

# Mass Workforce Issuance

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**Workforce Issuance No. 12-44**

☒ **Policy**   ☐ **Information**

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**To:** Chief Elected Officials  
Workforce Investment Board Chairs  
Workforce Investment Board Directors  
Title I Administrators  
Career Center Directors  
Title I Fiscal Officers  
DCS Operations Managers

**cc:** WIA State Partners

**From:** George Moriarty, Director  
Department of Career Services

**Date:** August 21, 2012

**Subject:** **Training Expenditure Requirement**

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**Purpose:** To notify local Workforce Investment Boards, One-Stop Career Center Operators and other local workforce investment partners of the implementation of the minimum WIA Adult and Dislocated Worker expenditure requirement for training.

**Background:** The jobs emerging over the next decade will require workers to have greater skills to compete for employment. The public policy conversation has focused on *middle skills*, credentials that reside between a high school diploma and a college degree. The workforce development system must be part of the solution to the middle skills challenge by ensuring that sufficient training resources are dedicated to skill development. It also needs to be responsive to low skilled workers who need worker readiness or basic skills in order to become employed.

Massachusetts has developed a minimum training expenditure policy to stem a trend toward declining training investments. The rationale for the policy is based upon a goal of increasing job placement rates for individuals. Research shows that individuals who complete certificates and degrees have higher job placement rates compared to similar unemployed individuals. In addition, the public workforce system must increase investments in training and align training services with critical skill shortages facing the state.

Further, training is a fundamental purpose of WIA Title I, and a lack of access to training undermines public and Congressional support for the program, and training services are needed to significantly improve the employment and earnings potential of WIA Title I participants.

**Policy:** All local Workforce Investment Areas are required to ensure that at least thirty percent of formula-allocated program expenditures in a fiscal year are on allowable training costs for the WIA Adult and Dislocated Worker programs, combined. This requirement does not include administrative expenditures.

#### **A. Calculation of the required 30%**

1. The 30% training budget is calculated against the program portion (90%) of the local area allocation.
2. The 30% requirement will be the calculated dollar amount for Adult and DW funds, combined.
3. Local areas will have flexibility to determine apportionment between Adult and DW.
4. Funds carried into the next fiscal year may not be included in the calculation.
5. Transfers will not affect the calculation, as it is based upon the two grants, combined.
6. DCS will manage the policy based upon the total dollar requirement between the two grants. Spending analysis will be conducted against third and fourth quarter Fiscal Status Reports.

#### **B. Definition of Training**

As defined within this policy, only certain WIA funded services will count as local expenditures toward training. For purposes of this policy, the services considered training toward the application of the expenditure include:

##### **1. Occupational Training**

Occupational Training is predominantly technical training that prepares the student for entry into a particular occupation or set of occupations. Expenditures countable for occupational training (ITA and non-ITA):

##### **a. Occupational Training, ITA**

All payments made to a training institution or training provider for occupational training authorized pursuant to an Individual Training Account (ITA), including tuition, fees, books and other materials and equipment required for a course of occupational skills training.

##### **b. Occupational Training – Class-Sized (group contracts)**

Group Training, formerly allowable only as an exception to the use of an ITA (29 CFR, Part 663.340), continues to be allowed, per DOL Appropriations Act, 2012, P.L. 112-74. The Act states: “A local board may still award contracts for “class-size training,” that is, as local board may still award a contract to an institution of higher education or other eligible training provider if the local board determines that it would facilitate the training of

*multiple individuals in high-demand occupations, if such contract does not limit customer choice.”*

All payments made to a training institution, training provider, including community-based organizations or other private organizations of demonstrated effectiveness, for occupational classroom training authorized pursuant to a contract for training services, or other contractual arrangement. Includes tuition, fees, books and other materials and equipment required for occupational skills training courses.

c. **Curriculum Development**

Training may include the development of curriculum by institutions of higher education, if the curriculum is new and is developed in the context of providing training to WIA participants.

**2. On-the-Job Training (OJT)**

OJT is provided under a contract with an employer in the public, private non-profit, or private sector. Through the OJT contract, occupational training is provided for the WIA participant in exchange for reimbursement of up to 50 percent of the wage rate to compensate for the employer’s extraordinary costs. WIA §101(31)(B)

**3. Customized Training**

Customized training is designed to meet the special requirements of an employer (including a group of employers) that is conducted with a commitment by the employer to employ, or in the case of incumbent workers, continue to employ, an individual on successful completion of the training and for which the employer pays for not less than 50 percent of the cost of the training. (WIA §101(8))

**4. Skill Upgrading and Retraining, including Apprenticeship**

**5. Job Readiness Training**

Job-readiness training activities must be provided in combination with occupational training services.

**6. Adult Education**

Adult education and literacy activities provided in combination with occupational training services. Includes basic education (GED) or English language instruction, as delivered through community colleges and other high quality public programs and community organizations that provide such services.

**7. One-Stop Career Center “In-House” Training**

All of the following criteria must be met to include a program of instruction that is provided by the One-Stop Career Center as training costs.

- a. The Workforce Area (LWIB or OSCC) must maintain verifiable and documented performance data on previous participants, including:
  - Completion rate for program (minimum acceptable rate = 70%)
  - Entered unsubsidized employment rate for program (minimum acceptable rate = 60%)
  - Hourly wage at placement for program

- Note: performance data should be from most recent year; data older than three years should not be considered.
- b. As is applicable to all training:
  - Referral to the program is based upon a documented academic and/or occupational skills assessment.
  - The customer's selection of the program is based upon informed consumer choice.
- c. Student progress is assessed via pre and post testing and documented in MOSES. Documentation demonstrates successful completion of an examination or assessment, which indicates mastery of competencies as measured against a defensible set of standards.
- d. Successful program completion results in an industry-recognized credential that is in demand in the local labor market.
  - An industry-recognized credential<sup>1</sup> is one that either is developed and offered by, or endorsed by a nationally-recognized industry association or organization representing a sizeable portion of the industry sector, or a credential that is sought or accepted by companies within the industry sector for purposes of hiring, recruitment or advancement.
- e. Documentation demonstrates that the skills attained are currently in demand in the local labor market to achieve employment or advancement; or documentation demonstrates that the skills attained are required by a specific employer working with the customer to achieve employment or advancement.

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<sup>1</sup> **Industry-Recognized:** Consumer should be aware that in some industry sectors there may be more than one major industry association and that they may endorse or promote different credentials, and that the credentials that are sought by individual companies in an industry can vary by geographic region, by company size, or based on what product or equipment the company uses and needs workers to be able to operate. This is merely to point out that there may not be a single readily identifiable national credential for all industry sectors or occupations. The hundreds of certifications that exist within the information technology (IT) industry are a very good example. There are multiple industry associations, and there are multiple product vendors that offer personnel certifications. The workforce investment system operating in a local area needs to interface with employers to determine what IT credentials are in demand by local employers that are hiring.

### **C. Training Threshold Calculation Exclusions**

1. Staffing costs may not be budgeted for training. Staffing costs related to training (e.g. Case Management, development of ITA, OJT, Apprenticeship training, etc.) are considered to be intensive services.
2. New curriculum development by a vendor for a specialized ITA cannot be added into the training budget; rather, it must be built into the vendor's ITA cost.
3. Support services can be a valuable contributing component toward a participant's success in a training program; however, funds provided for these services are not countable toward the training threshold.
4. This policy applies to the use of WIA Title I Adult and Dislocated Worker formula funds for training. Therefore, if a local area benefits from the distribution of Trade, National Emergency Grant or Rapid Response Set-Aside funds, these funds will not be considered toward the satisfaction of the 30% requirement.

### **D. Training Program Reminders:**

1. Waivers: WIA waivers currently in effect in Massachusetts include:
  - Expanded Transfer Authority – *up to 50% for Adult and Dislocated Worker Funds*
  - Use of Formula Funds for Incumbent Worker Training – *allows local areas to utilize up to 10% of local formula funds for training incumbent workers.*
  - Use of Rapid Response Funds for Incumbent Worker Training - *permits a portion of the funds reserved for Rapid Response activities to be used for incumbent worker training.*
  - Sliding Scale Employer Match for Customized Training - *permits a sliding scale for a participating employer contribution based on the size of the employer. For employers with 50 or fewer employees, no less than a 10 percent match is required. No less than a 25 percent match is required for employers of 51 to 250 employees. For employers with more than 250 employees the 50 percent contribution will continue to apply.*
  - Sliding Scale Employer Match for On-the-Job Training - *permits a sliding scale reimbursement to the employer based on the size of the employer. Employers with 50 or fewer employees may qualify for a reimbursement of up to 90%; reimbursement for employers with 51 – 250 employees may be up to 75%; and for employers with more than 250 employees, the statutorily defined 50% continues to apply.*
2. Training, including exceptions to the use of ITAs, must be described in the local annual plan (WIA §661.350(a)(ii)(5)).
  - i. If a local area plans to implement training that has not been described in the service mix in a prior plan, please use Annual Plan Guidance Attachment B “Notification of Local System Changes” to describe the training, including the inclusion of an in-house instructional program as a training activity.

- ii. If such training activities are developed at a later point during the fiscal year, please submit a revised Attachment B to DCS, which will be incorporated within the local plan package on file at DCS.
3. The Fiscal Status Report will include a non-add training line; this information will be used in the analysis of training expenditures during the fiscal year.

**Action**

**Required:** It is the responsibility of the local area to meet the 30% training threshold requirement utilizing the definitions provided herein. Compliance will be verified using Fiscal Status Reports.

Failure to achieve the mandated training expenditure percentage can affect the release of future discretionary funding.

**Effective:** Immediately

**Inquiries:** Please email all questions to [PolicyQA@detma.org](mailto:PolicyQA@detma.org). Also, indicate Issuance number and description.