



COMMONWEALTH OF VIRGINIA
VIRGINIA COMMUNITY COLLEGE SYSTEM

WORKFORCE INNOVATION AND OPPORTUNITY ACT

VIRGINIA WORKFORCE LETTER (VWL) No. 14-17, Change 3

TO: Local Workforce Development Boards

FROM: George Taratsas 
Director, WIOA Administration and Compliance

SUBJECT: **Minimum Training Expenditure Requirement**

EFFECTIVE DATE: October 14, 2021

PURPOSE:

Provide guidance to implement the minimum Workforce Innovation and Opportunity Act (WIOA) Title I Adult and Dislocated Worker Local Workforce Development Area formula funds expenditure requirement, as established by Virginia Code effective July 1, 2015, for training leading to recognized in-demand postsecondary education and workforce credentials.

REFERENCES:

Workforce Innovation and Opportunity Act, Section 134
Code of Virginia §2.2-2472.2
Virginia Board of Workforce Development Policy 404-01: Identification of Eligible Training Providers of Occupational Skills Training

REVISION HISTORY:

VWL 14-17, Change 3 rescinds VWL 14-17, Change 2 to modify the calculation of the Training Expenditure Requirement to include Case Management costs beginning July 1, 2021.

VWL 14-17, Change 2 rescinds VWL 14-17, Change 1 to clarify the calculation of the Annual Training Expenditure Rate and align enforcement of Training Expenditure Rate with VWL 20-01 Sanctions and Appeals Process.

VWL 14-17, Change 1 rescinds VWL 14-17 for the purpose of making the following update:

- Revises the calculation formula for the Annual Training Expenditure Rate to address administrative costs incurred. See the Guidance Section, Calculating the Expenditure Level, p.5.
- Updates the References section to include VBWD Policy 404-01 which replaced Commonwealth of Virginia Occupational Skills Training Policy 13-02. This update was made April 2019.

DEFINITIONS:

See Guidance

BACKGROUND:

The Virginia Acts of Assembly 2015 session amended the Code of Virginia by adding in Chapter 4.2 section 2.2-2472.2 establishing the following requirements:

- A. Each local workforce development board shall allocate a minimum of 40 percent of WIOA Adult and Dislocated Worker funds to training services as defined under § 134(c)(3)(D) of the WIOA that lead to recognized postsecondary education and workforce credentials aligned with in-demand industry sectors or occupations in the local area or region. Beginning October 1, 2016, and biannually thereafter, the Chief Workforce Development Advisor shall submit a report to the Board evaluating the rate of the expenditure of WIOA Adult and Dislocated Worker funds under this section.
- B. Failure by a local workforce development board to meet the required training expenditure percentage requirement shall result in sanctions, to increase in severity for each year of noncompliance. These sanctions may include corrective action plans; ineligibility to receive state-issued awards, additional WIOA incentives, or sub-awards; the recapturing and reallocation of a percentage of the local area board's Adult and Dislocated Worker funds; or for boards with recurring noncompliance, development of a reorganization plan through which the Governor would appoint and certify a new local board.

GUIDANCE:

Local Workforce Development Boards in Virginia are required to ensure that a minimum of 40% of the WIOA Title I Adult and Dislocated Worker formula Program Year allocations are expended on allowable training costs.

Definition of Training

In order to encourage the recruitment and use of high-quality training providers and programs, all training providers must be WIOA-certified under the existing state eligible training provider system. The only exception to this requirement is when the employer is functioning as the training provider.

As defined within this policy, the services considered training, for which expenditures will accrue to the 40% requirement, include:

- A. Occupational Classroom Training
 - a. Occupational training is predominantly technical training, which prepares the student for entry into a particular occupation or set of occupations, and must be delivered in compliance with the VBWD Policy 404-01 Identification of Eligible Providers of Occupational Skills Training. Expenditures for occupational training (ITA and Non-ITA) include:
 - i. Occupational Classroom Training-ITA: All payments made to a training institution or training provider for occupational classroom training authorized pursuant to an Individual Training Account (ITA).
 - ii. Occupational Classroom Training-Non-ITA: All payments made to a training institution or training provider, including community based organizations, or other public or private organizations of demonstrated effectiveness, for occupational classroom training authorized pursuant to a contract for training services, or other contractual arrangement that constitutes an exception to the use of an ITA (29 CFR Part 663.430).
- B. On-The-Job Training (OJT)
 - a. OJT payments are payments made to public, not-for-profit, and private sector employers for training costs authorized pursuant to an OJT contract.
- C. Work Experience
 - a. Payments made to participants that represent hours worked in work-based training, including internships. WIOA defines Adult and Dislocated Work Experience as an Individualized Career Service; the state does allow this expense to be considered a Training Expenditure solely for the purpose of inclusion to meet the 40% training requirement under this VWL.
- D. Customized Training
 - a. Customized training is training designed to meet the special requirements of an employer or group of employers. To accrue to the 40% minimum requirement, the customized training:
 - i. May not be more than 50% of the total training cost; and
 - ii. Must be delivered under a contract with an employer who:
 - 1. Agrees to hire WIOA participants upon completion of the customized training; or
 - 2. Is training employed workers who:
 - a. Do not earn wages at a self-sufficiency level and to whom the employer commits to continue to employ; and
 - b. Are being trained in new technologies, new production or service procedures, or who require additional skills or workplace literacy required for retention and progression in employment.
- E. Class-Size Training Contracts
 - a. Class-Size Training Contracts may be entered into and may accrue to the 40% minimum requirement when there is a need to place multiple WIOA-registered students in the same training program with one educational institution or eligible training provider. Congressional authority authorizes the use of WIOA formula funds to purchase contracts for class size training. The costs associated with these contracts are an allowable training expenditure when the following criteria are in place:

- i. The contract will lead to placement in a demand occupation and is in place with an institution of higher education or other eligible training provider.
- ii. Training services include a full range of occupational skills training or customized training as described in WIOA section 134.
- iii. When an arrangement is made under which WIOA registrants may occupy only a portion of a class-size training contract, a method is developed to allocate the costs of the class associated with the percentage of WIOA-registered students to the contract. (ALL costs associated with the class-size training contract must be allocated in proportion to the number of WIOA registered students compared to the overall number of students.)
- iv. The contract is in compliance with the provisions of the existing class size training policy.

F. Transitional Jobs

- a. Transitional jobs are a type of work-experience local WDBs may provide under WIOA. Payments made for wages to an employer that represent hours worked in a work experience accrue to the 40% minimum training requirement.

G. Registered Apprenticeship (RA)

- a. The following are items that may be used as expenses for Registered Apprenticeships: Individual Training Accounts, OJT, Contracted classes

H. Incumbent Worker Training

- a. Incumbent Worker Training involves development with an employer or employer association to upgrade skills training of a particular workforce. Training may occur in the workplace or an off-site location during or after work hours. Only those costs that are associated with training of incumbent workers can be included. For the purposes of this policy those costs are:
 - i. Training development
 - ii. Instructor wages
 - iii. Tuition
 - iv. Training materials and supplies
 - v. Fees; and
 - vi. Travel for incumbent workers from the workplace to the training location, as needed and if training is off-site

I. Remedial Training/Pre-Vocational Services

- a. Payments made to a training institution for classroom instruction in academic remediation for a postsecondary education or workforce program or for short-term prevocational services or for education for high school equivalency:
 - i. These services would be limited to no more than nine months in duration, unless provided in conjunction with occupational training services.

J. Books, Fees, Travel, Materials and Related

- a. These expenses include those paid to a training institution, training provider or individual participant for books, training materials, required uniforms and other workplace attire, and tools or equipment required for training. All costs of training related licenses, permits or fees may also accrue to the 40% minimum requirement. These costs are considered a Supportive Service cost under WIOA; the state does allow this expense to be considered a Training

Expenditure solely for the purpose of inclusion to meet the 40% training requirement under this VWL L.

- b. Travel for participants in any type of WIOA supported training, in accordance with local policy, to and from training location may accrue to the 40% minimum expenditure requirement. These costs are considered a Supportive Service cost by WIOA; the state does allow this expense to be considered a Training Expenditure solely for the purpose of inclusion to meet the 40% training requirement under this VWL.

K. Certification Tests

- a. All examinations and testing costs, including practice tests, associated with participant attainment of an in-demand industry certification or occupational license. These costs are considered a Supportive Service cost by WIOA; the state does allow this expense to be considered a Training Expenditure solely for the purpose of inclusion to meet the 40% training requirement under this VWL.

L. Case Management

- a. Allowable case management costs include:
 - 1. Case Manager time working directly with participants enrolled in training (not participants seeking training) including time spent researching, creating, monitoring, providing supportive services, ITA development, and closing out an Adult or Dislocated Worker jobseeker training account.
 - 2. Case Manager time working to identify and or develop training opportunities, including time spent working with employers and/or training providers to identify and develop training opportunities.
 - 3. Case Manager time working with employers to ensure a successful training experience, including time spent managing and evaluating the work experience.
 - 4. Case Manager costs are limited to salaries and benefits.
- b. Case management costs that contribute to the Training Expenditure requirement do not include costs associated with providing basic career services, individualized career services, or follow-up career services. The supervision of case managers is excluded from consideration for inclusion in meeting the 40% training expenditure requirement.
- c. The LWDA must have a written process to identify staff and the associated costs (salary and benefits) for providing case management and establish the method by which the costs will be accounted and reported for inclusion in meeting the 40% training requirement. The established method must be applied consistently across all case management staff.

One option for consideration as a method for accounting and case management staff costs is that the LWDA prorate the case load of each Case Manager to determine the percentage of cases that are directly related to training and apply the resulting percentage to salary and benefits for inclusion to meet the 40% training expenditure requirement. Hourly timesheets that classify staff time by activity to inform and complete payroll allocation is also an acceptable method.

Calculating the Expenditure Level

- A. The calculation below determines whether the LWDA is meeting the 40% minimum training expenditure:

The sum of Adult Cumulative Total Training Expenses and Dislocated Worker Cumulative Total Training Expenses, Divided by the sum of Adult Program Allocation and Dislocated Worker Program Allocation.

The program allocation is calculated by subtracting the maximum allowed for administrative expenses per the Federal Award Terms and Conditions from the Notice of Obligation.

Below is an example of the calculation:

Example 1: Federal Terms and Conditions allow for a maximum of 10% allocated to Admin

	Notice of Obligation	Maximum Admin Allocation	Program Allocation	Actual Training Expenses	Percentage
Adult	\$100,000	\$10,000	\$90,000	\$42,000	40.0%
DLW	\$100,000	\$10,000	\$90,000	\$30,000	Compliant

Calculation: $(\$42,000 + \$30,000) / (\$90,000 + \$90,000) = 40.0\%$

Example 2: Federal Terms and Conditions allow for a maximum of 20% allocated to Admin

	Notice of Obligation	Maximum Admin Allocation	Program Allocation	Actual Training Expenses	Percentage
Adult	\$100,000	\$20,000	\$80,000	\$33,500	39.7%
DLW	\$100,000	\$20,000	\$80,000	\$30,000	Not Compliant

Calculation: $(\$33,500 + \$30,000) / (\$80,000 + \$80,000) = 39.7\%$

- B. Other sources of training funds (for example other discretionary grants) will not be included in the calculation.
- C. Percentages will be calculated to one decimal point.
- D. The Adult/DW Training Expenditure Rate is calculated on the Monthly Expenditure Detail Report (MEDR). A percentage is calculated for each Program Year. The final percentage is calculated when the LWDA submits the close out report for the Program Year.

Technical Assistance

- A. Technical assistance will be provided to those areas that:
 - a. Fail to meet the required expenditure level in any year;
 - b. Wish to improve their ability to provide training services, including improvements in training provider selection for ITAs and use of non ITA contracting mechanisms; or
 - c. Need assistance on the use of non-ITA procurement methods, including quality control and management of class-size training contracts.

Enforcement of the Required Expenditure Level will be followed according to VWL 20-01, Sanctions and Appeals Process.

INQUIRIES:

Direct inquiries to the WIOA Title I Administrator:

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