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DATE: January 24, 2020

TO: LA's Workforce Development System

FROM: Gerardo Ruvalcaba, Director
Workforce Development System

SUBJECT: **WDS DIRECTIVE №. 20-13**
REVISED LEVERAGED RESOURCE REPORTING REQUIREMENTS FOR WORKSOURCE CENTERS

EFFECTIVE DATE

This directive is effective immediately upon issue.

PURPOSE

This directive spells out the procedures for reporting training as a leveraged resource as allowed by Senate Bill (SB) 734 and Assembly Bill (AB) 1149, as well as reporting all other leveraged resources. This directive rescinds and replaces WDS Directive 12-23, and contains the reporting forms for both categories of leveraged resources.

BACKGROUND

WDS Directive 12-23, released June 27, 2012, set forth the reporting guidelines for training leveraged resources to align with Senate Bill 734 (SB 734), as well as reporting other items that were leveraged that did not count towards SB 734's allowance. It also contained the forms to report each of the types of leveraged resources.

State Senate Bill 734 (DeSaulnier), Chapter 498, Statutes of 2011, imposed new training expenditure requirements on Local Workforce Investment Boards (now known as Workforce Development Boards) carrying out WIA (now WIOA) funded programs. In Program Year (PY) 2012-13 local boards were required to spend at least 25 percent of their Adult and Dislocated Worker Formula fund allocations on workforce training services. A portion of the minimum training expenditure requirement (an amount of up to 10 percent of the Adult and Dislocated Worker formula fund allocation) could be met by applying designated leveraged resources used for training services.

On May 17, 2012, the State of California Employment Development Department (EDD) issued Directive WSD11-9 reiterating that the State would only consider certain forms of non-formula funded training as a leveraged resource towards meeting the SB 734 requirement.

This WIOA Title I financially assisted program or activity is an equal opportunity employer/program.
Auxiliary aids and services are available upon request to individuals with disabilities.

In PY 16-17, the SB 734 requirement for local areas increased from 25 to 30 percent, while maintaining the condition that a portion of the minimum training expenditure requirement (an amount of up to 10 percent of the overall Adult and Dislocated Worker formula fund allocation) may be met by applying designated leveraged resources used for training services. In PY 17-18 agency WorkSource budgets reflected a minimum 28 percent set-aside, and increased the allowable leveraged amount to 14 percent, for a total of 42 percent. For PY 19-20, WorkSource budgets reflect a minimum 29 percent set-aside and a leveraged amount of 14 percent, for a total of 43 percent.

In 2017, Governor Jerry Brown signed into law Assembly Bill (AB) 1149, which expands the types of services to which leveraged funds may be applied to include Supportive Services, and expands the types of leveraged funds that may be applied to the 10 percent credit.

DEFINITIONS

Leveraged Resources

Leveraged resources are defined as federal and non-federal resources (cash contributions and in-kind contributions) used to support grant activity and outcomes that would normally be paid for using grant funds. Leveraged resources must be allowable and auditable under the WIOA program.

Training

A program of training services is defined in Title 20 CFR Section 680.420 as "one or more courses or classes, or a structured regimen, that upon successful completion, leads to: a) an industry-recognized certificate or certification, a certificate of completion of a registered apprenticeship, a license recognized by the State involved or the Federal government, an associate or baccalaureate degree; b) a secondary school diploma or its equivalent; c) employment; or d) measurable skill gains toward a credential described in paragraph (a) or (b) of this section or employment.

Examples of such training services include but are not limited to:

1. Occupational skills training, including training for non-traditional employment;
2. On-the-Job (OJT) training;
3. Incumbent worker training in accordance with Section 3174(d)(4) of Title 29 of the United States Code;
4. Programs that combine workplace training with related instruction, which may include cooperative education programs;
5. Training programs operated by the private sector;
6. Skill upgrading and retraining;
7. Entrepreneurial training;
8. Transitional jobs in accordance with Section 3174 (d)(5) of Title 29 of the United States Code;
9. Job readiness training provided in combination with any of the services described above (a-h);
10. Adult education and literacy activities provided in combination with any of the services described above (a-g); and

11. Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

Training Leveraged Resources

Only the following leveraged funds may be applied to the 14 percent credit:

a. Federal Pell Grants established under Title IV of the Higher Education Act of 1965.

b. Public programs authorized by the Workforce Innovation and Opportunity Act of 2014 (e.g., Job Corps, Migrant and Seasonal Farm Worker, Rapid Response, WIOA Title II Adult Education and Literacy, national and state WIOA discretionary grants, WIOA youth program, etc.). This category of leveraged resources does not include WIOA adult and dislocated worker formula funds. Local Boards are permitted to apply youth formula funds expended on training for individuals ages 18-24 as a leveraged resource if: (1) the individuals are co-enrolled in either the WIOA adult or dislocated worker program, and (2) the training meets all requirements set forth in this Directive.

c. Trade Adjustment Assistance.

d. Department of Labor National Emergency Grants.

e. Match funds from employers, industry, and industry associations (including the employer paid portion of customized training, the wages of an apprentice during the apprenticeship period, and the employer paid portion of on-the-job training).

   Note – Match funds from the employer paid portion of on-the-job training may only include the employer's cost attributed to the participant's training. See Attachment 1 for further details.

f. Match funds from joint labor-management trusts.

g. Employment Training Panel grants.

h. Supportive services as defined by WIOA, but only for those individuals enrolled in training services for occupations in demand by industry, as defined in section 3174 (c)(3)(D) of Title 29 of the United States Code and the corresponding sections of the Code of Federal regulations (CFR), and are necessary for the individual to participate in training. Supportive services may include, but are not limited to, the costs of trainees' or students' books, safety and lab equipment, tools and any payment of costs permitted under WIOA rules and corresponding regulations pertaining to supportive services expenditures, including the rule that these supportive services costs are necessary for the individual to participate in training;

i. Temporary Assistance for Needy Families (TANF) funds spent on supportive services for TANF enrolled individuals coenrolled in, and receiving training services for occupations in demand by industry through WIOA;

j. TANF funds spent on transitional and subsidized employment for TANF individuals coenrolled in, and receiving training services through WIOA;

k. Any other local, state, or federal funds spent on training or supportive services for individuals enrolled in training, provided the individuals are enrolled in WIOA for performance reporting and tracking purposes;

l. Any other public or private funds source approved by the State Board used to provide training or supportive services to individuals enrolled in training, provided the individuals are enrolled in WIOA for performance reporting and tracking purposes.

Local Areas seeking approval for funds under this category must submit a letter to the State Board. City of Los Angeles AJCC/WSC contractors must submit a letter requesting approval of funds under this category to their program monitor. EWDD will then submit a formal request to the State Board. State Board approval is required before such funds can be counted towards an AJCC's training leveraged resources. EWDD will notify the Workforce Development System once the status of such funds has been determined by the State Board.

Detailed records must be kept to validate the provision of these services, and must be auditable by any of the relevant agencies, State EDD, EWDD, DOL etc.

Non-Training (General) Leveraged Resources

In addition, the Economic and Workforce Development Department (EWDD) wants to capture the total leveraged resources generated by America's Job Centers of California (AJCC), also known locally as WorkSource Centers(WSC) contractors as presented by their responses to the latest AJCC RFP. The current budget process requires agencies to budget and report all leveraged resources in each category, with a specific emphasis on traing leveraged resources..

All other types of leveraged resources, including some forms of training, will fall under non-training or general leveraged resources. These may include Personnel Costs, Other Costs (facility, materials, copiers etc.), Participant-Related Costs, including those forms of training that do not meet SB 734 and AB 1149 requirements, Subcontractor Costs, Furniture and Equipment Costs, and Indirect Costs. These resources need to be reflected in the PY 2019-20 agency WorkSource budgets to align with the dollar amount specified in the RFP.

REQUIRED ACTION

Each month agencies are to determine and validate through support documentation the amount of leveraged resources for that month - both those that qualify under AB 1149 as training leveraged resources, and those that do not.. The Summary of Training Leveraged Resources form needs to be completed for training leveraged resources, and the Non-Training Leveraged Resources form for other leveraged resources. As with invoices, one version of each form needs to be completed for the Adult funding stream, and one needs to be completed for the Dislocated Worker funding stream, unless all your leveraging occurs in one funding stream. This equates to four (4) possible leveraged resource forms that may need to be submitted each month.

Invoices are due to the Financial Management Division (FMD) no later than the 15th of the month for expenses incurred in the prior month. Agencies need to include all leveraged training resource forms with the expenditure reports on the 15th of the month. Summary of Training Leveraged Resources form should reflect a cummalitive amount of leveraged training. Two copies of each form need to be submitted each month. One copy goes to FMD, and one copy goes to your assigned budget/program analyst.

FMD will compile the data and make that information available for use in the agency's annual performance evaluation. Agencies will be specifically evaluated on the amount of general leveraged resources they report versus what they indicated in their budget and RFP response. By providing the forms to their assigned Program Analyst each month, the analyst will be able to track the agency's progress throughout the program year and verify leveraged amounts reported during a site visit. Failure to conform to these requirements may adversely affect an agency's performance results.

WDS CONTACT

Questions or requests for additional information and/or clarification should be addressed to your assigned budget/program analyst, or you may contact Sarai Molina at Sarai.Molina@lacity.org or (213) 744-7162, TTY 711.

GR:TJ:DB:SM:cg

Attachment 1: Match Funds from Employer Paid Portion of On-the-Job Training
Attachment 2: Summary of Training Leveraged Resources Form
Attachment 3: PY 2019-20 EWDD Non-Training Leveraged Resources Form

Match Funds from Employer Paid Portion of On-the-Job Training

In meeting the training expenditure requirements of AB 1149, Local Workforce Development Boards may apply match funds from the employer paid portion of on-the-job training (OJT) as leveraged resources. In order to be applied toward the minimum training expenditure requirement, these match funds must be attributable to the cost of the participant's training.

Example – A Local Workforce Development Area (Local Area) establishes an OJT contract with an employer that includes expected training costs of $7,000 for a WIOA participant. The contract includes a 50 percent wage reimbursement rate for the employer. The participant will earn $10,000 in wages during the OJT period.

In this scenario, WIOA provides $5,000 in wage reimbursement and the employer provides $5,000 in match funds.

Wage Reimbursement (Calculation: $10,000 X 50%)	$5,000
Employer Match Funds (Calculation: $10,000 - $5,000)	$5,000

Of the $7,000 in expected training costs, the WIOA reimburses the employer $5,000; therefore, the employer has $2,000 in unfunded training costs.

Wage Reimbursement (Calculation: $10,000 X 50%)	$5,000
Unfunded Training Costs (Calculation: $7,000 - $5,000)	$2,000

In order to calculate the unfunded training costs, a local area would subtract the $5,000 in WIOA wage reimbursement from the $7,000 cost to train the individual; this leaves $2,000 in unfunded training costs. Of the employer's $5,000 match, $2,000 is spent on unfunded training costs and can be applied as leveraged resources. The remaining $3,000 of the employer's match is considered wages and has no direct correlation to the cost of training. As a result, the $3,000 cannot be applied as leveraged resources.

Wages Unrelated to Training (Calculation: $5,000 - $2,000)	$3,000

In summary, the $5,000 in WIOA wage reimbursement can be applied toward the training expenditure requirement as formula funds. The $2,000 in unfunded training costs can be applied as a match fund leveraged resource. The $3,000 in wages paid to the participant cannot be applied as leveraged resources.

ATTACHMENT 2

Summary of Training Leveraged Resources Form

1. Local Area Name	
2. Date	
3. Year of Appropriation	

Program Year Funding and Training Expenditures	
	Amount
4. Adult and Dislocated Worker Formula Fund Allocations	
5. Training Expenditure Requirement	
6. Formula Fund Training Expenditures	
7a. Leveraged Resources used for **Training**	
7b. Leveraged Resources used for **Supportive Services**	
8. Total amount spent on Training and Supportive Services (should equal or exceed Line 5)	

Leveraged Resources Detail			
9. **Source** (See page 2)	**Amount**	**Training**	**Supportive Services**
Total (should be equal to Lines 7a + 7b, above)			

Comments
10.

Certification		
11. Name	12. Title	13. Phone Number
(print)		
(sign)		
14. Contact Name	15. Contact Title	16. Phone Number

***Source** (*Choose from the following):*

a) Federal Pell Grants established under Title IV of the *Higher Education Act* of 1965.
b) Public programs authorized by the *Workforce Innovation and Opportunity Act* (WIOA) of 2014 (e.g., Job Corps, Migrant and Seasonal Farm Worker, Rapid Response, WIOA Title II Adult Education and Literacy, national and state WIOA discretionary grants, WIOA Youth program, etc.). This category of leveraged resources does not include WIOA Adult and Dislocated Worker formula funds.

   Local Workforce Development Boards (Local Boards) are permitted to apply Youth formula funds expended on training for individuals ages 18-24 as a leveraged resource if: (1) the individuals are co-enrolled in either the WIOA Adult or Dislocated Worker program, and (2) the training meets all requirements set forth in this Directive.

c) Trade Adjustment Assistance.
d) Department of Labor National Dislocated Worker Grants.
e) Match funds from employers, industry, and industry associations (including the employer paid portion of customized training, the wages of an apprentice during the apprenticeship period, and the employer paid portion of on-the-job training).

   Note – Match funds from the employer paid portion of on-the-job training may only include the employer's cost attributed to the participant's training.

f) Match funds from joint labor-management trusts.
g) Employment Training Panel grants.
h) Supportive services for individuals enrolled in and receiving training services through WIOA.
i) Temporary Assistance for Needy Families (TANF) funds spent on supportive services, for TANF enrolled individuals co-enrolled in and receiving training services through WIOA.
j) TANF funds spent on transitional and subsidized employment for TANF enrolled individuals co-enrolled in and receiving training services through WIOA.
k) Any other local, state, or federal funds spent on training or supportive services for individuals enrolled in training, provided the individuals are enrolled in WIOA for performance reporting and tracking purposes.
l) Any other public or private funds source approved by the California Workforce Development Board (State Board) used to provide training or supportive services to individuals enrolled in training, provided the individuals are enrolled in WIOA for performance reporting and tracking purposes. Please include a copy of the approval letter from the State Board.

Line Item Instructions
Summary of Training Leveraged Resources

1. Local Area Name	Enter the name of the Local Workforce Development Area (Local Area).
2. Date	Enter the date the Summary of Leveraged Resources is submitted to the Employment Development Department.
3. Year of Appropriation	Enter the year of appropriation.

Program Year Funding and Training Expenditures	
4. Adult and Dislocated Worker Formula Fund Allocations	Enter the total amount of Adult and Dislocated Worker formula fund allocations for the year of the appropriation. Include both the July 1 and the October 1 WIOA allocations. Do not include the Youth formula fund allocation. The amount entered should reflect all reallocations, recaptures, rescissions, and any other involuntary deobligations.
5. Training Expenditure Requirement	Multiply the Adult and Dislocated Worker formula fund base allocation (line 4) by 30 percent to calculate the Local Board's minimum training expenditure requirement.
6. Formula Fund Training Expenditures	Enter the total amount of Adult and Dislocated Worker formula funds spent on training services over the two year period of availability of the funds. (Note: This amount should be at least 20 percent of the total Adult and Dislocated Worker formula funds).
7a. Leveraged resources used toward training expenditure requirement	Enter the total amount of leveraged resources (expended on **training**) used to meet the minimum training expenditure requirement. (Note: This amount plus the amount from Line 7b combined, should be no more than 10 percent of the total Adult and Dislocated Worker formula fund allocations [Line 4]).
7b. Leveraged resources used toward training expenditure requirement	Enter the total amount of leveraged resources (expended on **supportive services**) used to meet the minimum training expenditure requirement. (Note: This amount plus the amount from Line 7a, should be no more than 10 percent of the total Adult and Dislocated Worker formula fund allocations [Line 4]).
8. Total amount spent on training and supportive services	Enter the sum of Lines 6, 7a, and 7b. This amount should equal or exceed Line 5.

Leveraged Resources Detail	
9. Source	Complete the section titled Leveraged Resources Detail. Source: In the **Source** column on the left, enter the source of the leveraged resource (must be one of the 12 options given on page 2 [a-l]). Amount: In the **Amount** column, enter the amount leveraged (from that specific source). Place an "X" in either the **Training** or **Supportive Services** column to indicate whether the expenditure was a training expenditure or a supportive services expenditure. The total amounts for training should be equal to line 7a above. The total amounts for supportive services should be equal to line 7b above. *Example:* If a Local Area used $10,000 in Trade Adjustment Assistance funds towards training services, they would enter "c" in the **Source** column, $10,000 in the **Amount** column, and place an "X" in the **Training** column. Source options b, e, f, k, and l must be specified further. To include these leveraged resources, a Local Area would enter the appropriate letter and give an explanation of the specific source. For example, if a Local Area used $10,000 in Rapid Response funds towards training services, they would enter "b (*Rapid Response Funds*)" in the **Source** column, $10,000 in the **Amount** column, and place an "X" in the **Training** column. All amounts entered in the **Amount** column should be added and the total should be placed in the bottom line. This amount should be equal to the combined amounts listed in lines 7a and 7b.

Comments	
10. Comments	Enter any comments in this section.

Certification	
11. Name	Enter the name and signature of the authorized official who will be approving the Summary of Leveraged Resources form.
12. Title	Enter the title of the authorized individual.
13. Phone Number	Enter the phone number of the authorized individual.
14. Contact Name	Enter the name of the contact person to be reached in the event any questions should arise. The contact person will, in most cases, be the individual who prepares the report.
15. Contact Title	Enter the contact person's title.
16. Phone Number	Enter the contact person's phone number.

ATTACHMENT 3

EWDD NON-TRAINING LEVERAGED RESOURCES FORM

Contractor: _____

Source	Type	Description	Amount	PY	Number served