



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB D

April 16, 2021

Revision of Technical College Policy 202 (R432), *Custom Fit*

The Custom Fit program provides customized training to Utah employers through the eleven institutions that offer technical education. As program oversight transitioned from UTech to the combined higher education system, the Office of the Commissioner conducted a statewide review of Custom Fit policies, practices, and results. Based on the findings of the review, it is recommended that Technical Colleges [Policy 202](#) be revised to clarify the Custom Fit mission, principles, and practices. The proposed revisions include:

- Clarifying and focusing the Custom Fit mission, priorities, rationale, and implementation as a state investment with industry in economic vitality and workforce development.
- Changing former UTech references to current USHE references, renumbering it as an integrated Board policy (R432), and removing the current exclusion of SLCC.
- Shifting the institutions' Custom Fit state funding from a Board allocation to a direct legislative line item to reflect the 2021 legislative reallocation from USHE to the institutions and integrating Custom Fit budget adjustment processes into the regular USHE budget request process.
- Simplifying the process for addressing excess carried-forward balances (currently third-quarter and year-end reviews, with consideration of Board reallocations) to an annual review and consideration in the regular legislative budget request.
- Clarifying that Custom Fit Funds should be disbursed directly to providers, with flexibility for payment to a recipient company under a reimbursement agreement.
- Providing for regional determination of priorities in targeting companies for economic impact in Custom Fit utilization, with clarified factors to consider.
- Clarifying the role of training providers.
- Stipulating that costs paid by students for institution courses cannot be used for company contributions.
- Replacing a requirement for a statewide database with provision for institution databases and uploads determined by the Office of the Commissioner.
- Removing a requirement to collect the last four digits of a Custom Fit participant's social security number.
- Removing provisions that are covered by other policies and laws not specific to Custom Fit (misuse of funds, audit control, and records retention).

- Other changes to formatting, organization, and wording for clarity and consistency with other Board policies.

Commissioner's Recommendation

The Commissioner recommends the Board adopt changes to Technical College Policy 202 and re-number it as Board Policy R432, effective immediately.

Attachment

R432, Custom Fit¹

R432-1 Purpose: To establish policies, standards, and procedures for institutions to administer the Custom Fit program.

R432-2 References

- 2.1 [Utah Code §53B-16-101 \(Establishment of institutional roles and general courses of study\)](#)
- 2.2 [Utah Code §53B-2a-105 \(Technical colleges\)](#)
- 2.3 Utah Code §53B-2a-201 (Geographic service areas for degree-granting institutions that provide technical education)

R432-3 Definitions

- 3.1 **“Custom Fit Administrator”** means a primary administrator designated by an institution to manage and represent its Custom Fit program.
- 3.2 **“Custom Fit Funds”** means funds provided to an institution for administration and delivery of Custom Fit Training, inclusive of state appropriations and company contributions.
- 3.3 **“Custom Fit Recipient”** means a company that receives Custom Fit Training.
- 3.4 **“Custom Fit Training”** means training provided to a company utilizing any amount of Custom Fit Funds.
- 3.5 **“Institution”** means a higher education institution with a technical education role specified in Utah Code 53B-16-101(1)(b)(iv).
- 3.6 **“Region”** means the geographic area specified for an institution in Utah Code 53B-2a-105 or 53B-2a-201.

¹ Adopted May 7, 2003 (UTech - unnumbered); amended September 1, 2004; June 15, 2005; June 7, 2006; June 6, 2007. Replaced with Policy 451 June 11, 2008; amended January 13, 2010; June 15, 2010; September 30, 2010 (renumbered Policy 202); April 18, 2012; June 5, 2013; June 8, 2016; September 13, 2017; March 15, 2018; January 16, 2020. USHE adaptation July 1, 2020; amended May 21, 2021 (renumbered R432)

R432-4 Custom Fit Mission. As a state investment with industry in Utah’s economic vitality and workforce development, Custom Fit provides and supports training designed to aid in retention and expansion of Utah companies, attract new businesses to the state, and meet employers’ specific educational needs. Custom Fit accomplishes this through jointly-funded partnerships between Utah companies and Utah System of Higher Education institutions.

R432-5 Custom Fit Funds

5.1 Fund Restrictions. Custom Fit Funds are restricted to expenditure for the Custom Fit program and may not be moved or spent on any other program outside of the Custom Fit program.

5.2 Funding Adjustments. Adjustments to an institution’s Custom Fit line item appropriation shall be considered in the Board’s annual budget recommendation process, with attention to statewide economic priorities and institution needs.

5.3 Use of Custom Fit Funds

5.3.1 Direct Training Costs. An institution shall maximize its use of Custom Fit Funds for direct costs of training, in support of the Custom Fit mission.

5.3.2 Direct Administrative Costs. An institution may use Custom Fit Funds for administrative costs, including staff compensation and other costs directly related to the administration of the Custom Fit program.

5.3.3 Indirect Costs and Overhead. An institution may not charge costs to the Custom Fit program that are not directly related to the administration or mission thereof (e.g., lease expenses, custodial support, electrical/heating costs, etc.).

5.3.4 Disbursement of Funds. When feasible, Custom Fit Funds should be disbursed by an institution directly to a provider of training, materials, or other goods or services. When advantageous, an institution may authorize a Custom Fit Recipient to pay a provider under an agreement wherein the Recipient shall submit payment documentation, and the institution shall reimburse the Recipient for the net amount.

5.3.5 Company Purchases. Custom Fit Funds may not be used to purchase equipment or operational software for a Custom Fit Recipient.

5.4 Company Contribution. A Custom Fit Recipient shall pay at least 50% of the direct costs for Custom Fit Training. Exceptions may be considered on a case-by-case basis and must be approved in writing by the president of the institution or the president’s designee.

5.5 Expected Costs. Prior to providing Custom Fit Training to an eligible company, an institution shall document the full expected cost of each proposed training event and the associated company contribution.

5.6 Procurement. Processes for the purchase of goods and services using Custom Fit Funds shall provide an appropriate level of rigor and competition and shall be in accordance with the institution's purchasing policies and state procurement code.

5.7 Carried Forward Balances. Unexpended Custom Fit Funds at the end of a fiscal year remain within the Custom Fit program and may not be moved or spent on any other program. An institution with a year-end Custom Fit Fund balance exceeding 10% of its annual Custom Fit Funds shall submit with its annual Custom Fit report specific plans to utilize the balance carried over. Upon review of the plans, the Commissioner may recommend a one-time or ongoing adjustment to the institution's Custom Fit appropriation for the Board to consider in its annual budget request to address excess funds that will not be effectively utilized.

R432-6 Custom Fit Training Utilization

6.1 Company Eligibility. Custom Fit Funds shall be used to serve for-profit companies located in Utah. Not-for-profit companies/organizations may be considered on a case-by-case basis, must result in economic and/or workforce development, and must be approved in writing by the institution president.

6.2 Company Prioritization. An institution shall determine priorities within available funds to target company utilization of Custom Fit Training for maximum economic and workforce impact according to the needs and circumstances of its region and the state, with consideration to factors such as the following:

6.2.1 Company Retention: An institution is encouraged to provide training designed to aid in retention of existing companies in the region.

6.2.2 New and Expanding Companies: An institution is encouraged to seek companies each year that are new to its region or expanding to which Custom Fit training may be provided.

6.2.3 Equitable Access: An institution is encouraged to seek companies each year that are not utilizing Custom Fit Training insofar as it impacts the region's economic priorities, focusing on equitable access representing diverse businesses, workers, and types of training.

6.2.4 Repeated Utilization: When considering providing continued Custom Fit Training for a company from year to year, careful consideration should be given to balance equitable access with company retention.

6.2.5 Industry Sector: An institution may target industries that have particular importance to the economic vitality and workforce development of the region or the state.

6.3 Methods for Implementing Priorities. An institution may establish policies, procedures, guidelines, and practices to target company utilization of Custom Fit Training for region priorities, including but not limited to: scaled company contributions that favor the most important or economical businesses, subject matter, and/or formats; company or employee funding limits; promotional activities, outreach, and emphases; relationships with local organizations and networks; etc.

R432-7 Delivery of Custom Fit Training

7.1 Planning and Selection of Providers. Custom Fit staff shall be actively involved with a Custom Fit Recipient to plan the training and select a training provider acceptable to both parties. Final selection of a provider shall be made by the Custom Fit Administrator with consideration to effective achievement of training objectives, cost, region priorities, conflicts of interest, equity, and company needs, and shall be vetted in accordance with institution policies for procurement, contracting, and human resources.

7.2 Training Provider Role. A trainer teaches a Custom Fit Recipient under the auspices of the institution, and may not independently represent, promote, or commit Custom Fit Training to a company.

7.3 Internal Trainers. Custom Fit Funds may not be used to supplant or replace existing wages of a Custom Fit Recipient's employee to provide training. If a recipient's employee is selected to provide training, an institution may contract separately with the employee to provide training outside the employee's regular workload.

7.4 Institutional Courses. If determined to most effectively meet a qualifying Custom Fit Recipient's specific educational needs within region priorities, a Custom Fit Administrator may select a short-term or program-based course regularly offered by the institution for Custom Fit Training as a means to efficiently leverage state-appropriated and institution resources, subject to the following:

7.4.1 There shall be no exceptions to the 50% minimum company contribution for courses projected to result in completion of an institution's full program for which any Custom Fit Funds are utilized.

7.4.2 Funds paid for the course by a student or any other source shall not be considered as part of the company contribution.

7.4.3 Each institution shall include in its annual Custom Fit report the number of people who enroll in a regular institution course utilizing Custom Fit Funds and the number who graduate from a program.

R432-8 Custom Fit Reporting

8.1 Documentation. An institution shall maintain source documents for all financial transactions and event details for all training engagements, including class titles and descriptions, instructor names, participant names, attendance reports, and any other information directed by the Office of the Commissioner.

8.2 Custom Fit Data. An institution shall maintain a Custom Fit Training database and shall submit a quarterly upload of data securely to the Office of the Commissioner as specified by the Office of the Commissioner.

8.3 Annual Report. An institution shall submit a report to the Office of the Commissioner by September 1 of each year detailing Custom Fit revenues, expenses, carry-forward balances, companies served, training hours provided, institutional course enrollments and program completions, and other information as required by the Office of the Commissioner for the most recently-completed fiscal year. The Office of the Commissioner shall provide a summary report to the Technical Education Committee to review in its next regular meeting and to forward to the Board.