

## INSTRUCTION LETTER

**INSTRUCTION NUMBER:** WIOA Local 17-07, Amendment 3

**TO:** SC Works Operator Staff

**SUBJECT:** Participant Cost Rate Policy

DATE	DATE	DATE
<b>ISSUED:</b> <u>March 19, 2021</u>	<b>EFFECTIVE:</b> <u>Immediately</u>	<b>EXPIRES:</b> <u>Indefinitely</u>

**PURPOSE:** To issue revised guidance regarding any workforce area that falls below the 30 percent participant cost rate, as outlined in Local Instruction 19-05, Amendment 1, WIOA Title I Sanctions Policy. No other changes have been made to the policy.

### 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 §§ 679.130(b), 679.130(l), 676.110, 677.165
- State Instruction 19-04, Change 1, WIOA Title I Sanctions Policy

**BACKGROUND:** An Analysis of WIA/WIOA local expenditures was initiated in Program year 2012 and continued through Program Year 2016. On average, a majority of the twelve local workforce areas expended less than 30 percent 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 participant cost rate 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 Public Law 113-128, Section 116(b)(2)(B), a minimum participant cost rate policy is established as an additional State performance accountability indicator. Effective July 1, 2018, each local workforce development board shall ensure that WIOA Adult and Dislocated Worker expenditures, including Rapid Response for additional assistance funds, meet a minimum participant cost rate of 30 percent.

- The participant cost rate 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 participant cost rate 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.
- Participant costs include expenditures for all types of training (classroom, on-the-job training (OJT), apprenticeship, locally-funding 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, child care, books, supplies, uniforms, tools and fees), assessments, testing, and work-based learning wages and/or stipends.
- Participant costs do not include staff salaries, fringe benefits, operating expenses, or indirect costs.
- 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 participant cost rates for each LWDA will be included in the WIOA Annual Report.

Any LWDA that falls below the 30 percent participant cost rate will be subject to the following as outlined in State Instruction, Change 1, WIOA Title 1 Sanctions Policy:

#### **Failed Performance Measures(s) in One Program Year**

If a LWDA fails to meet this additional state indicator of performance in one program year, a notice will be sent to the signatory official, the Chief Elected Official(s) (CEO), the LWDB Chairperson, the LWDA Administrator, and the SWDB Chairperson. The LWDB will be required to submit a Corrective Action Plan (CAP) within 45 days of the notice, describing how it will improve and meet performance. The CAP must include, but is not limited to:

- A description of the reason(s) for failure, including an analysis of the reason(s) for failure and how the cause was determined.

- A description of immediate and long-term actions that will be taken to improve performance measures.
- A timeline of completing each action identified.
- Identification of technical assistance needed to implement the plan.
- A description of how the LWDB will monitor and measure the effectiveness of the corrective action activities to ensure performance improvement.
- Signatures of the LWDB chairperson and the signatory official. A copy must be sent to the CEO(s).

DEW will review the CAP and notify the signatory official, the CEO, the LWDB Chairperson, the LWDA Administrator, and the SWDB Chairperson in writing of the plan acceptance. Appropriate parties will be notified within 15 days if additional information is required.

Upon acceptance of the CAP, the LWDB will submit progress reports to DEW on a mutually agreed upon schedule. Report submission will continue until the end of the program year.

#### **Failed Same Performance Measure(s) in Two Consecutive Program Years**

If a local area fails the same additional state indicator(s) of performance for two consecutive program years, DEW will issue a written notice to the signatory official, the CEO, the LWDB Chairperson, the LWDA Administrator, and the SWDB Chairperson. In addition, DEW will present to the full LWDB the performance, sanctions, and potential consequences to the LWDB and LWDA of continued failed performance.

The LWDA will be required to commit funds for dedicated external technical assistance and will be ineligible for incentive funds earned in the second consecutive year of failing a performance measure.

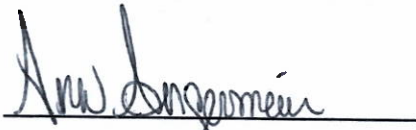
DEW will work with appropriate LWDA staff to amend the CAP as needed. Timelines for further local area action, additional monitoring, reporting, and technical assistance will be determined by a joint LWDB, DEW, local service provider(s), and administrative entity Ad Hoc Committee.

**Failed Same Performance Measures(s) in Three Consecutive Program Years**

With the expanded awareness, actions, and technical assistance being provided to LWDA's over the previous two years, it is not expected that there will be a third consecutive year of failed performance, including failure to meet this additional state indicator of performance. However, should this occur, DEW, as the Governor's designated administrative entity, and the SWDB may impose sanctions in accordance with State Instruction 19-04, Change 1 WIOA Title I Sanctions Policy.

**ACTION:** Ensure that all appropriate staff receive and understand the policy

**INQUIRIES:** Questions may be directed to Dana Wood  
[wood@upstateworkforceboard.org](mailto:wood@upstateworkforceboard.org) or 864-596-2028 TTY: 711.



Ann Angermeier, Director

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**Source: State Instruction 17-04, Change 2. Amends Local Instruction 17-07, Amendment 2**