

**COMMONWEALTH OF VIRGINIA
VIRGINIA COMMUNITY COLLEGE SYSTEM
Workforce Investment Act (WIA)**

Policy

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Effective

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Revision

Date: **October 23, 2008**

Title: **Use of WIA Local Formula Funds for Economic Development**

Purpose: The purpose of this policy is to highlight workforce investment activities allowable under WIA in support of talent development strategies that drive state and local economic growth and to specifically provide guidance for sections of the Workforce Investment Act of 1998 that reference allowable activities and prohibitions related to economic development.

References: WIA § 117(d)(7)(8), 181(d)(2) & 189(i)(4);
Code of Virginia, § 2.2-2670E;
20 CFR Section 667;
U.S. DOL Employment and Training Guidance Letter No. 13-05,
December 17, 2007 Use of Workforce Investment Act (WIA) Funds for
Workforce Development Activities in Support of Economic Development

Background:

As specified in the WIA, local Workforce Investment Boards (WIBs) shall coordinate the workforce investment activities authorized under the WIA and carried out in the local area with economic development strategies and develop other employer linkages with such activities. Additionally, the WIB shall promote the participation of private sector employers in the statewide workforce investment system and ensure the local system meets employers' hiring needs.

In February 2006, the U.S. Department of Labor Employment and Training Administration (ETA) launched the Workforce Innovation in Regional Economic Development (WIRED) Initiative focusing on the role of talent development in driving regional economic competitiveness, increased job growth, and new opportunities for American workers. The WIRED framework brings together all key players in a region to leverage their collective public and private sector assets and resources. This allows for the development of strategies that focus on infrastructure, investment, and talent development that optimize innovation and successful regional economic transformation. Since talent development drives economic prosperity by collaborating with economic development to identify emerging industries, the workforce system must fully connect to and align with state and regional economic development and growth strategies.

Policy Statement

With the full integration of workforce development, economic development, and education systems in support of economic competitiveness, questions arise related to the use of WIA funds in support of economic development. Under the Workforce Investment Act there are allowable activities and prohibitions related to economic development. This policy provides guidance to make these distinctions.

Principles

Development of State and Local Plans

Workforce development is key to driving the economic health and growth of states and local areas. This principle is evident in State and Local plans. The State Plan describes how the agencies involved in state workforce development system interrelate and collaborate on workforce and economic development issues. The State Plan includes an economic and labor market analysis. The Local Plan instructions require the local areas to analyze the local economic and labor market and to identify any WIB policies and procedures that have been developed in furtherance of workforce development and economic development. Local WIBs must outline operational efforts/activities that have been undertaken to increase alignments with the economic development community, and specify what plans are underway for future activities.

Activities Directly Related to Training for Eligible Individuals

WIA funds may be used for employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, and similar activities if they are directly related to training for eligible individuals. Where applicable, it may be necessary to establish WIA eligibility subject to the funding stream(s). WIA funds should be used for strategic investments in education and training for the skills required in local area-defined high growth, high demand occupations that are critical to the health and growth of the state and local economy. (These are either defined in local plans or directly by employers). Training can be provided to eligible job applicants; newly hired workers; or incumbent workers for new or existing businesses

1. Contracts with potential employers for the purpose of placement of WIA participants
2. Development and deployment of on-the-job training and customized opportunities;
3. Provision of Individual Training Accounts for individuals to be trained

It must be noted that the WIA provides that no WIA funds shall be used for customized or skill training, OJT or company-specific assessments of job applicants or employees, for any business or part of a business that has relocated, until the date that is 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business results in a loss of employment for any employee of such business at the original location and such original location is within the United States.

Examples of other allowable activities directly related to training for eligible individuals include the following:

1. Participation in business associations (such as chambers of commerce), joint labor management committees, labor associations, and resource centers;
2. WIA staff participation on economic development boards and commissions, and work with economic development agencies to: provide information about WIA programs; assist in making informed decisions about community job training needs; and promote the use of first source hiring agreements and enterprise zone vouchering services.
3. Active participation in local business resource centers (incubators) to provide technical assistance to small and new business to reduce the rate of business failure;
4. Subscriptions to relevant publications;
5. General dissemination of information on WIA programs and activities;
6. Other allowable WIA activities in the private sector including;
 - Direct Employer/business service delivery to new or expanding businesses that result from economic development efforts;
 - Services routinely provided to employers by the workforce system, such as workforce and economic information, identification of available training resources for eligible individuals who are, or will be, employed by a business, or support in recruitment and hiring when provided to a new or expanding business (also being supported by economic development efforts).
7. The conduct of labor market surveys to identify the state or local area's economic assets and gaps as it relates to talent development, which may include:
 - Bringing together a wide array of data sources, including in-person interviews with business and industry;
 - Analyzing the data to evaluate strengths and weaknesses and areas of opportunity in a state or local economy;
 - Assessing the skills of the available labor pool;
 - Conducting industry-cluster analysis for local planning and to inform on the need for talent and skills; and
 - Tracking economic data to measure the outcomes of talent development strategies and interventions.
8. Participation in the development and implementation of workforce and talent strategies as part of a broader state or local area economic development strategic plan. Activities may include:
 - Participation in actual economic development planning sessions for the purpose of developing strategies for workforce/talent development.
 - Working collaboratively with economic developers to educate businesses that are expanding or locating (provided that the business is not relocation so as to cause layoffs in another area of the country) to the state or local area for the purpose of providing information on available resources to support workforce education and training activities; to support hiring activities; and to provide information on the local economy and labor market.

- Working collaboratively with a wide array of strategic partners that may include community leaders, business and industry, educators, economic developers, and others to develop and implement solutions to the workforce challenges faced by the community that are impeding economic growth. Examples may include strategies to address the high school dropout rate, or to develop Limited English Proficiency (LEP) strategies for a large immigrant population, or providing entrepreneurial training to encourage new business start-ups.
 - Developing workforce strategies that build the skills of incumbent workers to meet the changing skill needs of business and industry, enhance productivity, and increase the viability of existing businesses in order to avoid business failure or plant closures that result in layoffs.
9. Development and dissemination of career information and available education pathways to support the skill needs of a local economy.
 10. Talent strategies that support the education and training of individuals who want to start a new business or that support the growth of an existing small business. Activities could include entrepreneurship training at a local community college or providing customized training to a small business to support their growth and expansion.

Rapid Response Activities

Rapid response activities are coordinated by the state, and WIBs and/or their service providers are expected to participate in related activities that support the employer community in this regard from among the allowable local funded activities.

Prohibited Activities

1. Employment generating activities, economic development activities, investment in revolving loans, capitalization of businesses, and similar activities not directly related to training for eligible individuals. (WIA Sec. 181(e)); 20 CFR 667.264(a)(1)).
2. Foreign travel, regardless of whether it is associated with economic development. (WIA Sec. 181(e)); 20 CFR 667.264(a)(1)).
3. Wages of incumbent workers during their participation in economic development activities provided through statewide workforce investment system. (20 CFR 667.264(a)(1)). This provision is designed to prohibit the use of WIA funds for job creation and wage subsidies for incumbent workers. However, this prohibition does not preclude the workforce system from providing on-the-job training (OJT) as an allowable activity for eligible employed workers. 20 CFR 663.710(a) specifies that OJT payments to employers are deemed to be compensation for the extraordinary cost associated with training participants and the cost associated with the lower productivity of participants in training, rather than wage subsidies to employers.
4. 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.(WIA Sec. 181(d)(1)).
5. Customized training, skill training, on-the-job training, 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 at the original location

(WIA Sec. 181(d)(2)). WIA requires local areas to conduct a pre-award review to verify that an establishment which is new or expanding is not, in fact, relocating employment from another area, standardized pre-award review criteria developed by the State must be completed and documented jointly by the local area with the establishment as a prerequisite to WIA assistance. The review must include names under which the establishment does business, including predecessors and successors in interest; the name, title, and address of the company official certifying the information, and whether WIA assistance is sought in connection with past or impending job losses at other facilities, including a review of whether WARN notices relating to the employer have been filed. The review may include consultations with labor organizations and others in the affected local area(s). (WIA sec. 181(d)); 20 CFR 667.268(b)).

RESCISSIONS:

APPROVED:

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