

DEPARTMENT OF WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SOLUTIONS
ADMINISTRATOR'S MEMO SERIES

ACTION
 NOTICE 06-11

ISSUE DATE: 07/07/2006
DISPOSAL DATE: Ongoing

*PROGRAM CATEGORIES:

AS FM ML TR
 CC FL NA W-2
 CS IT RA WIA
 CF JC TC
 CR LM TA

To: Workforce Development Board (WDB) Directors

From: Bill Clingan /s/
Division Administrator

RE: Workforce Investment Act (WIA) 35% Expenditure Requirement for Training leading to High Wage Jobs

PURPOSE:

To announce how the 35% expenditure requirement for training leading to high wage jobs requirement for the WIA Program will be implemented.

BACKGROUND

Nationwide, local workforce boards used an estimated 40% of the WIA funds they had available in Program Year (PY) 2003 to obtain training services for WIA customers. An informal survey of Wisconsin's WDBs put that figure in the range of 12-54%.

Training is a vital component to preparing Wisconsin's workforce for current and future jobs. The United States Department of Labor has also been emphasizing the need to focus WIA Title 1B funds on training. In recognition of this, the Department began a dialogue with WDB Directors and others regarding the importance of training and the need to make a greater effort towards moving people being served through our Job Center System into better jobs than we have in the past. The 2005-2007 WIA State Plan submitted to the Department of Labor in May of 2005 reflects this commitment.

With the loss of over 90,000 manufacturing jobs in the state in the past few years, many of which were unskilled, training and re-training for the workers who lost their jobs is essential. To ensure that critical resources are being focused on preparing more people for higher wage jobs, and recognizing the strong connection of training to a "ready" workforce, the Department has set

* PROGRAM CATEGORIES:

AS--Apprenticeship Standards	FM--Financial Management Requirements	ML--Migrant Labor	TR--Transportation
CC--Child Care	FL--Foreign Labor Certification	NA--Native American Services	W-2--Wisconsin Works
CS--Child Support	IT--IT Systems	RA--Refugee Assistance	WIA--Workforce Investment Act
CF--Children First	JC--Job Center	TC--Tax Credit Programs	
CR--Civil Rights	LM--Labor Market Information	TA--Trade Assistance	

a goal of spending 35% of formula allocated WIA funds for the Adult and local Dislocated Worker and Special Response programs, less the 10% for administration, in PY06 for training and training supports leading to high wage jobs. This requirement is included in the WIA Local Plan Guidelines Part 2 which were issued by the Department in December 2005.

POLICY

Costs that can be attributed to this goal include any costs or support services relating to a verifiable expectation that at the end of training the participant will have the skills needed to qualify for a job that is at least at the Workforce Development Area's (WDA's) median wage rate. Costs such as assessment, case management and basic skills services will not count toward meeting the 35% requirement.

Determination of whether training will qualify for the 35% requirement can be made by comparing the median wage for recent graduates of this training to the median wage for the WDA. The median wage for recent graduates can be assumed to be a starting level wage. The most recent Wisconsin Technical College *Graduate Follow-Up Report* (<http://www.wtcsystem.edu/reports/fact/graduate/index.htm>) can be used to determine the median wage for recent graduates. If the wage reported through that survey is the same or higher than the median wage for the WDA, the training (and associated supportive services costs) will count towards the 35% goal.

For training delivered by other providers, the WDB will need to assess similar kinds of information from the training provider to determine if the training will qualify for the 35% goal.

Allowances are made for a "Career Ladder" if a customer is low-skill, but strongly motivated to get a higher skill, better paying job through a series of steps. The first step training will count towards the 35% goal if the following conditions are met:

- a) The WDA determines, through assessment and counseling, that the customer is a good candidate for a long-range plan leading to a higher skill, better paying job;
- b) The *Employability Plan* outlines the various steps and goals in the career ladder;
- c) The WDB is willing to follow the customer and support their efforts to reach the long-term career goal.

An example of this "Career Ladder" would be a customer who wants to become a Licensed Practical Nurse (LPN). One of the pre-qualifications is a Certified Nursing Assistant (CNA) certificate. If the job of LPN meets the median wage test for the WDB, and the WDB determines that the customer is a good risk for the long term goal and develops an *Employability Plan* to reflect that goal, and the WDB is willing to follow the customer through the long-term goal, then the CNA training and associated education and training and supportive services costs could be counted towards the 35% goal.

Once the training has qualified for the 35% goal, then the WDB may also count the following related costs toward the goal as well: tuition, fees, books, essential equipment, specialized clothing, and supportive services including transportation, child care, dependent care, housing and needs-related payments.

Costs can be counted towards the 35% goal from the time they are incurred. In other words, a customer does not have to successfully complete the training in order to count the costs toward this goal.

CORe expenditure codes 2715 for the Adult program, 2716 for the Dislocated Worker program and 2717 for the Special Response program have been established to report the costs that apply to these training goals. These new codes are memo-only. 100% of the costs relating to the Adult and Dislocated Worker program will continue to be reported on the codes 2705, 2706 and 2718 respectively, and costs relating to the 35% goal for the high wage jobs will be repeated on these two new line codes.

For evaluating program compliance, the amounts reported on 2715 will be compared to the expenditures-to-date for the Adult program reported on 2705. The amounts on 2716 and 2717 will be combined and compared to the total expenditures for the local Dislocated Worker and Special Response reported on 2706 and 2718.

The Department is looking at PY 2006 as a data gathering year. We will review the data after PY 2006 to determine if the 35% is an appropriate level for the WDBs to meet. Sanctions will not be applied if WDBs do not attain the 35% expenditure level in this first year of implementation. However, we do expect the WDBs to provide a rationale for why the goal could not be achieved.

ACTION SUMMARY STATEMENT:

WDBs need to maintain accounting records to appropriately identify and account for the 35% high wage training costs, and report the amounts on the new CORe line codes beginning with the PY06 funds on July 1, 2006.

CONTACT: If you have any questions about this memo, please contact Mark Macke at 608-266-5309 or mark.macke@dwd.state.wi.us or Dianne Reynolds at 608-266-0988 or dianne.reynolds@dwd.state.wi.us.