



Date: March 9, 2005

To: Workforce Development Board Directors

From: Connie Colussy, Director
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Subject: **Workforce Investment Act (WIA) Policy Update 04-11 – Clarification of Responsibility for WIA Training Costs.**

Purpose

This WIA policy update reminds Workforce Development Boards (WDBs), WIA adult and dislocated worker case managers of the following:

- WIA participants who enroll in training, drop out, or never start the training are not responsible for intangible costs such as expenses for a training required medical exam or for tuition assessed by the training institution.
- Other Training Related Costs that are considered tangible can be recovered from these participants when local WIA training policy says it is possible.
- WIA participants can select training that costs more than the maximum allowable under local WIA policy when other sources of funds are available to supplement the cost.

Policy and Legislative References

- WIA legislation, section 195 (5), 29 USC sec.2945 (5).
- Legal opinion from the Department of Workforce Development's Legal Counsel Howard Bernstein.
- WIA Regulations 663.420 (a) through (d).

Background

In 2001, the Department of Workforce Development (DWD), Division of Workforce Solutions (DWS) received an informal opinion from the US Department of Labor (DOL) Region V regarding responsibility for tuition costs. Their informal opinion suggested WIA Section 195 (5) did not allow WDBs to collect tuition costs from participants who drop out of training. They also suggested DWS request a legal opinion from the DWD's legal counsel concerning the matter.

The DWD legal counsel advised DWS that WDBs and/or training agencies cannot hold WIA participants responsible for tuition costs if they drop out of training. Legal counsel's opinion is based on WIA section 195(5), 29 USC section 2945 (5), which provides that "no person or organization may charge an individual a fee for the placement or referral of the individual in or to a workforce investment activity." He further advised it also depended on whether a cost is considered intangible or tangible such as tuition versus work tools.

Policy

WIA participants who enroll in training, drop out, or never start the training are not responsible for intangible costs such as expenses for a training required medical exam or for tuition assessed by the training institution. Tuition costs include registration and book fees. Examples of other intangible costs are fees for certificates and licensing. These costs must come out of the sponsoring agency's budget. They can be listed under current expenditures.

Other Training Related Costs that are considered tangible can be recovered from these participants. Tangible items include uniforms and work tools.

Local training policy must state the WDB's position on tangible and intangible costs. If a WDB intends to collect tangible items, the policy should acknowledge that. The policy should also include the WDB's intent for giving participants a second chance. It is a local decision for deciding if WIA participants who enroll in training, drop out, or never start the training are allowed to participate in training again. This would need to be addressed in the context of the local training policy on duration and cost limitations, if applicable.

The situation described in preceding paragraphs should not be confused with situations where participants choose to pay a part of their training costs. WIA gives WDBs authority to set dollar limits on the amount that can be spent for Individual Training Accounts. It also says WIA participants may select training that is above WDB dollar limits when there are other sources to pay for these costs. These other sources include money from their own pocket, severance pay, and scholarships.

Action Required

WDBs need to review their WIA training policy to ensure they comply with this policy update. For WDBs that change their policy, it will need to be included in their local plan.

The policy is effective immediately.

Questions and Technical Assistance

If you have questions, please contact the Local Program Liaison assigned to your area.