



August 24, 2009

Workforce Investment Act Policy Letter No. 09-03

To: Workforce Investment Act (WIA) Local Workforce Investment Boards (WIBs), Fiscal Agents, Administrative Entities, and One-Stop Operators

From: Douglas E. Lumpkin, Director

Subject: ITA Obligations

I. Purpose

To clarify the reporting requirements for Individual Training Account (ITA) obligations.

II. Effective Date

Immediately

III. Background

Reporting of obligations for ITAs has been subject to much discussion in local areas. This policy provides additional explanation of what to report as an ITA obligation, and when to report it.

IV. Requirements

As of the effective date of this guidance, the following guidelines apply:

- A. ITAs must be obligated at the time when 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 individual 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 training program (as defined in 20 CFR 663.508), **and** the school has accepted the enrollment application and signed off on the ITA.

- B. ITAs may be obligated for the costs that will be incurred during the training program. For ITAs with duration beyond twelve months, obligations may only be reported for up to 12 months of training.
- C. Local areas may impose additional requirements for reporting of ITA obligations, and must also comply with all local regulations and practices.
- D. Local 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.
- E. The oldest funds should be obligated and expended first.

Additional Considerations

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

Special Grants

Special grants are grants or awards, including but not limited to National Emergency Grants and Stimulus funds, that are distributed in addition to WIA formula allocations. When obligating funds that are awarded through a special grant, 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.

V. Technical Assistance

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

VI. References

USDOL, Training and Employment Guidance Letter No. 16-99, Change 1, Workforce Investment Act Financial Reporting, November 6, 2002

WIA Final Rules, August 11, 2000, 20 Code of Federal Regulations, Sections 660.300 and 663.508

Workforce Investment Act (WIA) of 1998, Public Law 105-220, August 7, 1998

Rescissions:

WIATL 36 A, ITA Obligations