INDIVIDUAL TRAINING ACCOUNT (ITA)

COSTS ALLOWABLE FOR THE

50% EXPENDITURE REQUIREMENT

DRAFT

Individual Training Account (ITA)
Costs Allowable for the 50% Expenditure Requirement

OF INTEREST TO

Workforce Florida, Inc. (WFI), Chief Elected Officials, and Regional Workforce Boards (RWBs) involved in implementing Workforce Investment Act (WIA) programs and related workforce services.

SUBJECT

Guidelines for requirement that 50% of the WIA Adult and Dislocated Worker funds passed through to RWBs are allocated and expended for Individual Training Accounts (ITAs).

PURPOSE

Outlined below are the policies and procedures that define those costs that qualify as allowable ITA expenditures for the purpose of the requirement that 50% of the WIA Adult and Dislocated Worker funding passed through to RWBs are allocated and expended on qualified ITA costs. In addition, this document addresses the policy and procedures for granting waivers from the ITA reserve requirement.

BACKGROUND

Ch. 2012-29, L.O.F., amended s. 445.003(3)(a)1., F.S., to reduce the types of expenditures authorized as Individual Training Accounts (ITAs). It did not change the ITA reserve requirement and WFI's authority to grant a waiver from the requirement.

Chapter 445.003 Florida Statutes was amended as follows:

> (3) FUNDING.—
>
> (a) Title I, Workforce Investment Act of 1998 funds; Wagner-Peyser funds; and NAFTA/Trade Act funds will be expended based on the 5-year plan of Workforce Florida, Inc. The plan shall outline and direct the method used to administer and coordinate various funds and programs that are operated by various agencies. The following provisions shall also apply to these funds:
>
> 1. At least 50 percent of the Title I funds for Adults and Dislocated Workers that are passed through to regional workforce boards shall be allocated to and expended on Individual Training Accounts unless a regional workforce board obtains a waiver from Workforce Florida, Inc. Tuition, books, and fees of training providers and other training services prescribed and authorized by the Workforce Investment Act of 1998 qualify as an Individual Training Account expenditure~~, as do other programs developed by regional workforce boards in compliance with policies of Workforce Florida, Inc~~.

Effective July 1, 2012, authorized ITA expenditures may only include tuition, books and fees of training providers and "other training services" prescribed and authorized by the Workforce Investment Act.

GUIDANCE

To implement this change, there is established a State ITA cost category that includes the following five sub-expenditure sub-cost categories for awards using WIA Adult and Dislocated Worker funds allocated to a regional workforce board:

DRAFT

1. Occupational skills training (OST): P.L. 105-220, s. 134(d)(i)

- Classroom training through eligible providers (including training for non-traditional employment). Allowable costs include tuition, books, and fees for individuals participating in classroom training.

2. Other Workforce Investment Act (WIA) specified training services and activities through eligible providers or employers (OWIA): P.L. 105-220, s. 134(d)(ii)-(ix)

- On-the-Job Training (OJT)
- Programs that combine workplace training with related education, which may include cooperative education programs
- Work-place training programs operated by the employer
- Skill upgrading and retraining
- Entrepreneurial training
- Job readiness training
- Adult education and literacy activities in combination w/ the previous services
- Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

Allowable costs include any tuition, books, and fees for participants in any eligible training activity that includes a classroom based component. Allowable costs may also include RWB expenditures for work-based training such as OJT, skill upgrading and retraining, customized training, employed and incumbent worker training.

3. Work Experience and Internships (WE&I)

- Subsidized employment and other employer provided training activities. Allowable costs include subsidized wages or stipends for participants in work experience or internships.

4. Training Program Management (TPM)

- Staff costs directly related to developing, implementing, or coordinating authorized training programs (not services to individuals) identified in bullets 1-3 above. Also included is any staff costs associated with developing, implementing, or coordinating regional training for eligible clients participating in training programs leveraged through other grants. "Other grants" may include US Department of Labor, Temporary Assistance for Needy Families and Pell grants. Staff costs are limited to salaries and benefits.

5. Training Case Management (TCM)

- Staff expenditures directly related to case management and job placement services for clients in training (not clients seeking training). Staff costs are limited to salaries and benefits.

Notes:

- The State ITA cost category and its five sub-cost cost categories only apply to expenditures funded under the adult or dislocated worker grants.
- The time that a staff member spends providing core and intensive services to an individual prior to their enrollment in training must be charged to core or intensive services as appropriate.
- Supportive Services costs related to this cost category and its sub-cost categories are not included in the State ITA definition and are not to be included in the expenditures reported under this cost category and any of its sub-cost categories.

DRAFT

Process for Measuring Compliance:

- Regional Workforce Boards (RWB) must allocate (budget) a minimum of 50% of the Adult and Dislocated Worker formula funds that the regional board expects to expend each state fiscal year (July-June). This allocation must equal the carry-forward (estimated or actual when available) as well as that portion of any new allocation budgeted for the current year. The required minimum allocation of 50% of funds to be expended in the fiscal year must be reflected in the budget that must be submitted to WFI for review no later than two weeks after the chair approves the budget.
- Regional Workforce Boards must report expenditures in each of the five specified sub-cost categories that will then add up to the State ITA cost category. Expenditures must be reported in the One-Stop Management Information System (OSMIS) monthly.
- Compliance with the 50% ITA requirement will be monitored on a quarterly basis with an annual determination made at the end of the fiscal year.
- The Department of Economic Opportunity (DEO) will use the expenditure information reported in OSMIS as the official basis for measuring compliance with the 50% ITA requirement.

Validation of Reported Expenditures:

- The DEO will validate the expenditures reported in the State ITA cost category (and required sub-cost categories) as a part of its annual on-site administrative and financial monitoring review of the regional workforce boards.
- Regional workforce boards will need to maintain appropriate records to support their OSMIS expenditures reported under this cost category and its related sub-cost categories along with documentation of the methodology utilized to cost allocate any salary and fringe expenditures not supported directly by personnel activity reports.

Non-Compliance:

- RWBs that do not meet the minimum percentage at the end of the first year will be expected to increase the amount of funds allocated (budgeted) and expended on training services during the subsequent year. RWBs that fail to meet the required minimum percentage two years in a row will be determined to be in non-compliance with the requirement and subject to mandatory corrective action or other appropriate sanctions.

Waivers from the ITA Reserve Requirement

Ch. 2012-29, L.O.F., preserved the option for the state board to grant a waiver from the ITA reserve requirement. However, the law does not specify criteria for granting this waiver. The Board adopted the following waiver criteria to provide the regional boards with uniform guidance in their applications, and to guide the Board in making an informed, consistent and objective response.

Waiver Criteria

For the WFI Board to consider a waiver from the ITA reserve requirement, and to guide the Board in its review, the requesting regional board must submit to the Board:

- A waiver identifying the requested reduction from the statutorily required ITA reserve, specifying the percentage (between 0 and 50%) of Title I funds for Adults and Dislocated Workers that the regional board proposes to reserve for the required training services. This request must include supporting data, to show:

DRAFT

1. How the reserved training funds will be spent for ITAs and each of the other authorized training services; and
2. How the diverted training funds will be spent for other services.

- Documentation that substantiates any of the following:
    1. The lack of demand for each of the authorized training services;
    2. The substantially greater demand for core, intensive and supportive services, and business services, relative to training services;
    3. The qualitative and quantitative financial impact that the statutorily required ITA reserve requirement has on the provision of services for clients seeking or receiving training services; or
    4. The exceptional circumstances that warrant granting of a waiver; factors to consider may include:
        - The regional board is contractually obligated or is seeking participation in a training program funded by a partner, for which the regional board will be providing Core and Intensive Services;
        - The regional board is contractually obligated or is seeking participation in a major economic development initiative of regional impact, that will result in significant job creation, to the extent the initiative does not interfere with the priority of services to other clients, as required by federal law; and
        - The regional board is entirely contained within a statutorily designated Rural Area of Critical Economic Concern (RACEC).

- A budget (or proposed budget) showing program components and major breakouts for each program (one-stop services, training providers, administrative costs, etc).

- Identify how the current and long-term unemployment rate for the region will be impacted by a waiver, should it be approved.

- Documents that identify the regional board's efforts to increase demand from individuals to meet market needs (to address the "talent gap").

- Documentation that the regional board and the Chief Elected Official have approved the waiver request.

- An agreement that if the conditions warranting the waiver change, the regional board commits to comply with the ITA reserve requirement and will notify WFI of such compliance.

In addition, any waiver is limited to one year.

Waiver Review Process

The WFI Board authorized the Executive Committee to appoint a select committee of three Board members to timely receive and review waiver requests, and recommend specific actions to the full board for consideration, to be approved by consent. (Two alternate members will be appointed in the event any of the three members are unable to participate at any time.)

The select committee, or Waiver Review Committee (WRC), will be convened when an application for a waiver is received from the board. Generally, the following guidelines implement the required waiver review process:

DRAFT

- Appointment of the WRC by the Executive Committee of the WFI Board of Directors;
- Submission to WFI of an application for waiver from the ITA reserve requirement;
- Review for completeness by WFI staff, and forwarding of materials to each member of the WRC;
- Preliminary review of the application by the WRC;
- If necessary, request from the members of the WRC for clarification of submitted material or request for additional information;
- Scheduling of a presentation, in person, before the WRC by the Executive Director of the requesting regional board;
- Consideration of the application and recommendation by the WRC to the WFI Board of Directors; and
- Consideration of the WRC's recommendations by the WFI Board of Directors.

The submission and review process will be repeated should additional waivers be requested and recommended.

AUTHORITY

Section 445.007(1), F.S.

DRAFT