



February 6, 2024

Workforce Innovation and Opportunity Act Policy Letter No. 15-26.01

To: Workforce Innovation and Opportunity Act (WIOA) Local Workforce Development Boards (WDBs), Fiscal Agents, and OhioMeansJobs Center Operators

From: Matt Damschroder, Director

Subject: ITA Financial Definitions

I. Purpose

The purpose of this policy is to clarify the financial reporting requirements for individual training account (ITA) obligations.

II. Effective Date

Immediately

III. Recission

ODJFS, Workforce Investment Act Policy Letter No. 15-26, ITA Financial Definitions (March 3, 2016)

IV. Background

An ITA is one of the primary methods through which training is financed and provided for unemployed or underemployed participants. ITAs are established on behalf of a participant to purchase a program of training services. As such, it is important that local workforce development areas have an understanding of how to track ITA commitments, obligations, and accrued expenditures, and report these accurately. Additional information on ITAs is in Workforce Innovation and Opportunity Act Policy Letter (WIOAPL) No. 15-11.03, Use of Individual Training Accounts.

V. Definitions

Accrued expense: Under accrual-base financial reporting, a cost is incurred for goods and services received regardless of whether the payment has been made.

Commitment: An anticipated expenditure in a current or future period regardless of whether the non-federal entity has a current legal obligation to pay the anticipated expense. A plan to provide services in a future period that may or may not be legally binding.

Contract: a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a Federal award.

Individual training account (ITA): a payment agreement established on behalf of a participant with a training provider.

Obligations: Pursuant to NPRM § 675.300, when used in connection with a non-federal entity's utilization of funds under a federal award, means orders placed for property or services, contracts and subawards made, and similar transactions, during a given period that require payment by the non-federal entity during the same or a future period.

Program of training services: one or more courses or classes or a structured regimen that leads to:

1. A recognized post-secondary credential, secondary school diploma or its equivalent;
2. Employment; or
3. Measurable skill gains towards a credential or employment.

Special grants: grants or awards, including National Dislocated Worker Grants, which are distributed in addition to Workforce Innovation and Opportunity Act (WIOA) formula allocations.

VI. Requirements

Commitments

When an ITA is approved for a participant, the amount of the commitment is the total anticipated cost to complete the training program regardless of the time periods in which the training costs are to be incurred. Although commitments are not reported at the federal level, local areas may track ITA commitments against available funds to avoid potential over-obligation or the need to terminate pre-existing approvals for training in order to serve a newer participant. Reporting commitments to the state may also help the area justify a need for additional discretionary funding.

Additional Considerations

Appropriate fiscal management practices will be especially important for local workforce development areas that will report ITA obligations/commitments in 12 month increments for a full two-year training period. To ensure the most effective use of training funds, local workforce development areas are advised to analyze past training completion and drop-out rates to determine the acceptable level of over obligation/committing, and to regularly deobligate/decommit funds when individuals drop out or do not complete the training program. Deobligation/decommitment of funds will increase the Client Tracking set aside and allow training to be available to other WIOA participants. With proper deobligation/decommitment practices, local workforce development areas can avoid situations where the funds are under-spent due to individuals leaving the training prior to completion.

Obligations

The following are the guidelines to be used to track ITA obligations and report these obligations:

1. ITAs must be obligated at the time a participant is enrolled in a training program, not when an ITA is established or approved. The planning and/or approval of training activities alone do not constitute an obligation; the participant must be enrolled in a training program for an obligation to be reported. As an example, enrollment can occur when a participant agrees to attend a specific program of training services, **and** the school has accepted the enrollment application and signed off on the ITA. Pursuant to WIOAPL No. 15-11.03, eighty-five percent of new ITA enrollments for the local area must be in an "in-demand" occupation as defined by the state of Ohio.

2. For training programs with a single payment point, the amount of the ITA equals the planned cost of the approved training. For training spanning multiple quarters, semesters, or years, ITAs may be obligated for the costs that will be incurred during the current semester or quarter at the time of enrollment. Obligations are defined as definite and certain legal liabilities, so ITAs that will span multiple quarters or semesters may not be reported as obligations based on estimated potential future costs, such as by averaging monthly shares of the commitment multiplied by some arbitrary number of months into the future.
3. If the local area enters into agreement with one or more sub-recipients for provision of ITA-funded training services, the amount of the agreement is counted as an obligation at the area level regardless of when ITAs become obligated by the sub-recipient. In this situation, the sub-recipient selected to approve and reimburse the ITAs must report its ITA obligations to the area as described in the previous paragraphs.
4. Local workforce development areas may impose additional requirements for reporting of ITA obligations and must also comply with all local regulations and practices.
5. Local workforce development areas are advised to enter into a contract with training providers in order to set the terms, conditions, duration, and payment responsibility for the ITA.
6. The oldest funds should be obligated and expended first.

Purchase Orders (P.O.) are a legal and binding obligation. CFIS CLT will identify a P.O. number when obligating/paying an ITA service when there is a vendor specific P.O. for the training provider in Ledger Reporting in order to avoid a double obligation.

Accrued Expenditures

Non-Federal entities operating WIOA programs are required to report expenditures on an accrual basis. For an ITA, the cost of tuition is often billed months after the participant has entered and received training. Therefore, the cost of tuition must be accrued incrementally as the participant receives the training even if the tuition cost has not yet been invoiced. However, if the full cost of tuition for the current semester/quarter is paid up front, the entire cost is expensed, and no additional accrued costs would be reported. Similarly, some training providers require payment for the entire quarter/semester if a student remains in training beyond a pre-determined add/drop date. When the final date to be eligible for a tuition refund has passed and the non-Federal entity becomes responsible for the entire tuition for the class, the entire obligated cost must be reported as an accrued expense.

Special Grants

When obligating funds that are awarded through special grants, fiscal management practices may vary depending on the stipulations of the award and the period of the grant. The State will issue further guidance or instructions when such variances to this policy occur.

VII. Technical Assistance

For additional information, you may send your questions to ODJFS, Office of Workforce Development: WIOAQNA@JFS.OHIO.GOV.

VIII. References

20 C.F.R. § 675.300

20 C.F.R. § 680.420

ODJFS, Workforce Innovation and Opportunity Act Policy Letter No. 15-11.03, Use of Individual Training Accounts, (September 17, 2021)

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