

September 25, 2012

**To:** WIA Contractors of the Orange County  
Workforce Investment Area

**From:** Andrew Munoz *AM*  
Community Investment Division Administrator/  
Workforce Investment Board Executive Director

**Subject:** **WIA Training Expenditure Requirements**  
Information Notice No. 12-OCWDA-04

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**PURPOSE:**

To provide guidance for implementing the Workforce Investment Act (WIA) training expenditure requirements imposed by Senate Bill (SB) 734 and EDD Workforce Services Directive WSD11-9 (including training services, allowable costs toward meeting the expenditure rate and leveraged resources).

**REFERENCES:**

- SB 734 (DeSaulnier), Chapter 498, Statutes of 2011
- EDD Workforce Services Directive WSD11-9, WIA Training Expenditure Requirements
- EDD Workforce Services Directive WSD12-3, Quarterly and Monthly Financial Reporting

**EFFECTIVE DATE:**

This policy is effective July 1, 2012

**BACKGROUND:**

SB 734 imposes new training expenditure requirements on local boards carrying out WIA funded programs and details the actions that must be taken in the event that a local board does not meet the specified requirements.

The One Stop system plays a vital role in developing a skilled and trained workforce in Orange County. To address the provisions of SB 734 and state-imposed requirements, the Orange County Workforce Investment Board (OCWIB) identified and established training investment expectations that support skills development and occupational skills training services for WIA Adult and Dislocated Worker formula-funded programs.



### **Required Training Expenditure Levels**

Beginning Program Year (PY) 2012-2013, OCWIB is required to spend at least 25% of the combined total of Adult and Dislocated Worker WIA formula fund allocations on workforce training services. This minimum training expenditure requirement does not apply to the WIA Youth formula fund allocation. A portion of the minimum training expenditure requirement (up to 10% of the combined total of the Adult and Dislocated Worker formula fund allocation) may be met by applying designated leveraged resources used for training services.

Beginning PY 2016-17, the minimum training expenditure requirement will increase from 25 percent to 30 percent. OCWIB will be required to spend at least 30 percent of the combined Adult and Dislocated Worker WIA formula fund allocations on workforce training services. This minimum training expenditure requirement does not apply to the WIA Youth formula fund allocation. A portion of the minimum training expenditure requirement (up to 10 percent of the combined total of the Adult and Dislocated Worker formula fund allocation) may be met by applying designated leveraged resources used for training services.

### **Training Services**

In order to apply toward the minimum training expenditure requirement, formula funds and leveraged resources must be expended on WIA Adult or Dislocated Worker participants enrolled in a training activity in the Employment Development Department (EDD) Job Training Automation System (JTA) which is currently in migration to the EDD California Workforce Services Network (CWSN) system. These funds must be spent on training services as defined in Title 20 CFR Section 663.508.

*§ 663.508 What is a "program of training services"?*

*A program of training services is one or more courses or classes, or a structured regimen, that upon successful completion, leads to:*

*(a) A certificate, an associate degree, baccalaureate degree, or*

*(b) The skills or competencies needed for a specific job or jobs, an occupation, occupational group, or generally, for many types of jobs or occupations, as recognized by employers and determined prior to training.*

For the purposes of this policy, training services are grouped in three broad categories:

#### **A. Classroom-Based Training Services**

- Occupational skills training
- Entrepreneurial training
- Job readiness training
- Adult education and literacy activities (provided in combination with other training)

**B. Work-Based Training Services**

- On-the-job training
- Training programs operated by the private sector
- Customized training conducted with a commitment by an employer(s)

**C. Hybrid Training Services**

- Programs that combine workplace training with related classroom instruction
- Skill upgrading and re-training

Training Definitions: See Attachment A

**Services that do not count toward the minimum training expenditure**

Formula funds and leveraged resources spent on WIA core, WIA intensive services and supportive services may not be applied toward the minimum training expenditure requirement.

The following cannot be applied toward the minimum training expenditure requirement:

- WIA Core and Intensive Services (including Work Experience and Pre-vocational training)
- Job Readiness Training (when the focus is on skills needed to get into the workplace such as skills needed to find and apply for a job, job search, how to do an interview and/or how to write a resume). These types of services do not qualify as training services because they do not provide the client with skills and competencies needed to perform specific tasks on the job, and these services are classified either as core or intensive services under the federal statute.
- Supportive Services (any and all supportive services whether it is training supportive services, or core and intensive supportive services)
- Staff wages, benefits and/or operating costs associated with case managing a participant enrolled in a training activity
- Services, other than tuition, such as assessment, intake, coaching, etc.

**Leveraged Resources**

Leveraged resources, used for training services, may be applied toward meeting a portion of the minimum training expenditure requirement (an amount of up to 10 percent of the adult and dislocated worker formula fund allocation). Additional categories of leveraged resources that are not specifically listed below cannot be applied as leverage.

Only the following funds may be utilized as part of the 10 percent credit:

- Federal Pell Grants established under Title IV of the Higher Education Act of 1965
- Public programs authorized by the Workforce Investment Act of 1998 (e.g., Job Corps, Migrant Seasonal Farm Worker, Rapid Response, WIA Title II Adult

Education and Literacy, national and State WIA discretionary grants, WIA youth program, etc.)

- Youth formula funds expended on training for individuals ages 18-21 as a leveraged resource if: (1) the individuals are co-enrolled in either the WIA Adult or Dislocated Worker program, and (2) the training meets all requirements set forth in this policy.
- Trade Adjustment Assistance
- Department of Labor National Emergency Grants
- Match funds from employers, industry, and industry associations (including the employer paid portion of on-the-job training and customized training)
- Match funds from joint labor-management trusts
- Employment training panel grants

Leverage Resources Documentation Procedures: See Attachment B

### **OVERSIGHT BY OCWIB**

Each contractor's training expenditures (both from the allocated funding and from leveraged resources) will be monitored by OCWIB on a monthly basis.

If the contractor does not meet the minimum training expenditure requirement (both from the allocated funding and from leveraged resources), OCWIB may request for a corrective action plan that provides reasons for not meeting the requirement and actions the contractor will take to address the deficiencies.

If the contractor does not meet the minimum training expenditure requirement (both from the allocated funding and from leveraged resources) by the end of the fourth quarter, OCWIB may impose sanctions.

### **ACTION:**

Bring this policy to the attention of all staff

### **INQUIRIES:**

If you have any questions concerning this policy, please contact the following:

Program: Ron Milone, (714) 480-6431 or [ron.milone@occr.ocgov.com](mailto:ron.milone@occr.ocgov.com)  
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MIS: Norisa Pascual, (714) 480-6429 or [norisa.pascual@occr.ocgov.com](mailto:norisa.pascual@occr.ocgov.com)

### **ATTACHMENTS:**

- Attachment A, Training Definitions
- Attachment B, Leveraged Resources Documentation
- Attachment C, Leveraged Resources Report

## **WIA Training Services Definitions**

### **Classroom-Based Training Services**

#### **Occupational Skills Training**

Vocational and occupational skills training provided in a traditional classroom setting, which often include a combination of lecture and lab activities. Training focuses on a specific job or group of jobs.

#### **Entrepreneurial Training**

Training that provides participant with the knowledge and skills to start and grow a business. Basic courses for those just starting businesses generally focus on developing a business plan. Topics covered in these basic courses also may include market research, marketing, pricing, financing, cash flow, accounting, hiring, permits and licenses, and legal issues. More advanced courses should target participants who already have developed business plans and may have started their businesses, but need assistance in growing the business. These advanced courses may cover topics such as growth strategies, business planning, and customer relations. In addition to training courses, some providers also may offer seminars on specific business types (e.g. child-care businesses), e-commerce or accounting software packages.

#### **Job Readiness Training**

This training provides participants with specific occupational competencies needed to perform specific work tasks on the job. For example, job readiness training courses can teach WIA clients skills such as how to communicate in an office environment, how to function as part of a team, or how to work in a deadline driven workplace. In each of these instances, the focus of the training would be on competencies needed to succeed on the job.

#### **Adult Education and literacy activities (provided in combination with other training)**

Generally includes basic skills, literacy, GED or adult education activities leading to a high school diploma. WIA allows these training activities when they are provided in combination with other training services on this list.

### **Work-Based Training Services**

#### **On-the-Job Training**

Training by an employer that is provided to a paid participant while engaged in productive work in a job that:

- Provides knowledge or skills essential to the full and adequate performance of the job;

- Provides reimbursement to the employer of up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and additional supervision related to the training;
- Is limited in duration as appropriate to the occupation for which the participant is being trained, taking into account the content of the training, the prior work experience of the participant, as appropriate; and
- Is sponsored by an employer of employer association.

### Training Programs Operated by the Private Sector

These include OJT and Customized training

#### Customized Training

Training that is designed to meet the special requirements of an employer, or a group of employers:

- that is conducted with a commitment by the employer to hire or to continue to employ an individual on successful completion of the training;
- for which the employer pays for not less than 50 percent of the cost of the training; and
- is sponsored by an employer or employer association.

#### Hybrid Training Services

Programs that combine workplace training with related (classroom) instruction.

Programs in this category include those that are designed to provide classroom-based education in combination with practical work experience.

#### Skill Upgrading and Retraining

This service, while allowable, is not defined in either the WIA statute or regulations. In addition, the State has not defined this item. A few state and local areas have adopted definitions in support of implementing various activities under this heading, including services for incumbent workers.

## **Leveraged Resources Documentation**

### **Purpose:**

The purpose of the leveraged resources documentation procedures is to ensure compliance with WIA program requirements for documentation supporting leveraged resources and proper classifications.

Supporting documentation for leveraged resources should be consistent with State requirements.

### **Scope**

These procedures apply to CID/OCWIB, CID/OCWIB Subrecipients and third parties.

### **Policy and Procedures**

#### **I. DEFINITIONS**

**Contributions:** There are two types of contributions, cash and in-kind.

- *Cash Contributions:* Federal and/or non-federal contributions of funds made available to the Subrecipient to be used for project activities. Examples include federal and/or non-federal money received from employers, foundations, private entities, local governments, etc.

- *In-Kind Contributions:* Federal and/or non-federal contributions of non-cash resources which are used specifically for project activities. Examples include donated personnel, services, or use of equipment or space or third party match. Examples of federal in-kind contributions would include donated services from a federally funded-agency staff member used specifically for project activities.

**Leveraged Resources:** All federal and non-federal resources (cash contributions and in-kind contributions) used by the Subrecipient to support grant activity and outcomes, whether or not those resources meet the standards required for match. Leveraged resources must be allowable and auditable under the OMB Circulars. This includes all federal expenditures and any non-federal expenditures that meet the standards required for match but is in excess for the match requirement.

- *Federal Leveraged Resources:* All federal resources (including other WIA resources) used by the Subrecipient to support grant activity and outcomes and are allowable and auditable under the OMB Circulars.

- *Non-Federal Leveraged Resources:* All non-federal resources used by the Subrecipient to support grant activity and outcomes and are allowable and auditable

under the OMB Circulars. This includes any expenditure that meets the standards required for match but is in excess for the match requirement.

Match: Additional non-federal resources expended to further the grant objective, if required either by statute or within the grant agreement as a condition of funding. Match can be cash and/or in-kind contribution.

## **II. REQUIRED SUPPORTING DOCUMENTATION**

The following includes the types of supporting documentation that should be maintained for each category.

### **A. Leveraged Resources**

#### **1. Cash Distributions - Federal Leverage**

##### **Individual Training Account (ITA)**

Supporting documentation includes completed Individual Training Account Authorization forms, Student Enrollment Agreement forms, Financial Aid Eligibility forms, participant progress reports and/or evidence of completion, and paid invoices (vouchers).

##### **On-the-Job Training (OJT)**

Supporting documentation includes training agreement with the employer detailing the employer's contribution, worksite agreement with employer and participant, participant time records (timesheets), and evidence that documents full wages were paid to participant, such as payroll register and cancelled payroll checks.

#### **2. Other Cash Contributions – Federal or Non-Federal Leverage**

Other cash contributions are salaries, benefits, and S&S. Supporting documentation depends on the type of contribution and should include a methodology for contribution valuation and records to support the contribution, such as timecards, payroll registers, general ledgers, invoices, receipts, and cancelled checks.

#### **3. In-Kind Contributions – Federal or Non-Federal Leverage/Match**

Supporting documentation depends on the type of contribution and should always include a documented methodology for contribution valuation. In-kind contributions can be federal and non-federal. The following are examples of in-kind contributions:

- Donated personnel or services supporting documentation should include logs that include the volunteer's name, hours and location.
- Use of equipment or space supporting documentation should include the records that indicate the use of space or equipment and methodology used to value the fair market value of equipment or space.



- Third party contributions supporting documentation should include a verifiable valuation methodology from the third party maintained by the grantee or the organization that claims the in-kind contribution. Third party in-kind can be a certification of the amount and the method used to come up with the contribution amount.

#### **B. Match**

Supporting documentation for match contributions includes financial records to verify the contribution in the Subrecipient's records, such as general ledgers, and revenue receipts, and financial statements. In-kind match documentation should include a documented basis for determining the valuation of the In-Kind contribution match.

### **III. REQUIRED DOCUMENTATION FOR TRAINING EXPENDITURE REQUIREMENTS SB 734**

A portion of the minimum training expenditure requirement (up to 10%) of the combined total of the Adult and Dislocated Worker WIA formula fund allocations may be met by applying designated leveraged resources used for training services.

#### **A. Required Documentation for Leveraged Training Resources**

##### **1. Federal Pell Grants**

Supporting documentation includes Financial Aid Eligibility forms certified by the training provider.

##### **2. Federal WIA Discretionary Grants**

Individual Training Account (ITA): Supporting documentation includes completed Individual Training Account Authorization forms, Student Enrollment Agreement forms, Financial Aid Eligibility forms, participant progress reports and/or evidence of completion, and invoices (vouchers).

##### **3. Federal WIA Youth co-enrolled with WIA Adult or Dislocated Worker**

Individual Training Account (ITA): Supporting documentation includes completed Individual Training Account Authorization forms, Student Enrollment Agreement forms, Financial Aid Eligibility forms, participant progress reports and/or evidence of completion, invoices, MIS report that confirms participant is co-enrolled as Youth and Adult or Youth and Dislocated Worker, and invoices (vouchers).

##### **4. Non-Federal – On-the-Job Training (OJT)**

The match funds from employers, industry and industry associations (including the employer paid portion of OJT). Supporting documentation includes training agreement with the employer detailing the employer's contribution, worksite agreement with employer and participant, participant time records (timesheets), and evidence that documents full wages were paid to participant, such as payroll register and cancelled payroll checks.

**5. Federal - Trade Adjustment Assistance**

Trade Adjustment Assistance helps American workers who lost their jobs as a result of increased imports, or shift in production to foreign countries. Supporting documentation includes State Employment Development Department (EDD) records (Certification of eligibility, Trade Readjustment Allowances, claim) and financial reporting data or third party records. Third party contributions supporting documentation should include a verifiable valuation methodology from the third party.

**6. National Emergency Grants**

Supporting documentation includes grant award letter or sub-grant, expenditure reports, such as CAPS+ job detail reports and paid invoices.

**7. Non-Federal – Incumbent Worker**

The match funds from employers for incumbent workers to attend training while the participant is on company time. Supporting documentation includes sign-in sheets from training classes, employee pay records (wage rates for each participant), and training records for each course to document the number of hours. Requires OCWIB program manager approval.

**IV. Monthly Leverage Report**

Contractors will complete a monthly 'Leveraged Resources Report' and submit this report to OCWIB with the monthly invoice (due by the 20<sup>th</sup> of each month). See Attachment C

**V. Fiscal Monitoring**

Subrecipients reporting leveraged resources will be monitored each program year through fiscal monitoring procedures to ensure leverage reported is accurate and supported by documentation as noted above.

**Orange County Community Resources  
Workforce Investment Board  
Leveraged Resources Report**

Contractor Name:	
Contract Number:	
Contract Term:	

Contact Name:	
Contact Phone:	
Date:	

Report Period: \_\_\_\_\_

Type of Leverage	Cash Contributions			In-Kind Contributions				
	Budget	Current Month/Period	Year-To-Date	Balance	Budget	Current Month/Period	Year-To-Date	Balance
Match				-				-
Federal Leveraged Resources				-				-
Non-Federal Leveraged Resources				-				-
<b>Total</b>				-				-

Leveraged Training Resources (SB734)	Cash Contributions			
	Budget	Current Month/Period	Year-To-Date	Balance
OJT Match Funds				-
Incumbent Worker Match Funds *				-
Federal Trade Adjustment Assistance				-
<b>Total</b>				-

\* Requires Program Manager Approval

\_\_\_\_\_  
Contractor-Authorized Signature and Date

\_\_\_\_\_  
Name and Title