

TEXAS WORKFORCE COMMISSION LETTER

ID/No:	WD 25-09, Change 1
Date:	April 12, 2010
Keyword:	Recovery Act; WIA
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Commission Executive Offices
Integrated Service Area Managers



From: Laurence M. Jones, Director, Workforce Development Division

Subject: **Contracting with Institutions of Higher Education and Other Eligible Training Providers—*Update***

PURPOSE:

To provide Local Workforce Development Boards (Boards) with information and guidance on contracting with institutions of higher education and other eligible training providers under the American Recovery and Reinvestment Act (ARRA) of 2009, specifically:

- increasing the number of Workforce Investment Act (WIA) participants in training; and
- contract justification.

This update informs Boards of U.S. Department of Labor Employment and Training Administration (DOLETA) Training and Employment Guidance Letter (TEGL) No. 12-09, issued January 29, 2010, and entitled “Joint Guidance for States Seeking to Implement Subsidized Work-Based Training Programs for Unemployed Workers.”

TEGL 12-09 provides information on contracting with institutions of higher education and other eligible training providers using WIA adult and dislocated worker formula funds.

CHANGES TO WD LETTER 25-09:

New information in this WD Letter is indicated by:

- A ~~strikethrough~~ of the original language, which indicates that language has been deleted; and
- **Bold** typeface, which indicates new or clarifying language.

BACKGROUND:

DOLETA provided guidance for the use of ARRA funds in TEGL 14-08. TEGL 14-08 states that in using ARRA funds, all levels of the workforce system must be guided by four principles:

- Transparency and accountability in the use of ARRA funding;
- Timely spending of the funds and implementation of activities;
- Increasing workforce system capacity and service levels; and
- Using data and workforce information to guide strategic planning and service delivery.

TEGL 14-08 states that ARRA allows Boards to contract with institutions of higher education, such as community colleges or other eligible training providers, if the Board determines it would facilitate the training of multiple individuals in high-demand occupations and if the contracts do not limit customer choice. This provision is intended to help increase education and training enrollments and capacity in a time when many educational institutions are experiencing budget shortfalls by allowing Boards to pay for the full cost of training at the beginning of the course. These direct contracts also allow Boards to quickly design training to fit the needs of job seekers and employers.

TEGL 14-08 further requires that Boards assess the current training offerings to ensure these contracts are not duplicative of existing courses and curricula. As a part of the contract, the institution of higher education or other eligible training provider may develop curriculum and enhance the capacity of the institution to ensure quality training within limited time frames. The development of curriculum can be considered a WIA training activity if it is developed in the context of providing training to WIA participants.

TEGL 12-09 provides Boards with additional flexibility by allowing them to use WIA adult and dislocated worker funds to contract with institutions of higher education and other eligible training providers.

Additional information regarding contracting with institutions of higher education or other eligible training providers is contained in WD Letter 13-09, issued May 14, 2009, and entitled “Workforce Investment Act: American Recovery and Reinvestment Act of 2009 Implementation Guide” and in the ARRA Implementation Guide at <http://www.twc.state.tx.us/svcs/funds/arra.html>.

PROCEDURES:

Boards must be aware that, in addition to ARRA funds, WIA adult and dislocated worker funds also can be used to contract with institutions of higher education and other eligible training providers.

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Boards must ensure that all contracts awarded directly to an institution of higher education or other eligible training provider:

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- result in increased numbers of WIA participants enrolled in training;
- do not limit customer choice;
- do not duplicate existing training courses and curricula;
- comply with priority use of funds for serving recipients of public assistance and other low-income individuals; and
- include performance-based deliverables to ensure real outcome results.

Boards must ensure that all contracts awarded directly to an institution of higher education or other eligible training provider that include capacity-building components (i.e., curriculum development, equipment purchase) result in:

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- the prompt design of education and training to accelerate the creation of much-needed training capacity;
- sustainability of continued training; and
- benefit to future WIA participants.

Prior to contracting with institutions of higher education and other eligible training providers, Boards must have documented justification that includes:

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- demonstrated need;
- how the contract will increase WIA enrollments;
- benefit to WIA participants;
- demand/targeted occupations addressed by the contract; and
- benefit to the Board.

Additionally, Boards must ensure that a cost-benefit analysis:

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- is conducted prior to awarding a contract to an institution of higher education or other eligible training provider; and
- demonstrates that the contract will result in a direct benefit to WIA participants.

Example: A community college contacts the Board about adding an instructor to teach classes on home weatherization for low-income residents. The cost for the instructor will be \$75,000 for one year. The instructor will teach four 90-day classes with 25 trainees per class.

The community college is looking for the full cost of the instructor but is unwilling to make any provisions for WIA participants.

Result: There is no benefit for WIA participants, therefore this contract cannot be considered.

Example: A community college contacts the Board about adding an instructor to teach classes on home weatherization for low-income residents. The cost for the instructor will be \$75,000 for one year. The instructor will teach four 90-day classes with 25 trainees per class. The community college also requests an additional \$25,000 to purchase equipment to be used to teach the class.

The community college is making a commitment that for each class of 25, the Board will be given 15 training slots for WIA participants. There will be a tuition break for the WIA participants and their lab fees will be waived. The community college is offering these concessions for two years.

Result: There is a benefit for WIA participants, therefore, this contract can be considered for award.

Boards must ensure that all contracts awarded directly to an institution of higher education or other eligible training provider include a provision that the institution of higher education or other eligible training provider is required to follow all established procurement policies.

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Boards must adhere to all requirements set forth in the Texas Workforce Commission's (Commission) Financial Manual for Grants and Contracts (FMGC) when using any funds for capacity-building activities (http://www.twc.state.tx.us/business/fmgc/fmgc_toc.html).

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For example, FMGC Chapter 8 includes requirements related to reasonableness criteria, which call for consideration of the extent to which a purchase is necessary to ensure quality training to workforce customers within limited time frames. In addition, FMGC Chapter 13 includes requirements pertaining to the acquisition, management, and disposal of equipment.

Boards must be aware that all contracts directly with an institution of higher education or other eligible training providers will be monitored by the Commission's Subrecipient Monitoring Department and subject to monitoring by other state and federal entities as well.

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INQUIRIES:

Direct inquiries regarding this WD Letter to wfpolicy.clarifications@twc.state.tx.us.

RESCISSIONS:

WD Letter 25-09

REFERENCE:

American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

U.S. Department of Labor Employment and Training Administration Training and Employment Guidance Letter 14-08, issued March 18, 2009, and entitled "Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in

the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009”

U.S. Department of Labor Employment and Training Administration Training and Employment Guidance Letter 12-09, issued January 29, 2010, and entitled “Joint Guidance for States Seeking to Implement Subsidized Work-Based Training Programs for Unemployed Workers”

Texas Workforce Commission Financial Manual for Grants and Contracts

WD Letter 13-09, issued May 14, 2009, and entitled “Workforce Investment Act: American Recovery and Reinvestment Act of 2009 Implementation Guide”

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”