

**Nevada Department of Employment, Training and Rehabilitation
(DETR)
Workforce Innovation and Opportunity Act
State Compliance Policy**

Policy Number: 3.6

Originating Office: Workforce Investment Support Services

Subject: Cost Limitations

Issued: July 2005 Workforce Investment Act (WIA)

Revised: June 2015 Workforce Innovation and Opportunity Act (WIOA)

Purpose: To provide guidance on cost allocation/expenditure limitations for WIOA program activities.

Background: The Workforce Innovation and Opportunity Act limits expenditures for administrative costs at both the State and Local Board level. Additionally WIOA requires that 75% of youth funds be used to provide services to out of school youth and State policy requires that Local Boards expend a certain percentage of WIOA funds training services.

I. General [§683.205, 2 CFR 200]:

- A. Each Local Board is directly responsible for ensuring compliance with the cost limitations requirements for all funds allocated.
- B. Expenditures will be tracked and reported quarterly by year of appropriation, cost category, and funding stream (youth, adult, dislocated worker, and administration) until the final expenditure report is submitted. Cost limitation records are subject to record retention requirements (WIOA State Compliance Policy Section 5.4 – Record Requirements).
- C. Although final compliance with Local Board cost limitations will not be determined until after the final report is submitted, the state will regularly assess compliance with the cost limitations including periodic review and corrective action as necessary.

- D. Failure to comply with cost limitations will result in disallowed costs or a reduction of obligated funds (WIOA State Compliance Policy Section 5.6 – Sanctions and Resolution Process).
- E. The cost limitation provisions apply to net allocations remaining after adjusting for the effects of recessions, reallocations, and transfers between funding streams.

II. Limitations:

- A. In accordance with Governor’s Executive Order 2012-18; (This provision does not apply to Youth funding.)

Training expenditures for the purposes of this policy will include the following:

- Occupational Classroom Training/Nationally Recognized Certificate Training
- Customized Training
- Support Services related to participants in the Training activities listed above
- On the Job training

Occupational Classroom Training/Nationally Recognized Certificate Training is defined as occupational skills training (including stackable certificate training), training for non-traditional employment, skill upgrading and retaining. The primary intent of Training is to improve the earnings potential and employability of workers.

Customized Training is defined as training that is (A) designed to meet the specific requirements of an employer (including a group of employers; i.e. industry sector certificate programs); (B) conducted with a commitment by the employer to employ an individual (or individuals) on successful completion of the training; and (C) for the employer who pays (i) a significant portion of the cost of training, as determined by the local board involved, taking into account the size of the employer and such other factors as the local board determines to be appropriate, which may include the number of employees participating in training, wage and benefits levels of those employees (at present and anticipated upon completion of the training), relation of the training to the competitiveness of a participant, and other employer-provided training and advancement opportunities; and (ii) in the case of customized training (as defined in subparagraphs (A) and (B) involving an employer located in multiple local areas in the State, a significant portion of the cost of the training, as determined by the Governor of the State, taking into account the size of the employer and such other factors as the Governor determines to be appropriate. Note: minimum investment percentages pertaining to training are not to include On the Job training subsidies paid to employers.

Support Services include such things as transportation, child care, dependent care, and housing necessary to enable an individual to participate in WIA training services, within the scope allowed for by regulation.

On the Job training defined as training by an employer that is provided to a paid participant while engaged in productive work in a job that:

- (A) provides knowledge or skills essential to the full and adequate performance of the job;
- B) is made available through a program that provides reimbursement to the employer of up to 50 percent of the wage rate of the participant, except as provided in WIOA Section 134(b)(3)(H), for the extraordinary costs of providing the training and additional supervision related to the training; and
- C) 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, and the service strategy of the participant, as appropriate.

The Training Expenditure rate will be monitored on a quarterly basis by DETR. The rate shall be calculated using the following methodology:

- Using data reported quarterly by each Local Workforce Development Board on DETR form S-2, the Training sub-total plus the Support Services sub-total divided by the Total One Year Availability amount equals the Training Expenditure rate, expressed as a percentage.

Failure by the Local Boards to meet the desired Minimum Training Expenditure Percentage will result in the Local Board being ineligible for any WIA Incentive awards for the program year, and subject to any other sanctions within the compliance policies for the local board or rules and regulations of the Act; and will require a corrective action plan be developed to address the performance deficiency. Failure by a Local Board to meet the required Minimum Training Expenditure Percentage performance goal two years in a row will result in corrective action or decertification of that Local Board.

The Minimum Training Expenditure percentage(s) for subsequent program years, will be determined as a result of outcomes derived from previous years; the training needs determined from the industry sector councils reports; and the recommendations of the local boards, based on the needs of each local workforce investment area.

- B. Not more than 10 percent of funds allocated to the local area under Sections 128(b) and 132(b) of the Act for any program year shall be expended for administration [§683.205 (a)(2)]

Note: No administrative costs can be charged to Governor's Reserve projects, including incumbent workers training and pilot projects.

- C. Costs of information technology including computer hardware and software used for the purposes of the tracking and monitoring of WIOA programs, participants, or performance requirements, and for collecting, storing, and disseminating information under core services at WIOA Section 134 (d)(2) are excluded from the administrative costs limit calculations [§683.205(a)]
- D. Administrative costs borne by other sources of funds, such as the Wagner-Peyser Act, are not included in the administrative cost limit calculation. Each programs' administrative activities are charged to its own grant and subject to its administrative limitations [§683.205 (a)(4)];
- E. Limits on administrative costs for programs operated under subtitle D of Title I will be identified in the grant or contract award document [§683.205(b)].

III. Expenditure Rate for Out-of-School Youth:

- A. At a minimum, 75 percent of the funds expended in the local area must be used to provide activities for out-of-school youth [§681.410 and WIOA Section 129 (a)(4)(A)].
- B. There is a limited exception, at WIOA Section 129(a)(4)(B), under which certain small states may apply to the Secretary of Labor for a waiver to reduce the minimum amount that must be spent on out-of-school youth.

References: 20 CFR 683.205, 2 CFR 200, WIOA Sections 129, 134