

***Training Benchmarks and Definitions for Allowable Training Activities***

***August 27, 2018***

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This policy explains the minimum spending requirements (i.e. training expenditure benchmarks) introduced in Pennsylvania's WIOA Combined State Plan, further defines participant training for such benchmarks and initial planning and implementation assistance for this requirement.

**SUMMARY OF CHANGES**

The Pennsylvania Department of Labor & Industry, or L&I, issued Workforce System Policy (WSP) No. 06-2015, *Training Expenditure Benchmarks and Definitions for Allowable Training Activities*, on Apr. 7, 2015. This change incorporates the original document with the following revisions.

- This section, Summary of Changes, was added to articulate changes to the original policy.
- The references section was updated to include the Code of Federal Regulations, or CFR, associated with the Workforce Innovation and Opportunity Act, or WIOA, and other issuances by the U.S. Department of Labor, or USDOL, and USDOL Employment and Training Administration, or ETA.
- Section IV, now Section V, "Training Expenditure Benchmarks," was changed to spur local boards' focus on outcomes leading to greater skills attainment or competency. Additionally, this section clarifies how benchmarks are calculated.
- Section V, now Section VI, "Training Expenditure Reporting," was revised to demonstrate how L&I derives local area benchmarks, as well as the how the training benchmarks are, or are not, met.
- Section VII, "PY 2016 Transitional Regional/Local Plans," was removed.
- Typographical and grammatical errors were made throughout the document, as well as editing to improve clarity.

**Note:** Although the date of this policy reflects the date that the change was issued, the content's effective date remains the same (i.e., July 1, 2016).

**I. References.**

- Public Law (Pub. L.) 113- 128, *Workforce Innovation and Opportunity Act (WIOA)*
- 20 CFR, WIOA Final Rules and Regulations
- 2 CFR Part 200 et al, and Part 2900, *Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- Training and Employment Guidance Letter, or TEGE, No. 19-16, *Guidance on Services provided through the Adult and Dislocated Worker Programs under the Workforce Innovation and Opportunity Act (WIOA) and the Wagner-Peyser Act Employment Service (ES), as amended by Title III of WIOA, and for Implementation of the WIOA Final Rules, March 01, 2017*
- TEGE No. 41-14, *WIOA Title I Training Provider Eligibility Transition*

- TEGL No. 15-10, *Increasing Credential, Degree and Certificate Attainment by Participants of the Public Workforce System*
- TEGL No. 17-05, *Common Measures Policy for ETA Performance Accountability System and Related Performance Issues*
- *Pennsylvania Workforce Innovation and Opportunity Act Combined State Plan (PY 2016 – PY 2019)*
- Workforce System Policy (WSP) 04-2015, *Eligible Training Providers – Initial Implementation of WIOA*
- Workforce System Policy (WSP) 01-2015, *Pennsylvania’s Workforce System of Record*

II. **Background.** Some funds used to meet training expenditure requirements must be spent on training individuals with barriers to employment, demonstrating Pennsylvania’s commitment to focus resources on individuals traditionally more challenging to serve. This directive is intended solely for providing instructions regarding training expenditure benchmarks, and is not necessarily applicable to training definitions or acceptability otherwise.

III. **Training Expenditure Benchmarks.** Pennsylvania has established benchmarks for local workforce development area participant training expenditures. Benchmarks are based on the amount of WIOA Title I Adult and Dislocated Worker funds allocated to a local area, excluding funds allotted for administration. Beginning with Program Year, or PY, 2016, benchmarks will be 30 percent of these funds.

Additionally, benchmarks establish minimum spending requirements for providing training to individuals with barriers to employment. Beginning in PY 2016, at least 50 percent of funds used to meet training benchmarks must be spent on participants with one or more barriers to employment.

Benchmarks are L&I’s minimum expectation. Local boards may spend more than the target on activities identified by this policy.

While certain WIOA Title I funds establish training expenditure benchmarks, local boards may use other funding sources to count toward these benchmarks. Examples of funding sources other than Title I funds spent on providing participant training that may be used to meet spending requirements include:

- WIOA Title I-B Youth workforce activities funds allocated to local areas
- Federal funding sources such as vocational rehabilitation, Temporary Assistance for Needy Families, or TANF, national dislocated worker grants and other federal discretionary grants
- State funds, such as those for industry partnerships and state discretionary grants
- Local funds, such as county or city training programs, local industry partnership funds used for training and philanthropic funded training programs may be used

**Note:** Local areas will receive credit only for training expenditures with funds passed through the local area. Funds not directly passed through (e.g. Trade) do not count toward meeting benchmarks.

IV. **Training Expenditure Reporting.** To ensure that benchmarks are met, L&I will assess local area training expenditures using financial status reports, or FSRs, for each local area that have been submitted in the Commonwealth Workforce Development System, or CWDS. The following program year will be the year in which Pennsylvania will assess training expenditure rates in meeting the prior year’s benchmarks. Local areas will have two (2) years to meet established benchmarks (i.e. the year of appropriation and one succeeding year). L&I will provide written notification to local areas indicating training expenditures relative to benchmarks. Local areas that do not appear to be spending enough to meet benchmarks must

itemize other CWDS and non-CWDS funding sources toward meeting benchmarks or submit a progress report that indicates how such benchmarks will be achieved.

**Note:** Local boards may ask that a training activity not currently defined herein as an allowed type of training activity may be included as such and count toward the training expenditure benchmarks.

V. **Definitions.** The attached appendix, Allowable Training Activities Defined, is a list of training activities pertinent to training expenditure benchmarks that may be provided within a local workforce development area. In addition to those services listed in the appendix, local boards may ask that certain activities not currently defined as an allowed training activity be included as such for the purposes of this requirement. All such requests must be submitted to L&I. Requests must include a statement that identifies the service and/or activity to be included and a supporting narrative.

VI. **Effective.** July 1, 2016.

**Note:** Pennsylvania will annually reassess benchmarks and training funds targeted to individuals with barriers to employment.

VII. **Contact Entity.** Requests and/or inquiries related to this policy should be forwarded to L&I's Bureau of Workforce Development Administration via [RA-LI-BWDA-Policy@pa.gov](mailto:RA-LI-BWDA-Policy@pa.gov).

VIII. **Rescissions.** None

IX. **Accessibility.** Workforce system directives are available on L&I's website at <http://www.dli.pa.gov>.

X. **Attachments.**

Appendix: *Allowable Training Activities Defined*

# Allowable Training Activities Defined

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## LOCAL WORKFORCE DEVELOPMENT AREA TRAINING ACTIVITIES

Per L&I's Eligible Training Providers Workforce System Policy regarding WIOA Title I-B funded training, a **program of training services** is one (1) or more courses or classes, or a structured regimen that leads to a recognized postsecondary credential, secondary school diploma or its equivalent, employment or measurable skill gains toward such a credential or employment. These training programs may be delivered as stackable services and could be provided in person, online or in a blended approach.

The main distinction between a *program of training service* and a *type of training activity*, for this policy, is that a program of training service is a specific training service, such as Penn State University's Certified Nursing Assistant (CNA) program. A type of training *activity* is the classification a specific program belongs to.

The following subsections describe the categories of training activities:

### ***Customer-Centric Training***

Training programs and services driven by consumer choice, require the use of individual training accounts, or ITAs, and, except for registered apprenticeships, are subject to ETPL requirements.

### ***Employer-Centric Training***

A local board may contract for work-based training programs and services. These programs and services are primarily employer driven and not subject to ETPL requirements.

### ***System-Centric***

System-centric programs and services are tools that allow local boards to strategically move the local workforce system forward in meeting its goals and vision. Additionally, such resources create flexibility and innovation in responding to consumers' and employers' needs. Under limited conditions a local board may contract for these services, rather than using a system of ITAs, when:

- There are insufficient providers
- There is a program of training services with demonstrated effectiveness offered in the local area by a community-based organization or other private organization to serve individuals with barriers to employment
- It would be most appropriate to award a contract to an accredited institution of higher education or other eligible provider of training services to facilitate the training of multiple individuals within in-demand industry sectors or occupations, and such contract does not limit customer choice
- When a local board provides a program of training services through a pay-for-performance contract.

## DEFINITIONS OF TRAINING ACTIVITIES FOR EXPENDITURE BENCHMARKS

### ***Adult Education and Literacy, or AEL, in Combination with Occupational Training***

This training service must include English language acquisition, integrated education and training programs

and activities provided concurrently or in combination with any of the following: occupational skills training, on-the-job training, incumbent worker training, co-op training, entrepreneurial training, skill upgrading and retraining.

AEL, in combination with occupational training, is typically classroom instruction that advances basic educational skills in preparation for future training, future employment or retention in present employment. This training may include instruction in the following: remedial reading, writing, mathematics, literacy training and study skills, English for non-English speakers, bilingual training, and high school equivalency preparation.

### ***Apprenticeship Program (not a Registered Apprenticeship Program)***

A combination of on-the-job training and related instruction in which workers learn practical and theoretical aspects of a highly skilled occupation. Apprenticeship programs can be sponsored by individual employers, joint employer/labor groups or employer associations, but are not recognized as “registered apprenticeships.”

**Note:** There are distinctions between “apprenticeship” and “registered apprenticeship,” and each must be entered into the system of record, CWDS, as separate activities.

### ***Cohort Training***

An allowable program of training services wherein multiple individuals receive training for one or more in-demand industries or occupations. This training requires a local board contract that ensures customer choice.

### ***Combined Job-Readiness Career Services and Training Activities***

Job-readiness career services (also known as work-readiness, career-readiness and prevocational services) are a classification of activity that prepares individuals for unsubsidized employment or training. Such activity is provided to develop the same skills acquired through work experience (e.g., communication skills, conflict-management skills, critical-thinking skills, problem-solving skills, soft skills, etc.). This type of instruction focuses on job-attainment and job-retention skills, and may be augmented based on employer recommendations, often to address a job applicant’s shortcomings.

Requires the combination of job-readiness career services and any of the following training activities: occupational skills training, on-the-job training, incumbent worker training, cooperative education training, skill upgrading and retraining, entrepreneurial training and transitional employment. Job-readiness activities are considered career services, not training services, and as such must include one (1) or more of the training activities to be considered an approved activity and count toward benchmarks.

### ***Cooperative Education Program (Co-op)***

Combined classroom-based education with practical work experience. A cooperative education experience may provide academic credit for structured job experience in the student’s major field of study or career focus.

### ***Customized Training (CT)***

Training that meets and employer’s or employers’ special requirements as defined by a contract, for which one or more employers pays a significant portion of the cost as determined by local policy. This training includes a commitment by the one or more employers to hire recipients of successfully completed training.

### ***Entrepreneurial Training***

Programs that help qualified individuals interested in starting a business and becoming self-employed.

These programs and activities incorporate the basics of starting and operating as a business.

### ***Incumbent Worker Training (IWT)***

Incumbent worker training meets one or more employers' needs to retain a skilled workforce, avert an employee layoff, increase employer or employee competitiveness, and must be conducted with a commitment to retain worker trained. Employers receiving IWT funds must pay the non-federal share of the training's cost. Training may also include up-skilling an employer's current workforce, which may lead to additional opportunities for potential job seekers. IWT must lead to an in-demand occupation (as determined at the local level), but does not necessarily have to lead to a high-priority occupation (HPO); however, as all HPOs are also in-demand occupations, such occupations are eligible for incumbent worker training.

### ***Industry Partnership Training***

Industry partnerships bring employers, workers, worker representatives and others together in targeted industry clusters to provide employer-driven, consortium-based worker training in high-priority occupations.

### ***Occupational Skills Training***

An organized program of study that provides specific vocational skills leading to proficiency in actual tasks and technical functions required by certain occupational fields at entry, intermediate or advanced levels. Priority consideration must be given to training programs leading to recognized postsecondary credentials aligned with in-demand industries and/or occupations in the local area.

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

Training by an employer provided to a paid participant while engaged in productive work in a job providing knowledge or skills essential to the full and adequate performance of the job; is made available through a program providing reimbursement to the employer a percentage of the participant's wage rate; 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 participant's prior work experience and the service strategy for the participant.

### ***Pay-for-Performance Training***

This type of training service occurs when a pay-for-performance contract is used to provide one (1) or more of the training services included herein.

Any pay-for-performance contract for training services must specify the fixed amount that will be paid to an eligible training provider and be based on the specified levels of performance achieved within a defined timetable (as determined by the local board). Providers contracted through this type of agreement, and their performance outcomes, must be included on the local eligible training provider list as described in Pennsylvania's eligible training provider policy. Pay-for-performance training contracts must require providers to submit, at a minimum, all the performance data required by the U.S. Department of Labor. Such contracts may be based on the primary performance indicators as described in WIOA Section 116(b)(2)(A) for target populations, to include individuals with barriers to employment, and may provide for bonus payments to applicable training providers to expand their capacity to provide effective training.

### ***Pre-Apprenticeship***

WIOA classifies job readiness as a career service, but distinguishes and associates similar activities such as "work experience" and "pre-apprenticeship" with youth. In all instances, such preparatory services are not considered training services. Pre-apprenticeship training as a stand-alone activity is considered an element of the youth program. Solely for the purposes of this policy, pre-apprenticeship programs may be considered an allowable

type of job-readiness career service to count toward local area training expenditure benchmarks if provided in combination with any of the following training activities: occupational skills training, on-the-job training, incumbent worker training, cooperative education training, skill upgrading and retraining, entrepreneurial training and transitional employment.

A pre-apprenticeship is a program or set of strategies that prepares individuals to enter and succeed in a registered apprenticeship program that includes a documented partnership with one (1) or more registered apprenticeship program(s). Pre-apprenticeship programs are for workers who may not have the fundamental skills to succeed in a registered apprenticeship program, and for youth who are exploring career options. Such programs operate within an approved plan under which candidates participate in a short, intensified training period in a school or training center, with the intent to place them into registered apprenticeships upon completion or soon after completion of the program. These training programs help apprenticeship candidates decide on an occupational track, develop foundational skills and improve productivity once employed.

### ***Skill Upgrading and Retraining***

Adult and dislocated worker training that upgrades a participant's current skills and/or retrains participants in a new industry and/or occupation. Providers of skill upgrading and retraining services should demonstrate that completing this type of training results in the acquisition of transferable skills and/or an industry-recognized certification or credential. Skill upgrading and retraining may prepare people for entrance into new occupations through instruction in new or different skills demanded by technological changes. It may provide skills upgrading to participants in specific skills a particular business or industry needs and that lead to potential career growth and increased wages; and, it may develop professional competencies that are particularly relevant to a specific vocational or occupational goal.

### ***Transitional Employment***

Subsidized work experience that is time-limited and helps participants with barriers to employment who are chronically unemployed or have inconsistent work histories establish work histories, demonstrate success in the workplace and develop the skills that lead to entry into and retention in unsubsidized employment.

If a local area chooses to use transitional jobs as part of their service delivery strategy, the local board must adopt appropriate policy, strategies and identify employers (public, private or nonprofit) that can provide quality experiences for individuals to eventually obtain unsubsidized employment. Additionally, the local policy must address what reimbursement amounts would be for the jobs, supportive services included and any limits on the duration of the transitional job.

### ***Workplace Training with Related Instruction***

Work experience is an activity primarily provided to youth participants, may be paid or unpaid, may include job-shadowing, internship services, pre-apprenticeship programs and OJT. It may be conducted in the private-for-profit, private non-profit and public sectors, but may not take place in public service employment as such activity is a prohibited activity under WIOA. Work training (i.e., work experience) is planned, structured training that takes place in a workplace setting for a limited time. Such training must be based on specific needs identified through assessment and documented within the participant's individual employment plan (IEP) or individual service plan (ISS), and must combine workplace training with classroom/formal instruction relating to a particular position, occupation, industry or basic skills and abilities to successfully compete in the local labor market. This type of training may include cooperative education programs and may serve as an intermediate step toward the long-term goal of moving along a career path.

Both elements, workplace training (i.e., work experience) and formal related instruction, must be present to satisfy the definition of this type of training activity. By itself, career preparatory activities/career services as

mentioned above (to include soft skills training, job-readiness training, pre-apprenticeship training and work experience) will not be classified as a training activity, nor count toward meeting the training expenditure benchmark unless in combination with any of the following training activities: occupational skills training, on-the-job training, incumbent worker training, cooperative education training, skill upgrading and retraining, entrepreneurial training and transitional employment.

## **TRAINING COSTS**

The **types of training costs** provided in the subsection to follow are intended solely for identifying the types of training costs that may be counted toward local area training expenditure benchmarks, and are not necessarily applicable to federal or state training definitions or acceptability otherwise.

### ***Allowable Training Costs***

Only the direct costs associated with the types of training activities defined herein (i.e., adult education and literacy, or AEL, combined with occupational training, apprenticeship, cohort training, combined occupation and job-readiness training, cooperative education program, customized training, entrepreneurial training, incumbent worker training, industry partnership training, occupational skills training, on-the-job training, pay-for-performance training, registered apprenticeship, skill upgrading and retraining, transitional employment and workplace training with related instruction) may be counted toward training expenditure benchmarks.

- Tuition for participant occupational skills training
- Employer reimbursements for approved work-based training types (e.g., on-the-job training)
- Work experience wages, when combined with related instruction (as appropriate)
- Transitional employment wages
- Work experience or workplace training costs, if combined with classroom-based instruction
- Adult education and literacy activities costs, if provided in combination with occupation training
- Costs directly attributed to the training portion of allowable pay-for-performance training and cohort training contracts
- Job-readiness services costs, only if provided in combination with occupation training, and only if at least 50 percent of the funds spent to provide this type of combined training were spent on the participant occupational training portion
- Costs spent directly on providing the following types of participant training:
  - Apprenticeship and associated classroom instruction
  - Entrepreneurial classroom instruction
  - Industry partnership-funded training
  - Skill upgrading and retraining
  - Incumbent worker training (excluding the non-federal employer payment share)

### ***Non-Allowable Training Costs***

The following are examples of types of costs that will not be counted toward training expenditure benchmarks:

- Any indirect training costs (e.g., office supplies)
- Costs for training related materials and supplies (e.g., books)
- Costs associated with obtaining an occupational certificate (e.g., tests and fees)
- Supportive services (e.g., transportation costs, needs-related payments)



- Incentives (e.g., gift cards for the completion of a training program)
- Costs associated with local workforce staff (i.e., board, partners and intermediaries) time, materials, supplies, or overhead providing career services and services leading toward providing or preparing for training (e.g., assessment or pre-tests required to participate in any of the types of training activities described herein, career planning activities and job-readiness activities)

**Note:** All training services and training activities programs provided using WIOA title I-B funds are still governed by Pennsylvania’s eligible training provider policy and applicable federal and state statute and regulations. Local boards may request, using the process described in **Section VI** of this policy, that a certain cost not currently included in this policy as an allowed training cost may be included as such to count toward the local area training expenditure benchmarks.