



Oklahoma Office of Workforce Development
900 N. Portland Ave.
Oklahoma City, OK 73107

TECHNICAL ASSISTANCE - #TA-05-2017

DATE: August 18, 2017

RE: 40% Minimum Training Expenditure Rate Technical Assistance (TA)

The Oklahoma Office of Workforce Development (OOWD) provides this technical assistance as further clarification of OWDI #12-2017. All comments and questions received within the one-week comment period regarding the requirements for local areas to expend a minimum of 40% of locally allocated Adult and Dislocated Worker formula funds have been addressed.

- Comment: The Governor has no authority under state or federal law to impose budgetary restrictions on local elected officials and local workforce development boards.

Response: The purpose of the State Workforce Development Board is outlined in 679.100 (a)(b) and (e), and the functions of the State Workforce Development Board are outlined in 679.130 (b), (c)(4)(6)(7), (d), and (l). These citations, in addition to the precedents set by Kansas, Virginia, and New Mexico, instill authority in the Governor's Council for Workforce and Economic Development to develop policy to promote statewide objectives and enhance performance. As such, the local areas are subject to administrative actions for policy enforcement.

- Comment: A mandate to spend a certain percentage of funds on training doesn't meet the stated intent of the Governor's Council and is counterintuitive. We should be focus on quality, industry-driven training for as little money as possible. Also, we should instead have key performance indicators that include the number of people placed and number of credentials gained.

Response: The 40% minimum training expenditure does not require more funds to be spent per person, or higher cost training programs to be identified. This would be counterintuitive to both the policy and fiscal-integrity cost principles. Instead, training and education should still be identified and evaluated based on performance indicators including completion, employment, and wages after exit. More funds spent on the number of individuals who receive training for the state's demand occupations instead focuses workforce development programs on their intended purpose: a skilled workforce that industry demands, rather than a social support service focused on supportive services.

- Comment: Under WIOA, the Governor is responsible for managing "statewide" program activities; local boards and local elected officials have the duty to manage local activities.

Response: Relying on the citations above, including the purpose and functions of the State Board, the state board is to promote statewide objectives and enhance performance. Establishing a baseline for acceptable expenditures on education and training to meet critical demands of industry is well within the bounds of the State.

- Comment: Local boards and local elected officials know more about the needs of their local businesses and workers. They properly have the responsibility to set program budgets to meet those needs.

Response: Local Boards will continue to have authority to set policy and strategy on how to achieve the baseline requirements for expenditures for Adult and Dislocated Worker funds. Local Boards also have flexibility on how to set their budgets, within the federal guidelines of 10% administrative cap and 40% minimum training.

- Comment: A better approach would be to use the Governor’s discretionary funds to create incentive grants to reward local areas that voluntarily invest at least 40% of their Adult and Dislocated Worker funds into allowable training activities.

Response: The Governor’s Council for Workforce and Economic Development appreciates the sound principle of utilizing incentives to achieve performance. Thus, incentives were added for exceeding the 40% baseline for education and training.

Occupational Skills Training

- Comment: Could OOWD please clarify “sufficient duration” and further clarify, if a client starts a program but does not complete, is the cost of the training not allowable under the 40% training requirement?

Response: In addition to industry recognized certificates or certifications and degrees, a program of training services may lead to employment or measurable skills gains, per 20 CFR section 680.420. Training providers must rely on the input from specific industry sectors or employers to determine the specific duration needed to impart the skills needed to meet the need of a specific occupation. This is effectively illustrated by credentials achieved through competency-based training, whereas the duration of training is based on the achievement of skills, rather than time-based training.

Other Training Services

- Comment: Does “Adult Education and Literacy Activities” include youth dual enrolled in the adult program, even if the GED is paid for out of youth funding?

Response: Although co-enrollment is currently encouraged when appropriate and applicable, only expenditures from Adult and Dislocated Worker formula funds count toward the Adult and Dislocated Worker 40% Minimum Training Expenditure Rate. Further, Adult Education and Literacy Activities, such as classes for high school equivalency attainment or other adult education or literacy activities, are considered calculable costs toward the Adult and Dislocated

Worker 40% Minimum Training Rate only when provided concurrently or in combination with occupational skills training.

Other Costs Directly Related to Training

- Comment: Does this include tools, work clothing, equipment for an on-the-job training? How do you determine the vendor is an approved vendor?

Response: The items listed in the Other Costs Directly Related to Training category, including tools, work clothing and equipment, may be included as calculable costs associated with the OJT, only when such items are required of all unsubsidized employees, and only when the items are not available through other means, such as through the employer or other agencies. For example, if an employer requires *all employees* to wear khaki slacks and black polo shirts on the job, and does not purchase those items for all employees or include a stipend or a uniform allowance in the paychecks of employees, and other partners with supportive service flexibility are unable to assist, the items may be considered directly related to training.

Local boards should set policies to ensure the appropriate use of the cost category Other Costs Directly Related to Training. Local policy should be specific to the needs of the local area, and take into consideration the need to coordinate resources with non-WIOA sources (i.e., non-duplication of resources), the necessity of the items requested, and local limits on the amount and duration of funds for Other Costs Directly Related to Training. The local policy should also indicate how it will be verified that these training related costs are not paid for by the training facility (or employer in the case of an OJT or work experience), are not reimbursable to the individual in the form of a stipend, and how it is determined that the most effective use of program funds are utilized, for example, requiring a predetermined number of quotes for the items when directly purchased by the program participant.

The following are examples to be considered as local vendors:

- Vendors with whom the training facility has a contract for the provision of tools, uniforms, equipment such as stethoscopes and watches, or other work-related items;
 - The training provider, when they directly purchase the work-related items that become the property of the student or trainee, therefore requiring the individual to reimburse the school or training facility;
 - Department stores or specialty stores that carry the work-related items (such as the khaki slacks and black polo shirts in the example above);
 - The college bookstore; and
 - Other vendors the local area determines are appropriate according to local policy.
- Comment: Can we pay for a CNA license even if the client doesn't continue in a career pathway?

Response: Upon completion of WIOA funded training program, examinations required to qualify to take a licensure exam and the cost of the license itself are allowed as calculable training costs. However, if credentials or licensures are not part of a career pathway beyond the immediate milestone, consideration must be given as to whether the licensure results in the ultimate goal of sustainable employment.

- Comment: Are other costs directly related to Work-Based Learning (i.e. Work Experience) included in the 40% Training matrix?

Response: The items listed in the Other Costs Directly Related to Training category, including tools, work clothing and equipment, may be included as calculable costs associated with work experience and internships only when they are required for the safety of the trainee or the community and/or when the items are required by the employer for the participant's successful completion of the program. Local areas must ensure costs are WIOA-funded only when items and services are not available through other agencies and are necessary for the individual to participate in Title I activities. Local policies must also ensure the necessity of the items requested and local limits on the amount and duration of funds for Other Costs Directly Related to Training, as well as how it is determined that the most effective use of program funds are utilized.

Items necessary for individuals to participate in a work experience or internship might include –

- steel toed boots and safety goggles for construction or advanced manufacturing;
 - the immunizations required for placement in a health care facility or child care center;
 - hair nets and aprons for placement in food service; or
 - work attire appropriate to the training program.
- Comment: Are transportation and child care considered other costs directly related to training?

Response: Transportation and Child Care costs are not considered Other Costs Directly Related to Training, but are Supportive Services according to WIOA sec. 3(59) and sec. 134(d)(2)). Local workforce boards, in consultation with one-stop partners and other community service providers, must develop policies that describe how these “wrap around services” are coordinated in the local area.

Staff Time

- Comment: Can you give some examples of where this might apply?

Response: Activities normally associated with developing and maintaining training placements such as work experience, OJT, or transitional jobs are considered to be in the normal scope of work for service providers, career managers, career advisors, etc. and therefore are not considered training expenditures. Staff time for training provided outside of a staff member's normal work week (for which the employee(s) does not work week adjust or take comp time) may be considered calculable. For example, a niche market training that takes place in the evening or on a weekend.

ACTION REQUIRED: This Technical Assistance is to become part of your permanent records and made available to appropriate staff and sub-recipients.