

**Alternative Approach to Youth Program Funding
DISCUSSION PAPER**

Background

As directed by the Chair Bryan Daniel at the July 5th TWC Commission meeting, staff are bringing forward a proposal to develop a reserve for youth initiatives supported by statewide funds. The Texas Workforce Commission provides a variety of programs intended to support youth. Although successful, recent reviews have shown significant variability in expenditures for these programs. This has proved to be a challenge to forecast, resulting in some programs having insufficient and some programs having excess funds allocated annually. As an alternative to this, a new structure is presented for consideration for budgeting youth initiatives.

Historical Performance

TWC Track Description	2019 Budget	2019 Expenditures	2020 Budget	2020 Expenditures	2021 Budget	2021 Expenditures
TX Science & Engin Fair	\$200,000	\$192,611	\$75,000	\$51,884	\$125,000	\$125,000
Gov Science & Tech Champ Acdmy	\$100,000	\$77,956	\$100,000	\$37,670	\$76,667	\$63,723
Foster Youth Wkfrce Trans Ctrs	\$2,850,000	\$2,567,927	\$2,850,000	\$2,636,024	\$2,950,000	\$2,630,288
Governor's Summer Merit Prgm	\$1,000,000	\$805,303	\$1,000,000	Cancelled	\$1,000,000	\$587,703
Youth Robotics Initiative	\$1,000,000	\$1,000,000	\$1,000,000	\$1,471,406	\$1,400,000	\$1,395,791
Camp Code	\$600,000	\$597,056	\$600,000	Cancelled	\$600,000	\$285,483
Careers in Texas Industries	\$1,400,000	\$1,312,285	\$1,400,000	\$970,435	\$700,000	\$435,450
Texas Internship Initiative - TII	\$1,000,000	\$399,719	\$1,000,000	Cancelled	\$500,000	\$377,939
% Expended	85%		64%		80%	

Option

Each year, staff would follow the process outlined below. This process would define the budget proposal provided to the commission by staff.

1. Staff will review the program expenditures to date on the last 3 completed fiscal years (for FY 24 that would be 20, 21 and 22) for each Youth program.

- 1 2. For each program, staff would identify any years that are anomalous, and discard that year's data
- 2 from consideration. Staff would provide a written explanation of why a given year's data is
- 3 anomalous.
- 4 3. Staff will identify the highest amount actually expended for each program in the 3-year sample.
- 5 4. Staff would also review any material changes proposed to the program which are expected to
- 6 increase or decrease costs not reflected in the prior year expenditures and calculate an expected
- 7 change. Staff will add or decrease the highest amount identified in step 3 by that amount.
- 8 5. Staff will round this amount to the nearest \$50,000.
- 9 6. Staff will use this amount as the proposed budget for the program.
- 10 7. Staff will multiply the total TANF youth budget by .2 and the total WIOA youth budget by .5 and
- 11 propose those amounts as the Youth Demand Reserve for each funding stream.

12 The Youth Demand Reserve will be set aside specifically for staff to move funds from the reserve into
13 youth initiatives where there is unexpected demand. These funds would be allowed to be moved to other
14 Youth programs based on director approval, and not need specific commission action. The difference in
15 Reserve Calculations is based on the size and complexity of the programs. The percentage assigned for

16 TANF was determined by reviewing the demand beyond budget for the competitively procured youth
17 programs, as shown in the table on the next page. The WIOA Reserve was determined by reviewing the
18 highest expenditure (for the anomalous situation) and finding a percentage that prepared us to address this
19 situation should it come up again.

20 **Decision Point**

21 This item is presented for commission consideration. Graphic explanation in chart below.

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Demand Beyond Budget 2019-2022								
TWC Track Description	2019 Budget	Demand (applications scoring above 70)	2020 Budget	Demand (applications scoring above 70)	2021 Budget	Demand (applications scoring above 70)	2022 Budget	Demand (applications scoring above 70)
Governor's Summer Merit Prgm	\$1,000,000	\$434,042	\$1,000,000	\$1,087,123	\$1,000,000	\$1,310,373	\$1,300,000	\$1,474,433
Youth Robotics Initiative	\$1,000,000	\$3,973,229	\$1,000,000	\$2,999,218	\$1,400,000	\$2,095,791	\$2,100,000	\$2,095,171
Camp Code	\$600,000	\$2,288,122	\$600,000	\$2,075,367	\$600,000	\$532,830	\$1,000,000	\$626,779
Texas Internship Initiative - TII	\$1,000,000	\$550,057	\$1,000,000	\$245,550	\$500,000	\$377,939	\$500,000	\$277,083
Total Demand Beyond Budget	\$3,645,450		\$2,807,258		\$816,933		-\$426,534	
Total TANF Youth Budget	\$8,150,000		\$8,025,000		\$7,351,667		\$7,351,667	
Demand Beyond Budget % of Total Youth Budget	45%		35%		11%		-6%	
Average 2019-2022 %	21%							