

LOCAL INSTRUCTION NUMBER 23-04 Update from instruction 17-13

To: Local Workforce Development Area

Subject: Participant Cost Rate Policy

Issuance Date: 07/05/2023

Updated: June 30, 2023

Effective date: July 1, 2023

Purpose: To provide guidance regarding participant cost rate (PCR) performance requirements for local workforce development area (LWDA) Adult and Dislocated Worker programs.

Change 3 Revision: Participant costs includes salaries, fringe benefits, and indirect costs of staff working directly with participants.

References:

- Workforce Innovation and Opportunity Act, Public Law 113-128, §§ 101(d)(2), 101(d)(12), 102(b)(2)(D)(i)(I), and 116(b)(2)(B)
- 20 CFR §§ 676.110, 677.165, 679.130(b), 679.130(l)
- State Instruction 19-04, Change 1, WIOA Title I Sanctions Policy

Background: An analysis of the Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) LWDA expenditures was initiated in Program Year 2012 and continued through Program Year 2016. On average, a majority of the twelve LWDA's expended less than 30% of their allocated Adult and Dislocated Worker funds, including any Rapid Response for additional assistance funding received, on participant costs, such as training and related services. In response, the State Workforce Development Board (SWDB) issued a policy on December 5, 2017 (effective July 1, 2018), which established a minimum PCR to more effectively focus WIOA resources on serving individuals and addressing skill shortages to meet employer needs. Setting such a policy also places more emphasis on ensuring financial integrity of taxpayer dollars.

Policy: Per WIOA § 116(b)(2)(B), this policy establishes a minimum PCR as an additional State performance accountability indicator. Effective July 1, 2018, each local workforce development board (LWDB) shall ensure that WIOA Adult and Dislocated Worker expenditures, including Rapid Response for additional assistance funds, meet a minimum PCR of 30%. Participant costs include expenditures for the following:

- All types of training (classroom, on-the-job training [OJT], apprenticeship, locally-funded incumbent worker training [IWT], customized training, etc.)
- Basic skills upgrading and General Educational Development Test (GED) preparation
- Supportive services necessary, and not otherwise available, to enable an individual to participate in WIOA activities (such as transportation, childcare, books, supplies, uniforms, tools, and fees)
- Assessments
- Testing
- Work-based learning wages and/or stipends
- Salaries, fringe benefits, and indirect costs of staff working directly with participants (i.e., staff who provide eligibility certification, case management, workshops, and assessments)

NOTE: Participant costs do not include operating expenses or indirect costs, except for staff working directly with participants.

The following procedures apply to calculation of the PCR for LWDAs:

- The PCR will be evaluated annually and will include expenditures of both carry-in and new funds.
- Only program cost category expenditures will be used. Administration expenditures will not be included in the calculation.
- The PCR will be calculated using combined local Adult and Dislocated Worker program expenditures, including Rapid Response for additional assistance funds. The funding streams will not be evaluated separately.
- June Financial Status Reports (FSRs) submitted by each LWDA will be used to determine total program expenditures and participant costs.
- As an additional State performance accountability indicator, the actual PCRs for each LWDA will be included in the WIOA Annual Report.

Any LWDA that falls below the 30% PCR will be subject to sanctions due to performance violations as described in State Instruction 19-04, Change 1, WIOA Title I Sanctions Policy.

Action: Please ensure that all appropriate staff receive and understand this policy.

Inquiries: Questions may be directed to abaker@catawbacog.org



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