



Workforce System Directive

Adult and Dislocated Worker 40% Minimum Training Expenditure Rate

Effective Date of Policy: 1/19/24

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Approved By: Trae Rahill, Chief Executive Officer

Approved by Governor's Council for Workforce and Economic Development: 01/19/2024

STAKEHOLDERS:

- Chief Local Elected Officials
- Workforce Development Board Chairs
- Workforce Development Board Staff
- Designated Fiscal Agent Staff
- Oklahoma Career Tech
- Oklahoma Rehabilitation Services
- Wagner Peyser

REFERENCES:

- [Workforce Innovation and Opportunity Act](#) (WIOA) Section 134
- [TEGL 10-16](#)
- [TEGL 19-16](#)
- WSD #25-2024
- [20 CFR 680](#)
- [2 CFR Part 200](#)

PURPOSE: The Oklahoma Employment Security Commission (OESC), as the Governor's chosen Workforce Innovation and Opportunity Act (WIOA) administrative entity, provides this issuance as guidance for the State's required 40% minimum training expenditure rate of Title I Adult and Dislocated Worker funds.

BACKGROUND: Oklahoma set a benchmark in PY17 that required each local workforce development board (LWDB) to expend no less than 40% of their Adult and Dislocated Worker (DLW) funds on training that leads to a recognized post-secondary education and/or workforce credential directly linked to an in-demand industry or occupation. The requirement remains part of an ongoing effort to address the skills gap, i.e., the number of people trained and educated versus the number of jobs that are open, which was identified as one of the biggest

challenges facing the State.

This issuance reinforces the requirement for all local workforce development areas (LDWA) to expend a minimum of 40% of their formula-allocated Adult and DLW expenditures in a program year (excluding administrative costs) on allowable training costs. Guidance is provided on the allowable costs and calculations for meeting the required 40% minimum training expenditure rate. The definition of Other Costs Directly Related to Training has been expanded to include additional supportive services that may be necessary to help ensure successful training completion. And the requirement to deduct the cost of incomplete training already paid by WIOA Adult and DLW formula funds has been removed.

Coordination of Training Funds

WIOA funding for training is limited to participants (1) who are unable to obtain grant assistance from other sources to pay the cost of training or (2) who require assistance beyond that available from other sources to pay the costs of such training. The availability of other sources of funds to pay for training costs must be considered prior to the use of WIOA funds. Title I funds are intended to supplement other sources of funding, including Tribal funds, Temporary Assistance for Needy Families (TANF), State-funded training funds, and Federal Pell Grants. Local workforce development boards (LWDB) must also ensure that supportive services and resources within the local area are coordinated with other available funds for training and supportive services. The Individual Employment Plan (IEP) and supporting documentation should clearly illustrate that allowable training costs are WIOA-funded only when these services are not funded or available through other agencies.

Allowable Training Expenditure Costs

Allowable costs used to calculate compliance with the 40% minimum training expenditure rate must be of direct benefit to the participant, and may include:

- Training Services as defined in WIOA section 134(c)(3)(D)
 - a. Occupational skills training, including training for nontraditional employment.
 - b. On-the-job training.
 - c. Incumbent worker training in accordance with WIOA section 134(d)(4).
 - d. Programs that combine workplace training with related instruction, which may include cooperative education programs.
 - e. Training programs operated by the private sector.
 - f. Skill upgrading and retraining.
 - g. Entrepreneurial training.
 - h. Transitional jobs in accordance with WIOA section (d)(5).
 - i. Work experience (WEX), internships, and job shadowing.
 - j. Work based learning combined with related instruction, including apprenticeships.

- k. Job readiness training provided in combination with any of the services in (a)-(i).
- l. Adult education and literacy activities provided concurrently or in combination with any of the services in (a)-(g) and (i).
- m. Tutoring, when necessary to ensure the successful completion of a class or course of study within an approved training program.
- n. Prerequisite training, such as costs associated with ITA-funded zero-level or remedial courses that prepare students for college level classes.
- o. Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.
- Other Costs Directly Related to Training, which may include:
 - 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 items required for training.
 - Assistive devices for individuals with disabilities that are necessary to ensure individuals are able to participate in and complete training or licensure requirements.
 - Transportation costs to and from the training site, including reasonable repairs to the participant's vehicle, as set by local supportive services policy.
 - Costs for childcare and dependent care while participating in training activities, including reasonable travel time to and from the training facility; and,
 - Payments and fees for employment and training related applications, tests, and Certifications, including assessments required by the training facility for acceptance into training and assessments or exams for licensures (e.g., the NCLEX exam, CNA exam, etc.).

Local areas are no longer required to deduct the cost of incomplete or unfinished training from the amount expended on training. However, every reasonable effort must be made to ensure program completion, including the provision of comprehensive career planning services prior to the individual's enrollment in training. WIOA section 134(c)(3) requires an interview, evaluation, or assessment and career planning services to determine if an individual has the skills and qualifications to successfully participate in the selected training program. These tools and services must be utilized to help the individual make an informed career choice and to help the case manager make an informed decision as to the individual's likelihood of training completion and successful attainment of employment. The right combination of individualized career services, such as a comprehensive assessment and an in-depth interview, better prepares the case manager to make a decision as to the individual's readiness for training, including whether there are barriers that must be addressed prior to entering training.

An IEP targeting the specific needs of the individual must be developed for each individual determined to be eligible for the Title I Adult and/or Dislocated Worker (DLW) program. The IEP must identify employment goals, achievement objectives, and the appropriate combination of services required to achieve the participant’s employment goals. Instructions for the development of the IEP and processes for recording the IEP in OKJobMatch are found in WSD #25-2024.

Costs Not Allowed Toward 40% Calculation

Although the cost of training must be coordinated to the extent possible with other sources of assistance, leveraged funds must not be included in the 40% training rate calculation. This includes funds and services available through other workforce partners and other grant assistance, such as State-funded training funds or Federal Pell Grants. Additionally, the following costs may not be included when calculating the local Training Expenditure Rate:

- Costs associated with workforce staff time, materials, supplies, or overhead.
- Needs related payments.
- Rent or mortgage payments.
- Utility bills
- Initial assessments of skill levels (including literacy, numeracy, and English language proficiency), aptitudes, abilities (including skills gaps), and supportive service needs
- Incentives (for example, gift cards for completing milestones or training).

Calculation of Expenditure Rate

The 40% training expenditure rate is calculated separately for Adult formula funds and DLW formula funds. The following formulas determine whether the LWDA is expending 40% of their allocated Adult program dollars on training, and whether 40% of allocated DLW are expended on training. The total qualifying expenditures from each program must be divided by the respective WIOA program’s allocation, minus a maximum of 10% local administrative cost.

Adult Program Training Expenditure Calculation

$$\text{Yearly Adult Training Expenditure Rate} = \frac{\text{Total Qualifying Training Expenditures from the WIOA Adult Allocation}}{\text{WIOA Adult Allocation minus Local Administrative Cost (Capped at 10\% of Adult Allocation)}}$$

Dislocated Worker Program Training Expenditure Calculation

$$\text{Yearly DLW Training Expenditure Rate} = \frac{\text{Total Qualifying Training Expenditures from the WIOA DLW Allocation}}{\text{WIOA DLW Allocation}} - \text{minus Local Administrative Cost (Capped at 10\% of DLW Allocation)}$$

Local 40% training expenditures must be reported quarterly via the State-issued 9130 Form. LWDBs should work with their service provider and fiscal agent to monitor performance related to the 40% training expenditure requirement.

ENFORCEMENT OF THE REQUIRED EXPENDITURE RATE

OESC 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 LWDA must submit to OESC an action plan with achievable strategies and a realistic timeline that will ensure that the LWDA meets the expenditure rate in the following program year. A successful action plan typically consists of the following elements, at a minimum:
 - a. The total training expenditure level for the non-compliant program (or programs) for the first year the minimum 40% rate was not attained.
 - b. A detailed plan to meet the 40% minimum training requirement for the current program year.
 - c. Strategies for leveraging resources from training and supportive services.
 - d. Define processes and forms that will be used to monitor and track training and supportive service expenditures.
 - e. List any technical assistance needs that must be addressed to meet the 40% minimum training expenditure requirement.
2. After two consecutive years of non-compliance, the Governor will mandate the minimum expenditure to be addressed as a component of the WIOA local plan.
3. Failure to comply with this policy for 3 consecutive years may result in the State recapturing and reallocating a percentage of the LWDA'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.

ACTION REQUIRED: This Workforce System Directive (WSD) is to become a part of your

permanent records and be made available to appropriate staff and sub-recipients.

INQUIRIES: If you have any questions or concerns regarding issuance, please email WorkforceServices.Inquiry@oesc.ok.gov.