**Interim Policy on Individual Training Accounts**

# **REFERENCE**

Workforce Innovation and Opportunity Act (WIOA), Sections 122 and 134; WIOA Notice of Proposed Rulemaking, 20 CFR §§ 680.300-680.340; Higher Education Act (HEA) of 1965, as amended by the College Cost Reduction Act of 2007; TEGL 10-09, Attachment A; TEN 11-09; and Pell Grants and Other Financial Aid Issues Policy.

# **CHANGES**

This interim policy establishes and implements the following material changes to the Nebraska Department of Labor (NDOL) Preliminary Policy on Individual Training Accounts:

* Revisions have been made relating to the use of Individual Training Accounts (ITAs) for out-of-school youth training services;
* Provisions have been added to the section titled *Local Area ITA Policy Requirements;*
* The opening paragraph of the subsection titled *Limited Exceptions to the Use of Individual Training Accounts* has been revised;
* Provisions have been added to the section titled *Consumer Choice Requirements*; and
* Clarifying language has been added to the section titled *Coordination of Individual training Accounts with other Grant Assistance*, identify other sources of training grants.

# **BACKGROUND**

WIOA states that training services must be provided in a manner that maximizes consumer choice in the selection of eligible providers.[[1]](#footnote-1)

WIOA uses Individual Training Accounts (ITAs), eligible training provider lists, and consumer information regarding training providers to help participants make responsible and informed choices about where to receive training.

This policy concerns ITAs established on behalf of participants for the payment of training expenses to eligible training providers using funds from WIOA.

# **ACTION**

This policy will be considered final after a 10-day review period. Questions and comments must be submitted in writing to the WIOA Policy Mailbox at ndol.wioa\_policy@nebraska.gov.

Each local area board must:

* establish a policy on ITAs that addresses the provisions of this policy; and
* ensure their local area WIOA plans address the requirements of this policy.

# **POLICY**

WIOA requires that all training services (except for limited exceptions identified later in this policy) be provided through the use of Individual Training Accounts (ITAs) and that eligible individuals must receive ITAs through the one-stop delivery system.[[2]](#footnote-2)

ITAs are funded with WIOA Title I adult and dislocated worker funds. In addition, ITAs may also be funded with WIOA Title I funds for out-of-school youth age 16 to 24 when appropriate.[[3]](#footnote-3)

ITAs pay for training services for skills in in-demand occupations as defined by the local board from training providers on the approved list of eligible training providers (ETPs).[[4]](#footnote-4)

Payments may be made in a variety of ways including the electronic transfer of funds through financial institutions, vouchers, or other appropriate methods. Payments may also be made incrementally, through payment of a portion of the costs at different points in the training course.[[5]](#footnote-5)

## **Local Area ITA Policy Requirements**

Local area policies on ITAs must incorporate a description of each of the following:

1. how participants will receive assessment, counseling, and an individual employment plan through career services prior to selecting a training program;
2. how training is limited to skills relevant to in-demand industry sectors or occupations, the manner in which participants will learn of the in-demand industry sectors or occupations, and how exceptions to the list of locally recognized in-demand industry sectors or occupations will be handled;
	1. Under WIOA, a local board may approve training services for occupations they have determined to be in sectors of the economy that have high potential for sustained demand or growth in the local area. The in-demand industry sectors or occupations are to be contained in the local area plan and the local board must be involved in the exception process.
	2. **Priority consideration must be given to programs that are aligned with in-demand industry sectors or occupations in the local area.[[6]](#footnote-6)**
3. how training is limited to programs of training services that include one or more courses or classes or a structured regimen that lead to one or more of the following outcomes:
	1. an industry-recognized certificate or certification, a certificate of completion of a registered apprenticeship, a license recognized by the state or the Federal government, an associate or baccalaureate degree;
	2. a secondary school diploma or GED earned in conjunction with:
		1. occupational skills training
		2. on-the-job training;
		3. incumbent worker training; or
		4. workplace training;
	3. employment; or
	4. measurable skill gains toward employment or a credential described in paragraph (a) or (b) of this section.
4. how the intended and actual outcomes described above in section 3 will be documented in the participant’s individual employment plan;
5. how the policy will be communicated in simple, understandable language to customers of the one-stop center, including delivery methods;
6. how the participant will access the ETPL through the one-stop system.
	1. Participants must be able to select training services from any ETPs from any of the local areas on the ETPL. For more information on ETPs and the ETPL, see the NDOL Policy on Eligible Training Providers.
7. whether ITAs cover books, or other instructional materials, or fees in addition to tuition;
8. the maximum duration of ITAs must be described in the local area plan;
9. how the value of each ITA will be determined (will there be a cap on value, will the cap vary for occupations or populations, etc.);
	1. A range of amounts may be established and/or a maximum amount applicable to all ITAs may be established. If a dollar amount or durational limit for an individual participant established, identify how the limits will be based on the needs of the participant and identified in the individual employment plan. Dollar amount and/or durational limitations established by local board policies must be described in the local area plan. Limitations established by local board policies should not be implemented in a manner that undermines WIOA’s requirement that training services are provided in a manner that maximizes customer choice in the selection of an ETP. ITA limitations may provide for exceptions to the limitations in individual cases.[[7]](#footnote-7)
10. a process for documenting how other sources of funding are sought prior to establishment of the ITA (Pell Grants, scholarships, one-stop programs other than WIOA, etc.);
11. internal procedures for evaluating, endorsing, publicizing, and facilitating access to training services;
12. a formal process for tracking WIOA Title I expenditures paying for the individual’s training; and
13. the method of disbursement of funds;
	1. **Providers on the ETPL are the ONLY entities eligible to receive funding through ITAs.[[8]](#footnote-8)**
14. how coordination of ITA funds with other grant assistance will be accomplished:
	1. Formal procedures so participants will be assisted early in the assessment process, as appropriate, to establish eligibility for Pell Grant funds and other forms of financial aid. This includes helping workforce system customers access the Free Application for Federal Student Aid (FAFSA) form and navigate between the financial aid office and the one-stop career center. Refer to the NDOL Policy on Pell Grants and Other Financial Aid Issues.
	2. Guidelines to determine and document, prior to training enrollment, that to the extent practicable, available federal, state, and local resources are coordinated sufficiently to meet the training and education-related costs of services, so that the participant can afford to complete the agreed-upon program successfully. Resources may include wages earned by the participant through employment while attending training.
	3. The process to be followed by local staff to record the participant training-related financial assistance needs and the mix of funding assistance (employment and training and HEA funding) in the participant’s record. Also, local policy will establish a methodology to determine the participant training-related financial assistance needs.
	4. Procedures and forms to authorize release of a participant’s financial aid information by the post-secondary institution.
	5. Narrative ensuring the ITA requires the educational institution’s financial aid officer to inform the career planner of the amounts and disposition of any Pell Grants, and other types of financial aid awarded after the enrollment of the participant, as part of a continuing, regular information sharing process. Also, the ITA contains language to ensure that WIOA funds are used in addition to funds otherwise available and are coordinated with these funds.
	6. Language specifying that WIOA participants are not required to apply for or access student loans or incur personal debt as a condition of participation. However, the participant may incur personal debt when agreed to and after counseling regarding the responsibilities associated with the indebtedness, including loan repayment. Such counseling must be acknowledged in the participant’s record.
	7. Safeguards to ensure contracts with training providers prevent participants from being billed for outstanding charges.
	8. Operating procedures concerning the cost of training and training-related expenses that reflect prudent fiscal management resulting in outstanding customer satisfaction. Every effort should be made to honor the commitments made to clients. However, clients must also assume equal individual responsibility for the success of their training.

### Limited Exceptions to the Use of Individual Training Accounts

Contracts for services may be used instead of ITAs **only** when one (1) or more of the following five (5) exceptions apply and the local area has fulfilled the consumer choice requirements described below:[[9]](#footnote-9)

1. when the services provided are on-the-job training (OJT), customized training, incumbent worker training, or transitional employment;
2. when the local board determines that there are an insufficient number of eligible training providers in the local area;
3. The local area plan must describe the process to be used in selecting the providers under a contract for services. **This process must include a public comment period for interested providers of at least thirty (30) days.**
4. when the local board 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;
5. The local board must develop criteria to be used in determining demonstrated effectiveness, particularly as it applies to the individuals with barriers to employment to be served. The criteria may include, but are not limited to:
	* 1. financial stability of the organization;[[10]](#footnote-10)
		2. demonstrated performance in the delivery of services to hard to serve participant populations through such means as program completion rate; attainment of skills, certificates or degrees the program is designed to provide; placement after training in unsubsidized employment and retention in employment; and
		3. the relevance of the specific program to the workforce development needs identified in the local plan;
6. Individuals with barriers to employment include the following:
	* 1. displaced homemakers;
		2. low-income individuals;
		3. Indians, Alaska Natives, and Native Hawaiians;
		4. individuals with disabilities;
		5. older individuals, i.e., those aged 55 or over;
		6. ex-offenders;
		7. homeless individuals;
		8. youth who are in or have aged out of the foster care system;
		9. individuals who are English language learners;
		10. individuals who have low levels of literacy;
		11. individuals facing substantial cultural barriers;
		12. eligible migrant and seasonal farmworkers [defined in Sec. 167(i) of WIOA];
		13. individuals with two (2) years of exhausting lifetime eligibility under Temporary Assistance for Needy Families (TANF);
		14. Single-parents (including single pregnant women);
		15. long-term unemployed individuals; and
		16. other groups determined by the governor to have barriers to employment.
7. when the local board determines that it would be most appropriate to contract with an institution of higher education or other eligible provider of training services that will facilitate the training of multiple individuals in in-demand industry sectors or occupations, provided that the contract does not limit consumer choice; or
8. when the local board is considering entering into a pay-for-performance contract, and the local board ensures the contract is consistent with WIOA requirements on pay-for-performance contracts (see 20 CFR § 683.510).

**Exceptions are intended to meet special needs and should be used infrequently**.

## **Consumer Choice Requirements[[11]](#footnote-11)**

Training services, whether accessed by ITAs or under contract, must be provided in a manner that maximizes informed consumer choice in selecting an eligible training provider in accordance with the goals and objectives outlined in the participant’s individual employment plan:

1. The local board, through the one-stop center, must make the ETPL available to customers.
2. An individual who has been determined eligible for training services may select a provider from the ETPL after consultation with a career planner.
3. Unless the program under which the participant is eligible has exhausted training funds for the program year, the one-stop center must refer the individual to the selected provider, and establish an ITA for the individual to pay for training.
4. The ITA funds paid to the ETP are paid by the applicable adult, dislocated worker, or out-of-school youth program under Title I of WIOA.
5. The local board, through the one-stop center, may coordinate funding for ITAs with funding from other Federal, state, local, or private job training programs or sources to assist the individual in obtaining training services.

## **Coordination of Individual Training Accounts with other Grant Assistance**

WIOA requires that training funds be coordinated with other grant sources for training such as the Federal Pell Grant Program.[[12]](#footnote-12)

Veterans Administration benefits such as the GI Bill are not considered grant assistance for purposes of coordination with ITAs.[[13]](#footnote-13)

WIOA limits funding for training to individuals who:

1. are unable to obtain grant assistance from other sources to pay for the cost of their training; or
2. require assistance beyond what is available under grant assistance from other sources to pay the costs of such training.[[14]](#footnote-14)
3. In determining whether an individual requires such assistance, a one-stop center (or one-stop partner, where appropriate) may consider the full cost of participating in training services, including the costs of dependent care and transportation, and other appropriate costs.

One-stop centers must consider the availability of other sources of training grants such as Temporary Assistance for Needy Families (TANF), state-funded training funds, Federal Pell Grants so that WIOA funds supplement other sources of training grants.[[15]](#footnote-15) Program operators and training providers must coordinate available funds to pay for training and prevent duplication of payments.

The exact mix of funds should be determined based on the availability of funding for either training costs or supportive services, with the goal of ensuring that the costs of the training program the participant selects are fully paid and that necessary supportive services are available so that the training can be completed successfully. This determination should focus on the needs of the participant and satisfy the following three conditions:

1. WIOA funds for training services are limited to instances when there is inadequate or no grant assistance from other sources;
2. duplicate payments of costs when an individual is eligible for both WIOA and other assistance including Pell Grants must be avoided; and
3. participation in a training program funded under WIOA may not be conditioned on applying for or using a loan to help finance training costs.

One-stop centers and training providers must coordinate by entering into arrangements with the entities administering the alternate source of funds, including eligible providers administering Pell Grants. These entities should consider all available sources of funds, excluding loans, in determining an individual’s overall need for WIOA funds. The WIOA career planner must work with the WIOA participant to calculate the total funding resources available as well as to assess the full “education and education related costs” (training and supportive services costs) if the participant is to complete the chosen program with WIOA funds while an application for Pell Grant funds is pending.

WIOA permits a WIOA participant to enroll in a training program with WIOA funds while an application for Pell Grant funds is pending.[[16]](#footnote-16) However, the one-stop operator must be reimbursed if both funding sources end up paying the same costs for the same WIOA participant. When the agreements negotiated are performance-based contracts, one-stop centers must prohibit training institutions or organizations from holding the student liable for outstanding charges. Otherwise, the performance agreements would be undercut because the incentive for the institution or organization to perform would be removed.

Refer to the section of this policy titled “Local Area ITA Policy Requirements” for information on the requirements relating to coordination of individual training accounts with other grant assistance and local area plans and policies.

# **DISCLAIMER**

This policy is based on NDOL’s reading of the applicable statutes, regulations, rules and guidance released by the U.S. Government and the State of Nebraska. This policy is subject to change as revised or additional statutes, regulations, rules and guidance are issued.

1. WIOA Section 134(c)(3)(F)(i) [↑](#footnote-ref-1)
2. WIOA Section 134(c)(4)(G) [↑](#footnote-ref-2)
3. 20 CFR § 651.550 [↑](#footnote-ref-3)
4. WIOA Section 134(c)(3)(F)(ii) and 134(c)(3)(G)(iii) [↑](#footnote-ref-4)
5. 20 CFR § 680.300 [↑](#footnote-ref-5)
6. 20 CFR § 680.340(f) [↑](#footnote-ref-6)
7. 20 CFR § 680.310(c) [↑](#footnote-ref-7)
8. 20 CFR § 680.410(a) [↑](#footnote-ref-8)
9. 20 CFR § 680.320(a) [↑](#footnote-ref-9)
10. 20 CFR § 680.320(a)(3)(i) [↑](#footnote-ref-10)
11. 20 CFR § 680.340 [↑](#footnote-ref-11)
12. 20 CFR § 680.230 [↑](#footnote-ref-12)
13. TEGL 10-09, Attachment A [↑](#footnote-ref-13)
14. 20 CFR § 680.230(a)(2) [↑](#footnote-ref-14)
15. 20 CFR § 680.230(b) [↑](#footnote-ref-15)
16. WIOA Sec.134(c)(3)(B)(ii) [↑](#footnote-ref-16)