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MAINE WORKFORCE DEVELOPMENT SYSTEM			
Policy Subject	• Minimum Training Expenditure, <i>Amended</i>	Policy No:	PY17-02 Change 1
To:	• State WDB • Local WDBs • Chief Elected Officials • WIOA Service Providers	From:	Christopher G. Quint, Director State Workforce Board
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Authority:	• WIOA; Title 1, Chapter 1, Section 101, (d) (6) (C)		

Subject: Minimum Training Expenditure Requirement for Workforce Innovation and Opportunity Act (WIOA) Adult and Dislocated Worker funding

Background: This policy describes the requirement of a Minimum Training Expenditure by Local Workforce Development areas for Title I of WIOA. It defines what is included in the calculation of the training expenditure and how it will be implemented. The rationale for the policy include:

- Training is fundamental to the purpose of WIOA
- Training services are needed to improve employment and earning potential
- WIOA funds are a significant source of training investment that should support the State’s workforce and economic development goals.

Policy: Starting on July 1, 2018, a 70% minimum training expenditure will be required for WIOA Adult and Dislocated Worker programs in each Local Workforce Development area. It will not be applied to WIOA Youth funds, because of the different goals and program requirements.

Training expenditures for the purposes of this policy will include the following:

- Adult education and literacy offered in conjunction with occupational training
- Customized training
- Entrepreneurial training
- Incumbent worker classroom training
- Job readiness training when combined with occupational training
- Occupational training
- On the job training
- Transitional jobs
- Work experience
- Workplace training with related instruction
- Career services as defined in 20 CFR §678.430 & Sec. 134(c)(2) of WIOA, including staff-salaries, benefits and other associated costs of providing direct services to customers
- Support services related to participants in the training activities listed above

Definitions:

Adult education and literacy offered in conjunction with occupational training means academic instruction and education services below the postsecondary level that increase an individual's ability to read, write and speak English; perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent; or to transition to postsecondary education and training, or to obtain employment, concurrently or in combination with occupational training (classroom, OJT, etc.).

Career services are services, identified in sec. 134(c)(2) of WIOA, provided to Adult and Dislocated workers. Career services consist of three types:

1. **Basic career services** must include services outlined under WIOA and consistent with allowable program activities and Federal cost principles.
2. **Individualized career services** are provided, if determined to be appropriate, in order for an individual to obtain or retain employment.
3. **Follow-up services** include counseling regarding the workplace for participants in adult or dislocated worker workforce investment activities who are placed in unsubsidized employment and are provided for up to 12 months after the first day of employment.

Customized training is training that is designed to meet the special requirements of an employer or group of employers and that is conducted through a contract with and a commitment by the employer to employ the trainee participant upon successful completion of the training and for which the employer pays for a significant cost of the training taking into consideration the size of the employer, the number of participants being trained, the wage and benefit level of participants upon completion of training, advancement opportunities and other such factors.

Entrepreneurial training is training that provides the basics of starting and operating a small business. Such training must develop the skills associated with entrepreneurship, such as identifying business opportunities, developing budgets and forecasting resource needs, understanding how to acquire capital, communicating effectively in order to market oneself and one's ideas, how to develop a business plan, how to access small grants, how to research competitors, how to research product and service pricing norms and more.

Incumbent worker classroom training is designed to meet the special requirements of an employer to retain a skilled workforce or avert the need to lay off employees, by assisting those employees to obtain necessary skills to retain employment. Such training must increase the competitiveness of the employee or employer and is conducted via a contract with and commitment by the employer to retain or avert the layoffs of the incumbent workers trained. No more than 20% of combined Adult and Dislocated Worker funding can be applied to incumbent worker training. The characteristics of the individuals in the program, the relationship of the training to competitiveness of the individual and the employer, and other factors deemed appropriate, including number of employees trained, wages and benefits, post-training increases, and the existence of other training opportunities provided by the employer may be taken into consideration for determining which employers are deemed eligible to receive incumbent worker training funds. Employers are required to pay the non-federal share of the cost of providing the training. Incumbent worker trainees do not have to meet WIOA eligibility requirements. Although WIOA trainees are not included in WIOA performance measures demographic and other data pertaining to the incumbent workers being trained must be captured in MJL.

Job readiness training when combined with occupational training includes short-term prevocational services including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct services to prepare individuals for unsubsidized employment in conjunction with occupational training (classroom, OJT, etc.).

Occupational training is an organized program of study that provides specific vocational skills that lead to proficiency in performing tasks and technical functions required for an occupational field and that preferably leads to a recognized diploma, credential or employment. It is generally delivered through a classroom method that involves student/instructor interaction and which can be in-person or via technology. WIOA requires that occupational training be funded through an Individual Training Account (ITA) for which the trainee can choose from a number of approved training providers and programs. Only programs and courses listed as approved on the Eligible Training Provider List (ETPL) may be funded with WIOA funds.

On-the-Job training (OJT) is training provided under a contract with an employer in the public, private non-profit, or private for-profit sectors. The training is provided by the employer and delivered via a hands-on learning methodology. OJT contracts are limited to the amount of time required for the participant to become proficient in the occupation for which the training is being provided. OJT requires that the employer provide continued long-term employment of the participant and offer wages, employee benefits and working conditions at the same level and extent as other employees working a similar length of time doing the same type of work. OJT employers are reimbursed between 50-75% of the wage rate being paid to the participant. Such reimbursements are deemed to be for the extraordinary costs of providing the training, supervision and any resulting lower productivity during the training period.

Transitional jobs are time limited work experience that is wage paid and subsidized by the program and that may take place in the public, private or non-profit sectors for those individuals with barriers to employment who are chronically unemployed or have inconsistent work history as determined by the Local Workforce Development Board (LWDB). Transitional jobs are designed to enable an individual to establish a work history, demonstrate work success in an employee-employer relationship, and develop the skills that lead to unsubsidized employment. Local areas may use up to 10% of combined Adult and DW funds. Transitional jobs **must** be combined with comprehensive career services (*basic, individualized and follow-up*) and supportive services.

Work experience is a planned, structured, occupational learning experience that takes place in a workplace for a limited amount of time. Internships and other work experiences may be paid or unpaid as appropriate and consistent with other laws such as the Fair Labor Standards Act (FLSA). A work experience may take place in the public, private or non-profit sectors. Labor standards apply in any work experience setting where an employee/employer relationship, as defined by the FLSA, exists.

Workplace training combined with related instruction is a blend of occupational on-the-job learning and formal classroom instruction. It is a model that promotes applied learning whereby

the trainee can apply what is learned in the classroom during the on-the job learning; existing examples include registered apprenticeship and cooperative education.

Supportive services that enable Adults and Dislocated Workers to participate in any of the above training categories and include cost assistance for:

- Transportation;
- Child or dependent care;
- Fees for training-related testing, educational testing; applications, exams and certifications
- Reasonable accommodations for individuals with disabilities;
- Tools, instruments, protective gear required for training; and
- Books, fees and required supplies

Methodology: The methodology for calculating the training expenditure rate is as follows:

Using data reported quarterly by each LWDB on the FR-50 (attached), the Training Sub-Total plus the Support Services Sub-Total divided by the Total One Year Availability amount equals the Training Expenditure rate, expressed as a percentage.

- $$\frac{\text{Training Sub-Total} + \text{Support Services Sub-Total}}{\text{Total One Year Availability Award Amount}} = \text{Training Expenditure Rate (\%)}$$

Requirements: Starting on July 1, 2018, the minimum training expenditure goal (statewide average) will be 70% in PY18 and PY19.

Failure by a LWDB to meet the desired 70% minimum training expenditure percentage will result in a corrective action plan to address the performance deficiency. Failure by a LWDB to meet the required minimum training expenditure percentage performance goal two years in a row will result in corrective action or decertification of that Local Board.

LWDB's that do not meet the training expenditure percentage goal for a program year can submit a waiver request related to the requirements of the policy. The waiver request shall include a description of the programmatic activity undertaken to achieve the goal, the individuals impacted by non-compliance and any appropriate documentation to corroborate the statements made in the waiver request. Waivers will be reviewed and analyzed, and data will be gathered from and/or confirmed by the State Workforce Board (SWB) as well as support agencies including the Bureau of Employment Services (BES) and the Security and Employment Service Center. The SWB will approve or deny the waiver request based on information supplied or gathered.

Key criteria to consider for waiver approval will be:

- Would the ability to provide required WIOA services be in jeopardy?
- Would the ability to maintain a full-service Career Center be in jeopardy?
- The training expenditure requirement is detrimental in another manner that has not been considered above.

Upon receipt of a waiver the LWDB will work with BES to develop an agreed upon plan of action to ensure the performance failure does not occur again in the following program year (i.e.: leverage from partners, diversify funding streams, etc.).

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