

Date: September 29, 2014
To: Pacific Gateway Workforce Investment Network Staff
From: Nick Schultz
WIB Executive Director *NMS*
Subject: **POLICY MEMORANDUM: WDB – 34**
WIA TRAINING EXPENDITURE REQUIREMENTS

EFFECTIVE DATE

This policy is effective upon date of issuance.

PURPOSE

The purpose of this policy is to provide direction to the Pacific Gateway Workforce Investment Network (Pacific Gateway) on implementing Workforce Investment Act (WIA) Adult and Dislocated Worker training expenditure requirements imposed by Senate Bill (SB) 734.

BACKGROUND

SB 734 (Chapter 498, Statutes of 2011) added Section 14211 of the CUIIC. This section imposes new training expenditure requirement on local workforce investment boards carrying out WIA funded programs and details the actions that must be taken in the event that a local board does not meet the specified requirements.

Local workforce investment boards that do not meet the minimum training expenditure requirement will be required to submit a corrective action plan to the EDD that provides reasons for not meeting the requirement and actions the local board will take to address the expenditure deficiencies.

POLICIES

Training Expenditure Requirements

Program Year (PY) 2012-13 through PY 2015-16*

Pacific Gateway is required to spend at least **25%** of the combined total of its WIA adult and dislocated workers formula fund allocations on workforce training services by the end of the two-year period of availability. Of the **25%** requirement, a minimum of **15% must** come from direct training expenditures of WIA adult and dislocated worker formula funds. An amount up to **10% may** be met by applying designated leveraged resources used for training services (see "Designated Leveraged Resources," below).

Program Year (PY) 2016-17 and each PY thereafter*

Pacific Gateway is required to spend at least **30%** of the combined total of its WIA adult and dislocated workers formula fund allocations on workforce training services by the end of the two-year period of availability. Of the **30%** requirement, a minimum of **20% must** come from direct training expenditures of WIA adult and dislocated worker formula funds. An amount up to **10% may** be met by applying designated leveraged resources used for training services (see "Designated Leveraged Resources," below).

*Please note: This minimum training expenditure requirement does not apply to the WIA youth formula fund allocation (except for the use of WIA youth formula as a "Leveraged Resource," specified below).

Definitions

Job Readiness Training: Job readiness training includes services that teach skills needed to be successful in the workplace, rather than skills needed to get into the workplace. In order to be counted as training services expenditure, job readiness training should provide participants with specific occupational competencies needed to perform specific work tasks on the job. For example, job readiness training courses could teach customers skills such as how to communicate in an office environment, how to function as part of a team, or how to work in a deadline driven workplace. Conversely, training on skills needed to find and apply for a job, (e.g., how to conduct a job search, interviewing techniques, how to write a resume, etc.) may not be counted as a training services expenditure.

Qualifying Training Services

Training services must meet the following criteria in order to be applied toward the minimum training expenditure requirement:

1. Must be provided to WIA adult or dislocated worker participants enrolled in a training activity in the California Workforce Services Network (CWSN) system.
2. Must meet the definition of training services provided in WIA Section 134(d)(4)(D):

"Training services may include -

- Occupational skills training, including training for nontraditional employment;
- On-the-job training;
- Programs that combine workplace training with related instruction, which may include cooperative education programs;
- Training programs operated by the private sector;
- Skill upgrading and retraining;
- Entrepreneurial training;
- Job readiness training;
- Adult education and literacy activities provided in combination with one or more of the other training services listed above; and
- Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training."

3. For an expenditure to be considered a training service and count toward the minimum training expenditure required by SB 734, the training service must meet the definition of training contained in WIA Section 134(d)(4)(D), and section 633.300 and 663.508 of Title 20 of the Code of Federal Regulations as follows:

A program of training services is one or more courses or classes, or a structured regimen, which upon successful completion, leads to:

- A certificate, an associate degree, baccalaureate degree, or
- The skills or competencies needed for a specific job or jobs, an occupation, occupational group, or generally, for many types of jobs or occupations, as recognized by employers and determined prior to training.

The conceptual emphasis in Section 663.508 is on structured learning leading to the attainment of competencies needed on the job to perform one's job duties. The goal of training is for workers to attain specific occupational skill-sets needed to perform work tasks during the workday.

4. Must meet the requirements specified in Title 20 CFR Section 663.300:

This section establishes that the list of training services in WIA Section 134(d)(4)(D) is not exhaustive. Additional training services may be applied toward the minimum training expenditure requirement if they meet the five requirements below:

- a) Must be specific to the training the participant is receiving;
- b) Must be necessary in order to participate in and graduate from the training;
- c) Must be required for every student in the training;
- d) Must benefit the individual only if they are in the approved training; and
- e) Must be documented in writing by the training provider as required. (Acceptable documentation includes a supply list for the course, an email from the training provider, or any other documentation that verifies the items are required for the course.)

Services that meet these criteria include, but are not limited to, books, licenses, tools, equipment, safety gear, drug testing, testing fees, certification fees, student association fees, and uniforms. These items must be specific and necessary to participate, graduate; and is required of every student in the training.

The following does not qualify toward the training expenditure requirement:

- Formula funds and leveraged resources spent on WIA core, and WIA intensive services;

- Supportive Services without a direct correlation to training such as groceries, child care, dependent care, transportation, parking, housing, clothing, health care, financial counseling, and needs-related payments (this list is not all inclusive).

Designated Leveraged Resources: Pacific Gateway may apply up to the maximum 10% for designated leveraged resources toward meeting the training services expenditure requirements of SB 734.

Only the following seven leveraged funds may be applied toward 10% training service credit:

1. Federal Pell Grants established under Title IV of the Higher Education Act of 1965
2. Public programs authorized by the Workforce Investment Act of 1998 (e.g., Job Corps, Migrant Seasonal Farm Worker, Rapid Response, WIA Title II Adult Education and Literacy, national and state WIA discretionary grants, WIA youth programs, etc.) This category of leveraged resources does not include WIA adult and dislocated worker formula funds. –

Note: funds expended on training for individuals ages 18-21 as a leveraged resource are permitted only if:

- (1) The individuals are co-enrolled in either the WIA adult or dislocated worker training program, and;
- (2) The training meets all requirements to be considered a training service.

3. Trade Adjustment Assistance
4. Department of Labor National Emergency Grants
5. Match funds from employers, industry, and industry associations (including the employer paid portion of on-the-job training and customized training, the wages of an apprentice during the apprenticeship period)

Note: Match funds from the employer paid portion of OJT may only include the portion attributed to the cost of the individual's training, not the portion of the individual's wage not reimbursed by WIA.

6. Match funds from Joint Labor-Management trusts
7. Employment Training Panel (ETP) grants

If a local board uses leveraged resources to subcontract with another local board to obtain training services, those funds cannot be counted by both parties toward meeting the training expenditure requirement. It is the responsibility of the local boards to negotiate and decide which local board will account for the expenditure towards meeting the training expenditure requirement.

- Example 1: Local board A sub awarded \$25,000 in National Emergency Grant funds to local board B to provide training services. The participants served by the \$25,000 were co-enrolled by both Local Workforce Investment Areas (local areas).

In this scenario, either local board A *or* local board B can apply the \$25,000 as leveraged funds toward meeting the training expenditure requirement. They both cannot apply the \$25,000.

- Example 2: Local board A sub awarded \$30,000 in WIA adult and/or dislocated worker formula funds to local board B to provide training services. The participants served by the \$30,000 were co-enrolled by both local areas.

In this scenario, only local board A can apply the \$30,000 of formula funds toward meeting the training expenditure requirement. Local board B cannot apply the \$30,000 as leveraged funds since WIA adult and dislocated worker formula funds are not one of the seven leveraged resources authorized under SB 734.

Please Note: Training provider discounts and free online training, MAY NOT be counted.

PROCEDURES

Budget Plan

It is the responsibility of Officers of the Pacific Gateway's One-Stop Centers and Business Assistance Team to work in collaboration to develop a plan to comply with the training services expenditure requirements imposed by SB 734 annually.

At such time as WIA formula fund allocations become available for the Program Year (but not later than the onset of each Program Year) Officers representing the One-Stop Centers and Business Assistance Team (or their designees) will jointly develop a budget plan to meet the training services expenditure requirement for that year based upon the allocation for that Program Year. This budget plan will be submitted to the Executive Director for approval and serve as the basis for monitoring progress toward meeting the expenditure requirement.

The Operations Division will maintain records of both WIA adult and dislocated worker formula fund and leveraged resources expenditures for each Period of Availability and provide periodic updates to support monitoring progress toward meeting the expenditure requirement.

Documentation

The expenditure of WIA adult and dislocated workers formula fund will be documented by means of actual outlays resulting from an Individual Training Account (ITA) Scholarship, approved contract (including customized training agreements, on-the-job training contracts, cohort-based training agreements or other agreement as applicable).

To ensure sufficient records are maintained to document leveraged resources, the following list of acceptable documents will be maintained:

- To demonstrate the employer's share of customized training or on-the-job training attributed to the cost of the individual's training (not the employer portion

- of the wage not reimbursed by WIA), a contract / agreement and an approved invoice supporting the un-reimbursed portion of the employer's contribution;
- For PELL Grant Documentation – For ITAs, Exhibit D of the ITA Scholarship signed by an official of the training provider or a copy of the PELL award letter. For other than ITAs, Exhibit A of the ITA Scholarship Educational Agreement and the Training Leverage Certification letter (see attached) or similar letter signed by an official of the training provider;
 - For ETP grants, Exhibit D or other documentation from the training provider or program official;
 - For TAA the Training Leverage Certification letter (see attached) or similar letter signed by an official of the agency;
 - Other documentation as approved by the Operations Division of Pacific Gateway.

REFERENCES

- WIA Section 101(8), 101(31), 134(a)(3)(A)(iv)(I), and 134(d)(4)(D)
- Title 29 United States Code (USC) Section 2864(d)(4)(D)
- Title 20 Code of Federal Regulations Section 663.300 and 663.508
- Title IV of the Higher Education Act of 1965 Section 401
- SB 734 (DeSaulnier), Chapter 498, Statutes of 2011
- California Unemployment Insurance Code (CUIC) Section 14211
- Workforce Services Division Directive 14-1 WIA Training Expenditure Requirements
- Workforce Services Division WSD12-3 Quarterly and Monthly Financial Reporting

CONTACT

Should you have any questions regarding this Policy Memorandum, please contact Arleen Ward, Quality Assurance Coordinator at (562) 570-3680, TTY (562) 570-4629.

NS:kcn:aw