

Policy Area: Business Engagement Committee	
Title of Policy: Allowable and Prohibited Activities Related to Economic Development Under the Workforce Innovation and Opportunity Act (WIOA)	Number: 600-05, Change 1
Effective Date: July 1, 2024	Approved Date: June 21, 2024
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I. Purpose

This issuance provides guidance regarding allowable and prohibited activities related to economic development under the Workforce Innovation and Opportunity Act (WIOA).

II. Summary

Local Workforce Development Boards (Local Boards) should coordinate with economic development organizations to build talent development strategies across a region within the Commonwealth of Virginia. However, specific activities related to economic development are either allowable or prohibited under the WIOA and federal regulations.

III. References

- Workforce Innovation and Opportunity Act (Pub. L. 113-128), Section 181
- 20 CFR § 683.245 - Are employment generating activities, or similar activities, allowable under title I of the Workforce Innovation and Opportunity Act

IV. Policy

WIOA promotes a closer alignment between workforce development and economic development through such initiatives as sector strategies and career pathways. In fostering this closer alignment, the WIOA statute and federal regulations specify activities that are allowable and activities that are prohibited related to economic development. This policy distinguishes between these types of activities.

Specifically, WIOA Title 1 funds shall not be used for employment generating activities, including economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and other similar activities. However, if these activities are directly related to training for eligible individuals, WIOA Title 1 funds may be spent on these activities.

Examples of allowable activities include:

1. Contacts with employers for potential WIOA participant job placement.
2. Participation in business associations (such as chambers of commerce and trade associations), joint labor management committees, labor associations, and resource centers.

3. WIOA staff participation on economic development boards and commissions, and work with economic development agencies (including state and regional economic development associations, the Virginia Economic Developers Association, and regional GO Virginia councils) to: provide information about WIOA programs; coordinate activities in a region or local area to promote entrepreneurial training and microenterprise services; assist in making informed decisions about community job training needs; and promote the use of first source hiring agreements and enterprise zone vouchering services.
4. Active participation in local business resource centers (such as small business development centers and/or incubators) to provide technical assistance to small and new business to reduce the rate of business failure.
5. Subscriptions to relevant publications.
6. General dissemination of information on WIOA programs and activities.
7. The conduct of labor market surveys.
8. The development of on-the-job training opportunities.
9. Other allowable WIOA activities in the private sector, including customized training, skill training, on-the-job training, incumbent worker training, transitional employment, or company-specific assessments of job applicants or employees.

Examples of prohibited activities include:

1. Wages of incumbent workers during their participation in economic development activities provided through a statewide workforce investment system.
2. Public sector employment, except as specifically authorized under title I of WIOA.
3. Expenses prohibited under any other federal, state, or local law or regulation.
4. Subawards or contracts with any entity debarred, suspended, or excluded/ineligible for participation in federal awards or activities.
5. Contracts with persons falsely labeling products made in America.
6. Foreign travel with state or local formula funds under title I subtitle B.
7. Activities to encourage or induce a business, or part of a business, to relocate from any location in the United States, if the relocation results in any employee losing his or her job at the original location.
8. Customized training, skill training, on-the-job training, incumbent worker training, transitional employment, or company-specific assessments of job applicants or employees of relocated companies for 120 days if the relocation resulted in loss of employment for any employee from the original location.

V. Procedures

The Virginia Board of Workforce Development (VBWD), in partnership with Local Boards, shall ensure compliance with this policy through the State and Local Plans and monitoring of activities under the appropriate Plans.