runaway, an individual who is in foster care or has aged out of the foster care system, a child eligible for assistance under section 477 of the *Social Security Act*, or an individual who is in an out-of-home placement.
 - e. Pregnant or parenting.
 - f. Individual with disability.
 - i. An individual who requires additional assistance to complete an educational program or secure and hold employment.

(Reference: WIOA Section 129[a][1][C])

A youth participant’s eligibility is determined at intake; therefore, the youth remains eligible for youth services until exited. For example, an individual who is an IS youth and between the ages

of 16-21 at the time of enrollment, and is now beyond the age of 21, is still considered an IS youth until exited.

Note that, the definition of low income under WIOA is expanded to include youth who are eligible for a free or reduced price lunch under the *Richard B. Russell National School Lunch Act*, and youth who live in a high-poverty area (Title 20 CFR NPRM Sections 681.250[d] and 681.260). Local areas may access American Community Survey 5-Year data on the [US Census Fact Finder](#) website to determine the poverty rate by entering in the youth participant's zip code.

Requires Additional Assistance

Local boards may establish a local definition for “requires additional assistance” to complete an educational program, or to secure and hold employment to determine eligibility for OS and IS youth. Possible definitions/criteria for youth who:

- Have repeated at least one secondary grade level or are one year over age for grade.
- Have a core grade point average (GPA) of less than 1.5.
- For each year of secondary education, are at least two semester credits behind the rate required to graduate from high school.
- Are emancipated youth.
- Have aged out of foster care.
- Are previous dropouts or have been suspended five or more times or have been expelled.
- Have received court/agency referrals mandating school attendance.
- Are deemed at risk of dropping out of school by a school official.
- Have been referred to or are being treated by an agency for a substance abuse related problem.
- Have experienced recent traumatic events, are victims of abuse, or reside in an abusive environment as documented by a school official or other qualified professional;
- Have serious emotional, medical or psychological problems as documented by a qualified professional.

Out-of-School Youth

The WIOA shifts the primary focus of youth formula funds to support the educational and career success of OS youth.

OS Youth Expenditure Requirement

Local areas must spend at least 75 percent of their WIOA youth formula allocation on youth workforce investment activities for OS youth (WIOA Section 129[a][4]). The OS youth expenditure rate is calculated after subtracting funds spent on administrative costs.

The following example illustrates how a local board would calculate its 75 percent OS youth expenditure requirement:

Youth Formula Allocation	Administration Costs	Youth Program Expenditure	75 Percent Requirement
\$2,000,000	\$180,000	\$1,820,000	\$1,365,000

In this example, the local area's OS youth expenditure requirement is \$1,365,000. The local area received \$2 million and spent \$180,000 or nine percent ($2,000,000 \times .09$) on administration costs. The remaining \$1,820,000 ($\$2,000,000 - \$180,000$) is subject to the 75 percent OS youth expenditure requirement. Therefore, the local area would be required to spend at least \$1,365,000 ($\$1,820,000 \times .75$) on OS youth.

Some local areas may not be immediately prepared to spend at least 75 percent of their PY 2015-16 youth funds on OS youth. These local areas must demonstrate progress towards meeting the requirement through increased expenditures on OS youth compared to PY 2014-15 youth expenditures. Specifically, by June 30, 2016, local areas must increase their PY 2015-16 OS youth expenditures by at least 10 percentage points over their PY 2014-15 OS youth expenditures, and have a minimum OS youth expenditure rate of 50 percent.

The following table and examples illustrate how a local board would calculate their required increase in OS youth expenditures:

PY 2014-15 OS youth expenditure rate	First year PY 2015-16 expenditure requirement
> 40%	Must increase by 10 percentage points
< 40%	Must increase to at least 50%

Example: Required 10 Percentage Point Increase

Funding Year	Youth Formula Allocation	Administration Costs	Youth Program Expenditure	OS Youth Percentage	OS Youth Expenditure
PY 2014-15	\$1,000,000	\$90,000	\$910,000	50%	\$455,000
PY 2015-16	\$1,200,000	\$108,000	\$1,092,000	60%	\$655,200

In this example, the local area received a PY 2014-15 youth formula allocation of \$1 million. The local area spent \$455,000 or 50 percent ($\$910,000 \times .50$) of its program expenditures on OS youth. The local area received a PY 2015-16 youth formula allocation of \$1.2 million. Since the local area had a PY 2014-15 OS youth expenditure rate of 50 percent, it must increase its PY 2015-16 OS youth expenditure rate at least 10 percentage points to at least 60 percent or \$655,200 ($\$1,092,000 \times .60$).

Example: Required 50 Percent Minimum Expenditure

Some local areas may be currently serving low numbers of OS youth. These local areas should use the first year of WIOA implementation (i.e., July 1, 2015, through June 30, 2016) to align their youth program design to start increasing recruitment and outreach to move towards meeting the 75 percent OS youth expenditure requirement. For tips and best practices regarding outreach and recruiting OS youth, see TEGL [23-14](#), *WIOA Youth Program Transition*, and Attachment 2, Outreach and Recruitment of Out-of-School Youth.

WIA 30 Percent Requirement

The WIA 30 percent OS youth expenditure requirement still applies to local areas serving OS youth with WIA funds. The OS youth expenditure rates are tracked and reported on a specific program year's allocation. For the PY 2014-15 WIA youth formula allocation, the 30 percent OS youth expenditure minimum will still apply. Local areas can refer to Workforce Services Directive [WSD14-9](#) for policies related to the 30 percent OS youth expenditure requirement.

Work Experience

The WIOA places a priority on providing youth with occupational learning opportunities through work experience.

Work Experience Criteria

Work experience provides IS and OS youth an invaluable opportunity to develop work place skills. Paid and unpaid work experiences must include academic and occupational education and may include the following types of work experiences:

- Summer employment opportunities and other employment opportunities available throughout the school year
- Pre-apprenticeship programs
- Internships and job shadowing
- On-the-job training opportunities

(Reference: Title 20 CFR NPRM 681.600)

The required academic and occupational education (e.g., workforce preparation activities, basic academic skills, and hands-on occupational skills training) must be taught within the same timeframe and connected to training in a specific occupation, occupational cluster, or career pathway [WIOA Section 129 (c)(2)(E) and Title 20 CFR NPRM 681.640].

Youth formula funds may be used to pay wages and related benefits for work experience in the public, private, for-profit or non-profit sectors when the participant's objective assessment and individual service strategy indicate that a work experience is appropriate.

Additionally, youth formula funds may be used to pay wages and staffing costs for the development and management of work experience. Staff costs incurred for the functions and

activities directly serving participants may count as program costs (e.g., the development of an employer contract, work site visits, and case management).

Local Policy

Local boards must establish local policies regarding work experience. At a minimum, these policies need to define the following:

- The duration of the work experience assignment
- Limitations on the number of hours
- Appropriate incentives and stipends, including limitations on the types and dollar amount

The WIOA youth provisions go into effect July 1, 2015. Local boards must begin to implement the work experience requirements beginning July 1, 2015, **and establish local policy and procedures for work experience no later than January 1, 2016.**

Work Experience Expenditure Requirement

Local areas must spend at least 20 percent of their WIOA youth formula allocation on work experience (WIOA Section 129[c][4]). The work experience expenditure rate is calculated after subtracting funds spent on administrative costs. Additionally, the expenditure rate is not applied separately for IS youth and OS youth.

The following example illustrates how a local area would calculate its 20 percent work experience expenditure requirement:

Youth Formula Allocation	Administration Costs	Youth Program Expenditure	20 Percent Work Experience Requirement
\$2,000,000	\$180,000	\$1,820,000	\$364,000

In this example, the local area's work experience expenditure requirement is \$364,000. The local area received \$2 million and spent \$180,000 or nine percent ($\$2,000,000 \times .09$) on administration costs. The remaining \$1,820,000 ($\$2,000,000 - \$180,000$) is subject to the 20 percent work experience expenditure requirement. Therefore, the local area would be required to spend at least \$364,000 ($\$1,820,000 \times .20$) on work experience for IS youth and OS youth.

State Technical Assistance

The EDD will calculate PY 2015-16 work experience expenditures after the end of the first program year of the two year availability of the funds (i.e., June 30, 2016), and will provide the results of these interim calculations to each local area and their Regional Advisor by September 30, 2016. The Regional Advisor will assist any local area that appears to be in jeopardy of not

meeting the 20 percent work experience expenditure requirement by the end of the funding period.

Calculating Out-of-School Youth and Work Experience Expenditures

The local area's OS youth and work experience expenditure rates are tracked for a specific program year youth allocation. The EDD will determine whether local areas met their expenditure requirements upon completion of expenditures of all funds in the specific program year's youth allocation as follows:

Each local area's total youth allocation is issued as a subgrant under grant code 301. This amount is located on Line I item 5 of the *Summary of WIA Expenditures and Summary of WIOA Expenditures Report* for Grant Code 301. At the end of the two-year life of the youth formula funds, the total allocation is adjusted by subtracting the actual administration costs (Line III item 3) reported on the June 30 expenditure report for Grant Code 301. The remaining dollar amount for a local area that fully spent its allocation (which is equal to the program dollars spent shown on Line V item 3) is the amount upon which the 75 percent OS youth and 20 percent work experience expenditure requirement will be based. The amount reported for OS youth (Line V, item 2) must be at least 75 percent of the total program expenditures (Line V, item 3). The amount reported for work experience (Line V item 3b) must be at least 20 percent of the total program expenditures (Line V, item 3).

In-School Youth

Under WIOA, fewer resources are available to serve IS youth; therefore, local areas should identify resources and/or establish partnerships with youth providers that can provide services to IS youth. Local boards, in collaboration with youth standing committees, may consider leveraging resources and establishing partnerships to continue serving IS youth that are cost effective, and reach more students.

Transitioning WIA IS Youth Participants

Local areas may still be serving large numbers of IS youth as they transition into WIOA on July 1, 2015. Although there is a shift in emphasis under WIOA to OS youth, local areas should not prematurely exit WIA IS youth from the program.

Local areas may opt to use a portion of their remaining PY 2014-15 funds for services to IS youth in order to assist them in successfully completing the program, while focusing PY 2015-16 funds on OS youth, consistent with the minimum 75 percent OS youth expenditure requirement on OS youth.

Youth Standing Committee

Youth councils are not required under WIOA; however, local boards may continue to operate a youth council as a standing committee. A youth standing committee could serve to provide information and to assist with planning, policy development and oversight of youth activities, programs, local initiatives, and other issues relating to the provision of services to youth.

An existing youth council may be designated as the youth standing committee or a local board may design a youth standing committee to meet the needs of the local area's youth program. If a local board does not establish a youth committee, the local board is still responsible for conducting the oversight of youth activities under WIOA Section 129(c) and identifying eligible providers of youth workforce investment activities in the local area by awarding grants or contracts on a competitive basis.

Local boards that choose to design a new standing youth committee are reminded that the membership must include (1) a member of the local board, who must chair the committee, (2) members of community based organizations with a demonstrated record of success in serving eligible youth, and (3) other individuals with appropriate expertise and experience who are not members of the local board. The committee may also include parents, participants, and youth.

(References: WIOA Section 107[b][4][A][ii] and 20 CFR NPRM Sections 681.100 - 681.120)

Procurement of WIOA Youth Service Providers

As required in WIOA Section 123, local boards must award youth service provider contracts through a competitive process. This competitive process must meet the procurement guidelines specified in Title 2 CFR parts 200 and 2900.

As local boards transition from WIA to WIOA, they must ensure Request for Proposals (RFPs) and youth service provider contracts incorporate the new WIOA youth provisions, (e.g., new eligibility requirements for IS and OS youth, increased expenditure requirements for OS youth and work experience, and the five new program elements). In order to implement these provisions, local areas may either undergo a contract modification with their existing providers, if permissible, or procure new service providers. Since youth enrolled beginning July 1, 2015, must meet the new WIOA eligibility criteria, local boards must ensure they have modified existing contracts and/or procured new youth service providers by July 1, 2015, to accommodate the new eligible WIOA youth participants. If a local area procures new youth service providers, the state encourages the use of one-year contracts which may contain additional option years, rather than multi-year contracts, to ensure maximum flexibility during WIOA Implementation.

Local boards may opt to retain current WIA youth service contracts temporarily for various reasons (e.g., the contract does not include a clause that allows for modifications to conform to new legislation, regulations, or requirements, etc.). The State Board and EDD would like to provide local boards adequate time to transition to the new WIOA requirements, and therefore will allow local boards to retain current WIA youth service contracts through PY 2016-17.

However, **local boards must ensure that all RFPs and youth service provider contracts incorporate the new WIOA provisions by July 1, 2017.**

Program Elements

The WIOA Section 129(c)(2) includes 14 program elements, which include the original ten program elements under WIA (which have been consolidated to nine as the summer employment opportunities program element is now a sub-element under paid and unpaid work experiences) and five new program elements. The five new program elements are (1) financial literacy, (2) entrepreneurial skills training, (3) services that provide labor market and employment information about in-demand industry sectors or occupations available in the local areas, (4) activities that help youth prepare for and transition to post-secondary education and training, (5) and education offered concurrently with and in the same context as workforce preparation activities and training for specific occupation or occupational clusters. The following is a complete list of the 14 required program elements:

1. Tutoring, study skills training, and evidence-based dropout prevention and recovery strategies that lead to completion of secondary school diploma or its recognized equivalent or for a recognized post-secondary credential.
2. Alternative secondary school services, or dropout recovery services, as appropriate.
3. Paid and unpaid work experiences that have academic and occupational education as a component of the work experience, including the following:
 - Summer employment opportunities and other employment opportunities available throughout the school year
 - Pre-apprenticeship programs
 - Internships and job shadowing
 - On-the-job training opportunities
4. Occupational skill training, which includes priority consideration for training programs that lead to recognized post-secondary credentials that align with in-demand industry sectors or occupations.
5. Education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster.
6. Leadership development opportunities, including community service and peer-centered activities encouraging responsibility, and other positive social and civic behaviors.
7. Supportive services.
8. Adult mentoring for a duration of at least 12 months that may occur both during and after program participation.
9. Follow-up services for not less than 12 months after the completion of participation.
10. Comprehensive guidance and counseling, including drug and alcohol abuse counseling, as well as referrals to counseling, as appropriate to the needs of the individual youth.
11. Financial literacy education.
12. Entrepreneurial skills training.
13. Services that provide labor market and employment information about in-demand industry sectors or occupations available in the local area, such as career awareness, career counseling, and career exploration services.

14. Activities that help youth prepare for and transition to post-secondary education and training.

Local areas are not required to provide the 14 required elements to each participant. Local areas have the flexibility to determine what specific services a youth will receive based upon the youth's assessment and service strategy. Local boards, however, must ensure that all 14 program elements are available in their local area.

Program Design

The WIOA enhances the youth program design through an increased emphasis on individual participant needs by adding new components and incorporating career pathways to the objective assessment and individual service strategy. Additionally, the WIOA requires that the individual service strategy be directly linked to one or more of the performance indicators. A program design framework is an essential step to help local areas develop comprehensive service strategies based upon individual needs. Local boards, in collaboration with a youth standing committee, can provide direction and leadership to assist local youth programs on improving the quality and effectiveness of youth services. A program design framework consists of an objective assessment, an individual service strategy, case management, and follow-up services that lead toward successful outcomes for youth participants (WIOA Section 129[c][1]).

ACTION

Bring this directive to the attention of staff and other relevant parties.

INQUIRIES

If you have any questions concerning this directive, please contact your assigned [Regional Advisor](#) at 915-654-7799.

/S/ JOSÉ LUIS MÁRQUEZ, Chief
Central Office Workforce Services Division

Attachments are available on the Internet:

1. [OS Youth Expenditure Requirement Corrective Action Plan](#)
2. [Outreach and Recruitment of OS Youth](#)
3. [Summary of Comments](#)