

**SOUTH CENTRAL OKLAHOMA WORKFORCE BOARD, INC.**

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**SUBJECT:** Adult and Dislocated Worker 40% Minimum Training Expenditure Rate Policy

**PURPOSE:** To establish South Central Oklahoma Workforce Board's (SCOWB) policy for Adult and Dislocated Worker 40% Minimum Training Expenditure Rate to comply with Oklahoma Workforce Development Issuance (OWDI) #12-2017.

**BACKGROUND:** At the October 28, 2016 meeting of the Governor's Council for Workforce and Economic Development, it was proposed that each local area spend no less than 40% of their Adult and Dislocated Worker funds on training costs that lead to a recognized postsecondary education and/or workforce credentials directly linked to an in-demand industry or occupation. This new requirement is part of an ongoing effort to address the skills gap—the number of people trained and educated versus the number of jobs that are open—which has been identified by the Governor as one of the biggest challenges facing the state. Due to a significant number of open and unfilled positions within critical state occupations and sectors, there is an urgent need to train and educate the workforce in response to the skills gap. Specifically, there is a need to direct more WIOA Adult and Dislocated Worker funding towards these training and education programs that lead to recognized postsecondary education credentials and workforce certifications. Partner programs and services will need to be leveraged to offset many supportive services and other associated costs, to allow for these increased training expenditures.

This policy provides guidance on the allowable costs and calculations for meeting the required 40% minimum training expenditure rate.

**REFERENCES:**

- The Workforce Innovation and Opportunity Act (WIOA) Section 134
- Training and Employment Guidance Letter (TEGL) No. 10-16
- Training and Employment Guidance Letter (TEGL) No. 19-16
- 20 CFR 680.180, 20 CFR 680.190, 20 CFR 680.200-230, 20 CFR 680.300-350  
20 CFR 680.700-730, 20 CFR 680.760, 20 CFR 680.790

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**POLICY:**

SCOWB is required to expend at least 40% of their formula allocated Adult and Dislocated Worker funds in each program year on allowable training costs. Boards that have transferred funding between the Adult and Dislocated Worker programs must keep in mind that the transferred funds only change activity identity and not monetary activity. Expenditure reports and monitoring must reflect how the 40% minimum training expenditure of both Adult and Dislocated Worker (DLW) program funds have been utilized toward the training expenditure cost categories listed in this issuance. For example, a local area that was allocated \$200,000 for the Adult Program and \$200,000 for the DLW program received approval to transfer 50% (\$100,000) of their DLW formula funds to the Adult program, leaving \$100,000 to serve dislocated workers. The local area must show how 40% of the \$300,000 now earmarked to serve adults was utilized for training expenditure costs, documenting that \$20,000 of the \$120,000 (40%) spent from the \$300,000 was originally DLW formula funds.

**Calculation of Expenditure Rate:**

The following formula determines if SCOWB is expending 40% of their budgeted program dollars on training, meeting the minimum requirement each program year. The expenditures used to calculate the training expenditure rate does not include the amount of funding SCOWB budgets for use on administrative expenditures (10% maximum allowable).

$$\text{Yearly Training Expenditure Rate} = \frac{\text{WIOA Adult/DLW Program Training Expenditures}}{\text{Total WIOA Adult/DLW Program Expenditures}}$$

Example:

Funding Year	Training Expenditure	Program Expenditures	Expenditure Rate
PY16/FY17 (2nd year)	\$ 50,000.00	\$ 115,000.00	
PY17/FY18 (current)	\$ 225,000.00	\$ 525,000.00	
<b>Total:</b>	<b>\$ 275,000.00</b>	<b>\$ 640,000.00</b>	<b>43%</b>

**TRAINING EXPENDITURES THAT COUNT TOWARD THE 40% REQUIREMENT:**

Allowable costs used in calculating compliance with the 40% minimum training expenditure rate must be of direct benefit to the participant and includes the cost categories outlined below.

**Training Services** - Training Services costs that are calculable include:

**Occupational Skills Training**

An organized program of study that provides specific vocational skills that lead to proficiency in performing actual tasks and technical functions required by certain occupational fields at entry, intermediate, or advanced levels. Occupational skills training includes training programs that lead to recognized postsecondary credentials that align with in-demand industry sectors or

occupations in the local area. This may include programs that help skill upgrading or retraining. Occupational skills training must:

- Be outcome-oriented and focused on an occupational goal specified in the individual employment plan;
- Be of sufficient duration to impart the skills needed to meet the occupational goal; and
- Result in attainment of a recognized postsecondary credential.

Occupational skills training costs that are calculable include:

- Occupational Skills Training Individual Training Accounts (ITAs): Payments made to a training institution or training provider for Occupational Classroom Training authorized pursuant to an Individual Training Account (ITA).
- Occupational Skills Training - Non-ITA: Payments made to a training institution, training provider, including community based organizations, or other private organization 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 (20 CFR 680.320).

### **Other Training Services**

Other training services costs that are calculable include:

- *Adult Education and Literacy Activities*: Costs associated with activities of English Language acquisition and integrated education and training programs, provided concurrently or in combination with occupational skills training. Adult education and literacy classes are provided through the Oklahoma Department of Career and Technology Education (ODCTE), while the Oklahoma Department of Libraries (ODL) provides literacy programs through libraries, nonprofits, and other organizations across the state. Adult education and literacy activities may only be WIOA-funded when such services are not available through ODCTE, ODL programs, or local community-based organizations.
- *On-the-Job Training (OJT)*: Contract(s) with an employer(s) in the public, private non-profit, or private sector. Through the OJT contract, occupational training is provided for the WIOA participant in exchange for the reimbursement, typically up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and supervision related to the training (WIOA Section 3(44) and 20 CFR 680.700-730).
- *Entrepreneurial Skills Training*: Cost associated with training and skill development, enterprise development, and experiential programs. Training may help develop skills associated with entrepreneurship, including the ability to take initiative, creatively seek out and identify business opportunities, develop budgets and forecast resource needs, understand various options for acquiring capital and the trade-offs associated with each option, and communicate effectively and market oneself and one's ideas.
- *Prerequisite Training (ITA and non-ITA)*: Costs associated with ITA-funded zero-level or remedial courses that prepare students for college level classes. Also, costs associated with non-ITA funded remedial training such as reading, writing, math or other prerequisites necessary to succeed in a vocational training program if required by the educational institution and if not available through Adult Education Services provided through ODCTE.
- *Customized Training*: Costs associated with training that are used to meet the special

requirements of an employer or group of employers, conducted with a commitment by the employer to employ all individuals upon successful completion of training (20 CFR 680.760).

- *Registered Apprenticeships*: WIOA funded costs associated with administering a Registered Apprenticeship (RA) Program. OOWD encourages all areas to be flexible in the use of this type of training, be innovative in the types of apprenticeships utilized, and expand apprenticeships beyond traditional sectors and industries. There are several ways in which training services may be used in conjunction with RA programs:
  - An ITA may be developed for a participant to receive RA training;
  - An on-the-job training (OJT) contract may be developed with an RA program for providing both classroom and on-the-job instruction;
  - A combination of an ITA to cover the classroom instruction along with an OJT contract to cover on-the-job portions of the RA is allowed; and
  - Incumbent worker training may be used for upskilling apprentices or journey workers who already have an established working/training relationship with the RA program.

Calculable expenses would include all WIOA funded payments made to the public, not-for-profit, or private training provider including a host employer, for the cost of the training program.

- *Pre-apprenticeships – ITAs*: Pre-apprenticeships that lead to an industry-recognized credential and have a relationship with an RA that provides direct pathways for participants from a pre-apprenticeship to an RA will be calculable. Pre-apprenticeship providers that wish to provide training services to participants using WIOA Title I, Subtitle B funds are subject to the ETP eligibility requirements. Calculable expenses would include all WIOA funded payments made to the public, not-for-profit, or private training provider including a host employer, for the cost of the training program.

### **Incumbent Worker Training**

Incumbent worker training costs that are calculable include:

- *Incumbent Worker Training*: Training to workers that has an established employment history with the employer for six (6) months or more. The training must be conducted with a commitment by the employer to retain or avert the layoffs of the incumbent worker(s) trained (20 CFR 680.790).

### **Work-Based Learning**

Work-Based Learning costs that are calculable include:

*Work Experience/Internships*: Cost associated with a planned, structured, time-limited learning experience that takes place in a workplace as a work experience, internship, or job shadowing (20 CFR 680.180).

- *Job Shadowing*: Costs associated with a career exploration activity in which a participant follows an employee at a place of employment for one or more days to learn about a particular occupation or industry. The opportunity should involve one-on-one time spent with employees to identify career interest and become aware of the technical and academic skills needed to enter the specific career, develop communication skills, and apply connection between academic classroom work and career goals for a career pathway.

- *Transitional Jobs*: Cost associated with a time-limited work experience, that is subsidized in the public, private, or non-profit sectors for those individuals with barriers to employment because of chronic unemployment or inconsistent work history; these jobs are designed to enable an individual to establish a work history, demonstrate work success, and develop the skills that lead to unsubsidized employment (WIOA Section 134 (d)(5) and 20 CFR 680.190).

### **Job Readiness (Employability or Soft Skills) Training**

Job readiness training programs prepare participants to get, keep, and excel at a new job and may include basic employability skills such as: effective communication, problem solving, interviewing, and development of good work habits that facilitate their ongoing success.

- *Short-term, Pre-vocational Services*: Costs associated with job readiness training, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training; in some instances, pre-apprenticeship programs may be considered as short-term pre-vocational services.
- *Workforce Preparation Activities*: Activities that help an individual acquire a combination of basic academic skills, critical thinking skills, digital literacy skills and self-management skills, including competencies in utilizing resources, using information, working with others, understanding systems, and obtaining skills necessary for successful transition into and completion of postsecondary education, training or employment; and financial literacy services.

### **Other Costs Directly Related to Training**

Books, fees, school supplies, and other items necessary for students enrolled in postsecondary classes; payments and fees for employment and training related applications, tests, and certifications; uniforms, tools, equipment, and other work or training required items; and assistive devices for individuals with disabilities that are necessary to ensure the individuals are able to participate in, and/or complete training or licensure requirements, are generally considered supportive services. SCOWB must ensure costs that may be considered supportive services are WIOA-funded only when these services are *not available through other agencies and are necessary for the individual to participate in Title I activities*.

When these conditions have been met and when the costs are directly related to training, (i.e., included in the invoice for training or in the training program synopsis), the costs may be considered a calculable training cost which may be paid to a training institution, training provider, or approved vendor. The types of assessments which may be considered a training cost, when not available through another entity, are assessments for credentials or certification exams and other assessments included within the costs of a training program. For example, these may include:

- assessments required by the training facility for acceptance into training, if accepted into the training program;
- assessments or exams while in a career pathway program required to receive a credential and move to the next step toward the training goal. For example, the exam required to become a Certified Nurse's Assistant (CNA), which may be a requirement to enter the Licensed Practical Nurse LPN program; or

- assessments given upon completion of the training, such as the NCLEX exam that must be passed prior to the issuance of a nursing degree.

Tutoring, when necessary to ensure the successful completion of a class or course of study within an approved training program, may be considered a cost directly related to training and is therefore considered a calculable cost.

### **Staff Time**

Staff time may only be included as a training expenditure if staff are providing direct training services to clients, outside of their normal job duties.

### **COORDINATION OF TRAINING FUNDS**

The cost of training must be coordinated to the extent possible with other sources of assistance, including assistance available through other workforce partners and other grant assistance for training services, including State-funded training funds or Federal Pell Grants.

### **ENFORCEMENT OF THE REQUIRED EXPENDITURE RATE**

OOWD will provide ongoing technical assistance as needed to all local areas to support implementation and achievement of the 40% minimum training expenditure rate.

1. After one year of non-compliance to the 40% minimum training expenditure rate, the Local Workforce Development Area must submit an action plan with achievable strategies and a realistic timeline to OOWD that will ensure that the LDWA meets the expenditure rate in the following program year.
2. After two subsequent years of non-compliance, the Governor will mandate this minimum expenditure to be addressed as a component of the WIOA local plan.
3. Failure to comply with this policy for 3 subsequent years may result in the state recapturing and reallocating a percentage of the SCOWB'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.

After the initial implementation year, incentives will be offered for exceeding the minimum 40% requirement. Up to 1% of the state's Adult and Dislocated Worker allocations will be made available each year, depending on the availability of statewide funding limits and amounts. Each percentage point of the baseline of 40% will be weighted and awarded; local areas with higher levels of achievement will receive greater incentives. Incentives will be awarded no later than December, following the end of each program year.

**ACTION REQUIRED:** SCOWB will disseminate the Adult and Dislocated Worker 40% Minimum Training Expenditure Rate Policy to all SCOWB contractors. All Contractors will be responsible for following this policy and budgets approved by SCOWB.

**POLICY APPROVED DATE: Full Board 01/11/18**