



## WORKFORCE INNOVATION AND OPPORTUNITY ACT

VIRGINIA WORKFORCE LETTER (VWL) No. 19-08
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**TO:** Local Workforce Development Boards

**FROM:** Nicole Overley  
Commissioner, Virginia Works *Nicole Overley*

**SUBJECT:** Out-of-School Youth 75% Expenditure Requirement

**EFFECTIVE DATE:** 2/15/2025

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### PURPOSE:

The purpose of this guidance is to provide local workforce development areas with further clarification regarding the definition of out-of-school youth and the applicability of the definition to the 75 percent expenditure requirements relative to the provision of WIOA Title I Youth Programs. WIOA Title I requires that at least 75 percent of state-wide and local youth funds be spent on services for out-of-school youth.

### REFERENCES:

WIOA (Pub. L. 113-128) Title I, Sections 126-129; Final Regulations  
Training and Employment Guidance Letter (TEGL) No. 19-14, Vision for the Workforce System and Initial Implementation of the Workforce Innovation and Opportunity Act  
Training and Employment Guidance Letter (TEGL) No. 13-09, Contracting Strategies That Facilitate Serving the Youth Most In Need  
Training and Employment Guidance Letter (TEGL) No. 21-16, Change 1 Third Workforce Innovation and Opportunity Act (WIOA) Title I Youth Formula Program Guidance; Attachment 2  
Training and Employment Guidance Letter (TEGL) No. 23-14 Serving the Youth Most In Need

### DEFINITIONS:

**High Poverty Area** - A youth who lives in a high poverty area is automatically considered to be a low-income individual. As determined by the US Census Bureau, "A high-poverty area is a Census tract, a set of contiguous Census tracts, Indian Reservation, tribal land, or Native Alaskan

*Village or county that has a poverty rate of at least 30 percent as set every 5 years using American Community Survey 5-Year data."*

**All instructions are found on the Census Bureau's American Fact Finder homepage at:**  
(data.census.gov)

**Low-Income Individual** - The term "low-income individual" means an individual who:

1. Receives, or in the past 6 months has received, or is a member of a family that is receiving or in the past 6 months has received, assistance through the Supplemental Nutrition Assistance Program (SNAP) established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), the program of block grants to States for Temporary Assistance for Needy Families program (TANF) under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or the supplemental security income program established under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or State or local income-based public assistance;
2. Receives, or in the past 6 months has received, or is a member of a family that is receiving or in the past 6 months has received LEAP (Low-income Energy Assistance Program), Section 8 Housing, or CCAP (Child Care Assistance Program) payments;
3. Is in a family with total family income that does not exceed the higher of—the poverty line or 70 percent of the lower living standard income level;
4. Is a homeless individual (as defined in section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2(6)), or a homeless child or youth (as defined under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)));
5. Receives or is eligible to receive a free or reduced price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);
6. Is a foster child on behalf of whom state or local government payments are made; or
7. Is an individual with a disability whose own income meets the income requirement of a low-income individual, but who is a member of a family whose income does not meet this requirement.

**Out-of-School Youth** - An out-of-school youth (OSY) is an individual who is:

- Not attending any school (as defined under state law);
- Not younger than 16 or older than age 24 at time of program enrollment. For the reason that age eligibility is based on age at enrollment, participants may continue to receive services beyond the age of 24 once they are enrolled in the program; and

One or more of the following:

1. A school dropout;
2. 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. School year calendar quarter is based on how a local school district defines its school year quarters;

3. 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;
4. An individual who is subject to the juvenile or adult justice system;
5. A homeless individual (as defined in sec. 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e– 2(6)), a homeless child or youth (as defined in sec. 725(2) of the McKinney- Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), a runaway, in foster care or has aged out of the foster care system, a child eligible for assistance under sec. 477 of the Social Security Act (42 U.S.C. 677), or in an out-of-home placement;
6. An individual who is pregnant or parenting;
7. An individual with a disability;
8. A low-income individual who requires additional assistance to enter or complete an educational program or to secure or hold employment. (WIOA secs. 3(46) and 129(a)(1)(B))

### **BACKGROUND:**

WIOA requires that low-income people and those with barriers to employment are priority populations for funding and services. WIOA requires that at least 75 percent of state-wide and local youth funds be spent on workforce investment services for out-of-school youth (OSY). This funding requirement gives states and local communities dedicated resources to implement effective employment, education, and youth development strategies for the most vulnerable youth in high poverty distressed communities.

### **GUIDANCE:**

#### **A. Expenditure Level Requirement**

The use of funds requirement for youth workforce investment activities in WIOA Section 129 (a)(4)(A) states:

- a. For any program year, not less than 75 percent of the funds allotted under section 127(b)(1)(C), reserved under section 128; and available for state-wide activities under subsection; and not less than 75 percent of funds available to local areas under subsection; shall be used to provide youth workforce investment activities for out-of-school youth.

#### **B. Expenditure Level Calculation**

The 75% expenditure rate is a minimum requirement; states and local areas may spend up to 100% of their funds on OSY if they choose. Local areas must expend at least 75 percent of their annual WIOA Youth formula allocation on youth workforce investment activities for OSY. LWDB administrative expenses are not included in the 75 percent OSY minimum expenditure calculation.

For Example, a LWDB receives \$1.2 million and spends \$120,000 (10 percent) on administrative costs, the remaining \$1,080,000 is subject to the minimum OSY expenditure rate of 75 percent. In this example, the LWDB would be required to spend at least \$810,000 (75 percent) of the \$1,080,000 on OSY.

### **C. Expenditure Level Tracking**

State WIOA Title I monitoring staff will review the LWDBs' tracking of the WIOA youth program formula-fund expenditures, including a participant file review, during the annual onsite monitoring review for compliance with federal and state laws and regulations.

All LWDBs are required to track youth formula-fund expenditures and submit actual results through the Monthly Expenditure Detailed Report and Cash Payment Schedule expenditure requirements to the State. If a LWDB does not meet the 75 percent expenditure rate with their Program Year youth funds, the LWDB must submit a corrective action plan to the WIOA Title I Administrator. The corrective action plan must describe how the LWDB will achieve the 75 percent OSY expenditure rate with the consecutive PY funds and describe specific steps taken to comply with the 75 percent OSY expenditure requirement. Failure to comply may lead to sanctions.

### **ACTION REQUIRED:**

Upon issuance bring this guidance to the attention of all WIOA service providers, LWDB Board members and any other concerned parties. Any local boards' policies, procedures, and or contracts affected by this guidance are required to be updated accordingly. This Virginia Workforce Letter communication is consistent with language outlined in the Training and Employment Guidance Letter (TEGL) No. 23-14.

### **INQUIRIES:**

Please submit inquiries regarding this VWL to:

Virginia Works

WIOA Title I Administrator

2221 Edward Holland Drive,

Suite 500

Richmond, VA 23230

[LWDBinquiries@viriniaworks.gov](mailto:LWDBinquiries@viriniaworks.gov)