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STATE INSTRUCTION NUMBER 17-04

To: Local Workforce Development Board Chairs
Local Workforce Area Signatory Officials
Local Workforce Area Administrators

Subject: Participant Cost Rate Policy

Issuance Date: December 5, 2017

Effective Date: July 1, 2018

Purpose: To issue state policy regarding Workforce Innovation and Opportunity Act (WIOA) participant cost rates for local area Adult and Dislocated Worker programs.

References: Workforce Innovation and Opportunity Act, Public Law 113-128, Section 101(d)(2), Section 101(d)(12), Section 102(b)(2)(D)(i)(I), Section 116(b)(2)(B); 20 CFR Part 679.130(b), Part 679.130(l), Part 676.110, Part 677.165

Background: An analysis of WIA/WIOA local area 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 on participant costs, such as training and related services. In response, the State Workforce Development Board (SWDB) has 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 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. The fund streams will not be evaluated separately.

- Participant costs include expenditures for all types of training (classroom, OJT, apprenticeship, IWT, customized training, etc.), basic skills upgrading and 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 cost.
- June Financial Status Reports (FSRs) submitted by each local workforce area 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 local area will be included in the WIOA Annual Report.

Any workforce area that falls below the 30 percent participant cost rate must submit a local board approved Corrective Action Plan that includes:

- a detailed analysis of the inability to attain a minimum 30 percent participant cost rate;
- action steps to meet the minimum required rate;
- any measurable benchmarks or indicators that will ensure the local area is on track to meet the expected outcome; and
- other information the local board may want to include in the Corrective Action Plan that will be beneficial for state level review and comment.

Action: Ensure that this policy is distributed to all local workforce board members and appropriate staff within the workforce area.

Inquiries: Questions may be directed to Mary jo Schmick at mschmick@dew.sc.gov or 803-737-2708.



Patricia Sherlock, Director
Policies and Procedures