

PASSAIC COUNTY WORKFORCE DEVELOPMENT BOARD

Subject: WIOA Title I Adult & Dislocated Worker Program Contracted Services

Effective Date: 05/08/26

PURPOSE

The primary purpose of the policy is to provide guidance for the use of contracts for training services. Contracted services are an alternative to Individual Training Accounts (ITAs) and allow local workforce boards to directly fund specific training programs that align with local labor market needs. Traditionally WIOA training is provided via ITAs with local schools offering conventional training programs. Contracted services provide flexibility in participant choice, meets local workforce demand, addresses employer needs and serves target populations.

BACKGROUND

Workforce Innovation and Opportunity Act (WIOA) and 20 CFR 680.320 allow contracts for training services instead of Individual Training Accounts (ITAs) once the individual choice requirement is met. Individual choice (also called "consumer choice") is a core principle that ensures eligible participants can choose a conventional training provider and program that best fits their personal and career goals.

Objectives of WIOA Training Contracts

- **Direct Employer Alignment:** Contracts enable training that is "demand-driven," specifically designed to meet the specialized skill requirements of local employers to help them hire and retain a skilled workforce.
- **Work-Based Learning Support:** They are the standard vehicle for funding "work-based" models where participants learn on the job rather than just in a classroom.
- **Cohort-Based Training:** Local boards use contracts to procure training for groups (cohorts) of participants, which can be more efficient than individual vouchers for high-demand sectors.
- **Performance Accountability:** Contracts often include "pay-for-performance" structures, ensuring funds are only fully disbursed after validated employment outcomes are met.

Common Training Types Funded via Contracts

Training services typically delivered through contracts rather than ITAs include:

- On-the-Job Training (OJT): Reimburses employers (usually up to 50%) for the extraordinary costs of training a new hire.
- Customized Training: Training designed for a specific employer's needs, with a commitment from that employer to hire or retain the individual upon completion
- Incumbent Worker Training (IWT): Upskilling current employees to prevent layoffs or improve company competitiveness.
- Registered Apprenticeships: Contracts may fund the on-the-job portion of an apprenticeship, often in combination with an ITA for the classroom portion
- Transitional Jobs: Time-limited, subsidized work experiences for individuals with chronic unemployment or significant barriers to work.

POLICY

The WDB Policy adopts all federal WIOA and 20 CFR 680.320 and NJDOL policies including NJWIN WD-PY22-3.1 allowing boards to contract directly when specialized expertise is needed that individual vouchers (ITAs) cannot cover. Federal and NJDOL policies, including WD-PY24-10, provide budget guidance on how to obligate and spend contract funds within the required two-year performance period.

Contracts for training services are permitted:

- (1) When the services provided are on-the-job training (OJT), customized training, incumbent worker training, or transitional jobs.
- (2) When the WDB determines that there are an insufficient number of eligible training providers in the local area to accomplish the purpose of a system of ITAs. The determination process includes a public comment period for interested providers of at least 30 days, and is described in the Local Plan.
- (3) When the WDB determines that there is a training services program of demonstrated effectiveness offered in the area by a community-based organization or another private organization to serve individuals with barriers to employment, as described in paragraph (b) of this section. The WDB has developed criteria to be used in determining demonstrated effectiveness, particularly as it applies to the individuals with barriers to employment to be served. The criteria include: (i) Financial stability of the organization; (ii) Demonstrated performance in the delivery of services to individuals with barriers to employment through such means as program completion rate; attainment of the skills, certificates or degrees the program is designed to provide; placement after training in unsubsidized employment; and retention in employment; and (iii) How the specific program relates to the workforce investment needs identified in the local plan.

(4) When the WDB determines that it would be most appropriate to contract with an institution of higher education (see WIOA sec. 3(28)) or other provider of training services in order to facilitate the training of multiple individuals in in-demand industry sectors or occupations, provided that the contract does not limit consumer choice.

(5) When the WDB is considering entering into a Pay-for-Performance contract consistent with 20 CFR 683.510 the requirements for Workforce Innovation and Opportunity Act (WIOA) Pay-for-Performance (PFP) contracts. This is a specific type of performance-based contract where payments are tied directly to the achievement of measurable outcomes, see Passaic County Workforce Development Board Pay-for-Performance Policy for details.

Informed Consumer Choice

The WDB Adopts Regulation 20 CFR 680.340 identifying the requirements for informed consumer choice in selecting training providers under the Workforce Innovation and Opportunity Act (WIOA). These rules apply regardless of whether training is provided via Individual Training Accounts (ITAs) or contracted services.

Core Consumer Choice Requirements

- **Maximize Informed Choice:** All training services must be delivered in a way that allows participants to make an educated decision when selecting an eligible provider.
- **Access to the State List (ETPL):** Local Workforce Development Boards (WDBs) must provide customers with the State list of eligible training providers. This list must include:
 - Descriptions of the training programs.
 - Accurate performance data for each provider.
 - Clear information regarding the cost of the programs.
- **Consultation with Career Planners:** Eligible individuals must be allowed to select their own provider after consulting with a career planner to discuss program quality and available options.
- **Referral and Funding:** Once a provider is selected, the one-stop center must refer the individual to that provider and establish an ITA, provided that training funds for the year have not been exhausted.
- **Priority for Credentials:** Priority must be given to programs that lead to recognized postsecondary credentials aligned with in-demand industry sectors or local occupations.

- **Coordinated Funding:** Local WDBs are encouraged to coordinate ITA funding with other Federal, State, or private sources (such as Pell Grants) to help individuals cover training costs.

While individual choice is the "default" for classroom-based training, it may be limited in two scenarios:

- **Contract Exceptions:** Services (like On-the-Job Training or programs for special populations) are delivered via direct contracts with providers rather than ITAs. The WDB must still demonstrate choice among the contracted options.
- **Funding Limitations:** A One-Stop Career Center is not required to refer an individual to their choice if training funds for that program year have been exhausted.

POLICY REVISION

The WDB Workforce Innovation and Opportunity Act (WIOA) policies are reviewed and amended annually by the WDB to remain in compliance with all federal mandates and state-level policy changes issued by the New Jersey Department of Labor and Workforce Development. The WDB notifies partners of any policy changes.