



WORKFORCE INNOVATION AND OPPORTUNITY ACT

**The Virginia Community College System
VIRGINIA WORKFORCE LETTER (VWL) # 14-17**

TO: LOCAL WORKFORCE DEVELOPMENT BOARDS
FROM: George Taratsas, WIOA Administrator
SUBJECT: Minimum Training Expenditure Requirement
DATE: April 15, 2015

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PURPOSE:

To implement, in accordance with state code effective July 1, 2015, the minimum Workforce Innovation and Opportunity Act (WIOA) Title I Adult and Dislocated Worker local area formula funds expenditure requirement for training leading to recognized postsecondary education and workforce credentials aligned with in-demand industry sectors or occupations in the local area or region.

REFERENCES:

Workforce Innovation and Opportunity Act, Section 134;
Code of Virginia §2.2-2472.2
Commonwealth of Virginia Occupational Skills Training Policy 13-02

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 recognize 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.

This letter provides guidance on allowable costs towards meeting the required minimum of 40% expenditure rate.

GUIDANCE:

All Local Workforce Development Areas (LWDA) are required to ensure that at least 40% of their formula-allocated expenditures in a program year are expended on allowable training costs in the WIOA Title I Adult and Dislocated Worker programs.

Administrative expenditures do not accrue to this requirement.

A. Definition of Training

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

1. Occupational Classroom Training

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 Commonwealth of Virginia Occupational Skills Training Policy 13-02. Expenditures for occupational training (ITA and Non-ITA) include:

a. 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).

b. 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).

2. Customized Training

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:

- a. May not be more than 50% of the total training cost; and
- b. 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.

3. Incumbent Worker Training

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:

- a. training development;
- b. instructor wages;
- c. tuition;
- d. training materials and supplies;
- e. fees; and
- f. travel for incumbent workers from the workplace to the training location, as needed and if training is off-site

4. Class-Size Training Contracts

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:

- a. 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.
- b. Training services include a full range of occupational skills training or customized training as described in WIOA section 134.
- c. 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.)

d. The contract is in compliance with the provisions of the existing class size training policy.

5. On-the-Job Training (OJT)

OJT payments are payments made to public, not-for-profit, and private sector employers for training costs authorized pursuant to an OJT contract.

6. Work Experience

Payments made to participants that represent hours worked in work-based training, including internships.

7. Remedial Training/Pre-vocational Services

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:

a. These services would be limited to no more than nine months in duration, unless provided in conjunction with occupational training services.

8. Books, Fees, Travel, Materials and Related

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.

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.

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.

9. Certification Tests

All examinations and testing costs, including practice tests, associated with participant attainment of an in-demand industry certification or occupational license.

B. LWDA Staff Costs

1. Staff costs that are included as part of a training contract other than an ITA (i.e. class-size training contract). These costs must be reasonable and necessary to the provision of training to these registrants, and documented via timesheets or other appropriate cost allocation methods.
2. Subcontracting the administration of a Title I program is not considered a training contract and thus these costs would not be considered for inclusion in the 40% training expenditure calculation.
3. Staff costs that are not included in the 40% training expenditure calculation may still be an allowable WIOA activity.

C. Calculating the Expenditure Level

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

Training Program Costs Incurred (as defined in Sections A and B.)

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Total (training and non-training) Costs Incurred

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Annual Training Expenditure Rate

Below is an example of the calculation:

LWDA Example	Expenditures Reported Against Prior Year Carry-in	Current Year Expenditures	Total	% Training Expenditure
Training Expense	50,000.00	225,000.00	275,000.00	42.97%
Total Expense	115,000.00	525,000.00	640,000.00	

2. The total training expenditures incurred and total cost incurred for the program year are regardless of the program year charged. Other sources of training funds will not be included in the calculation.

D. Technical Assistance:

1. Technical assistance will be provided to those LWDA's 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.

F. Enforcement of the Required Expenditure Level:

An LWDA that fails to meet the required training expenditure level will receive a sanction. These sanctions begin after July 1, 2016. Subsequent years of non-compliance have more significant sanction consequences, as indicated below:

1. After the first year of noncompliance: The local WDB must submit corrective action plan to the VCCS WIOA Administrator, and the LWDA will not be eligible for state issued WIOA incentives.
2. If failure to comply with part 1 under this section, or, after two consecutive years of noncompliance: In addition to the sanctions under part 1 of this section, the LWDA will not be eligible to receive state-issued awards or sub-awards.
3. After three consecutive years of noncompliance: In addition to the sanctions under parts 1 and 2 under this section, the state may recapture and reallocate a percentage of the LWDA's Adult and Dislocated Worker funds and/or development of a reorganization plan through which the Governor would appoint and certify a new local board.

ACTION REQUIRED

LWDBs must ensure compliance with the requirements in this policy letter to meet the 40% minimum training expenditure requirement.

INQUIRIES

Direct inquiries to George Taratsas at GTaratsas@vccs.edu or (804) 819-5387

EFFECTIVE DATE

This policy is effective on July 1, 2015.

EXPIRATION DATE

This policy will remain in effect until amended or rescinded by VCCS Workforce Development Services.