

## Minimum Participant Cost Rate (MPCR) Policy

Effective Date: 3.14.18

Revised Date: 12.10.19

Duration: Indefinite

### I. Purpose:

To implement, in accordance with State Workforce Development Board (SWDB) guidance, the Workforce Innovation and Opportunity Act (WIOA) Title I local area formula funds minimum participant cost rate for allowable WIOA funded services.

### II. Background:

Pursuant to WIOA, Section 101(d)(4) the SWDB shall assist in the development and updating of comprehensive State performance accountability measures, including State adjusted levels of performance, to assess the effectiveness of the core programs in the State as required under section 116(b). Under this policy the SWDB establishes a minimum participant cost rate (MPCR) as an additional State identified performance accountability measure (WIOA, Section 116(b)(2)(B)). This policy is designed to set a benchmark for participant expenditures to more effectively focus Federal resources on serving more individuals which impacts performance and outcomes. This will place more of an emphasis on ensuring financial integrity of taxpayer dollars in partnership with our workforce system stakeholders.

### III. Instructions:

Each local workforce development board shall ensure a minimum of 40 percent of their WIOA Title I formula allocations (**WIOA Section 128(a)(1), 128(b)(1), 133(a) and 133(b)(1)**) is expended on allowable participant costs under WIOA funded services per **WIOA Section 129(c)(2), WIOA Section 134, TEGL 19-16 and TEGL 21-16**. For all other types of allowable WIOA funded services not mentioned below, the local WDB or staff should request clarification from the TDLWD staff prior to incurring the cost to ensure the service is allowable and to determine if the costs can be included in the minimum expenditure calculation.

### Qualifying Expenditures under this Policy:

As defined within this policy, certain WIOA funded services (**20 CFR § 681, TEGL 19-16 and 21-16**) will be considered as "qualifying" expenditures toward the minimum expenditure calculation. In all cases, qualifying expenditures are those that represent the cost of services as described below and do not include administrative, personnel staff or operating expenditures of the LWDB, LWDB staff, one-stop operators, and/or contracted service providers.

### Qualifying Youth Expenditures:

LWDBs shall **not** use 100% of youth contract expenditures in the calculation of the 40% MPCR. In order for an expenditure to be considered in the calculation of the MPCR, the service must be considered a direct participant benefit associated with the 14 Youth Elements which are all fundable service in Jobs4TN (See Attachment 2).

In order to determine if the cost of an activity should be considered a direct Youth participant expense (i.e., fundable activity) that will count towards the LWDA's 40% MPCR, please consider the factors below:

1. If the activity is listed on Attachment 2 listed as one of the 14 Youth Elements prescribed in WIOA, the activity qualifies as a direct participant cost to be included in the MPCR calculation.
2. If the activity is not listed, conduct the analysis below:
  - a. In order to receive this service/activity, would the participant have to incur an out of pocket personal expense? If the answer is yes, count the activity as a direct participant expense. (Ex. There are no free or available financial literacy classes offered in the community, if not for the youth program offering the class, the individual would have to incur expenses to participate in a class)

**Qualifying Adult and Dislocated Worker Expenditures:**

1. Career Services defined (20 CFR § 678.430) as costs directly benefiting participants (i.e. assessments) and does not include salaries of staff providing the assessments.
2. Training Services (20 CFR § 680.200 through .230 and 20 CFR § 680.300 through .350).  
Types of training services that may be provided include:
  - a. Occupational skills training, including training for nontraditional employment;
  - b. On-the-job training;
  - c. Programs that combine workplace training with related instruction, which may include cooperative education programs;
  - d. Training programs operated by the private sector;
  - e. Skill upgrading and retraining;
  - f. Entrepreneurial training;
  - g. Job readiness training provided in combination with the training services described in any of clauses (a) through (g) or transitional jobs;
  - h. Adult education and literacy activities, including activities of English Language acquisition and integrated education and training programs, provided concurrently or in combination with services provided in any of clauses (a) through (g); and
  - i. Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.
3. Supportive Services (20 CFR § 680.900)

**MPCR Calculation:**

MPCR is calculated by dividing the Total Qualifying Expenditures Incurred by the Total Cumulative Expenditures-Program Only (as reported on the Monthly Expenditure Report). Each quarter, calculate and report the MPCR to TDLWD utilizing the attached MPCR Calculation Template (Attachment 1) This report is to be attached to the Status Report submitted via Grants4TN for the respective quarter end month. Effective July 1, 2019, the Minimum Participant Cost Rate (MPCR) will be calculated following the above formula; however, Incumbent Worker Training (IWT) will be exempted from both Total Qualifying Expenditures Incurred, and the Total Cumulative Expenditures-Program Only.

**Procedures:**

The following provisions address procedures and continuous improvement steps to assist STLWDA in meeting and/or exceeding the MPCR by the end of the Base Program Year 2017 (June 2018):

1. Board Staff, in conjunction with the quarterly reporting required of the Fiscal Agent to TDLWD, will report the current quarterly MPCR to the LWDB during quarterly board meetings utilizing the provided MPCR Calculation Template.
2. In the event the LWDA falls below the 40% MPCR for two consecutive quarters, the LWDB Staff and Fiscal Agent will request an action plan from the Career Service Providers, under the direction of the One Stop Operators, for increasing the MPCR by the next quarterly meeting. The One Stop Operators will compile one detailed and concise report within one week of the conclusion of the board meeting and submit to the Workforce Development Director for review. The report will be submitted to the Operations Committee for monitoring and continuous improvement. The One-Stop Operator will be required to submit bi-weekly progress reports until the deficiency is corrected. At a minimum the plan will include:
  - a. Action steps to meet the minimum required rate;
  - b. Input from AJC Team Leads on how each will provide input in the process to increase expenditures for the local area;
  - c. Any measurable benchmarks or indicators the One Stop Operator has outlined; and
  - d. Other information the One Stop Operator may want to include in action plan that will be beneficial for state review and comment.
3. The 40% expenditure rate will be reviewed quarterly by the SWDB. In the event STLWDA is performing below 40% a brief narrative will be submitted with the quarterly report explaining why the expenditure rate was not attained. In the event STLWDA is performing below 40% for three consecutive quarters a local board approved Corrective Action Plan providing a detailed analysis of the inability to attain a minimum 40% training expenditure rate will be submitted to TDLWD. This Corrective Action must include at a minimum:
  - a. Local Board approved action steps to meet the minimum required rate;
  - b. Timeline for meeting the 40% minimum required rate;
  - c. Any measurable benchmarks or indicators the plan will ensure the LWDA is on track to meet the expected outcome; and
  - d. Acknowledgement by the LWDB that the area is subject to remedies for non-compliance as outlined in 2CFR 200.207 and 200.338 until the MPCR is attained.
  - e. Other information the LWDB may want to include in the Corrective Action Plan that will be beneficial for state review and comment.

**Continuous Improvement:**

1. STLWDA is currently meeting the 40% MPCR and will continue to maintain and/or improve the current rate of participant expenditures in order to meet a State proposed regional MPCR of 50% or greater. It is intended that STLWDA/East Region will meet the regional 50% MPCR no later than the end of Program Year 2019 (June 2020).
2. The 50% standard will be reviewed and reassessed by TDLWD to determine if it continues to be an appropriate standard after reviewing the results from all LWDAs/regions for the Program Year 2019-20. The state will also continue to evaluate the standard to ensure maximum benefit for the participant.

**Reporting and Monitoring:**

WIOA requires that LWDBs track training-related expenditures (**WIOA sec. 116(d)(2)(D)**) and (**WIOA sec. 116(d)(3)(A)**). A review of the requirement to expend 40% of the Workforce

Innovation and Opportunity Act (WIOA) funding that is within their direct board control on training as described in this policy will be incorporated into the Monitoring Guide each Program Year. For the purposes of this policy, the STLWDB will report prior Program Year training expenditure outcomes during Program Accountability Review (PAR) monitoring. For example, Program Year 2019 annualized expenses will be monitored in Program Year 2020 to ensure compliance.

**AUTHORIZED BY:**

  
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Michele Holt, Director, Workforce Development 12/12/19  
Date

**APPROVED BY:**

  
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John Proffitt, Chair, Workforce Development Board 12.10.19  
Date

*Minimum Participant Cost Rate Policy; Effective Date 3.14.18, Revision Date 12.10.19*

**Attachment 1: Minimum Participant Cost Rate by Program Year**

**MPCR Calculation Methodology:**

- A. Total Qualifying Expenditures = sum of all allowable WIOA funded services by program as identified in Section A and B or MPCR Policy
- B. Total Cumulative Expenditures = Total Cumulative Program Expenditures (as reported on the relevant Monthly Expenditure Report)
- C. MPCR by Program = Total Qualifying Expenditures divided by Total Cumulative Expenditure

**Notes:**

- 1. Per State Policy the MPCR calculation excludes obligations and the reserve for local Admin costs
- 2. MPCR is based the combined formula fund totals not the individual program totals
- 3. The relevant data is to be keyed into the input cells (orange colored cells only)

*Illustration:*

MPCR Threshold		40%			Southeast		
Program	Funding Type	Program Year		2019	Program Year		2020
		Quarter End Monthly Expenditure Report			Quarter End Monthly Expenditure Report		
		Total Qualifying Expenditures (A)	Total Cumulative Expenditures-Program (B)	MPCR by Program (C)	Total Qualifying Expenditures (A)	Total Cumulative Expenditures-Program (B)	MPCR by Program (C)
WIOA Youth	PY	397,429.50	794,859.00	50%	346,580.40	866,451.00	40%
WIOA Adult	PY	33,503.50	67,007.00	50%	58,350.00	145,875.00	40%
	FY	367,378.50	734,757.00	50%	402,421.20	1,006,053.00	40%
WIOA Dislocated Worker	PY	32,447.00	64,894.00	50%	32,510.00	81,275.00	40%
	FY	205,245.50	410,491.00	50%	146,581.20	366,453.00	40%
Grand Total		1,036,004.00	2,072,008.00	50%	986,442.80	2,466,107.00	40%
Was the MPCR Threshold Met?				Yes	Yes		

Two Year Summary		
Total Qualifying Expenditures	Total Cumulative Expenditures (Program)	Combined MPCR
2,022,446.80	4,538,115.00	44.6%

## Attachment 2: List of Qualifying Expenditures (based on fundable activities in VOS)

**Note:** As indicated in state policy (Section 1: Guidance), the local WDB or staff should request clarification from the TDLWD staff prior to incurring the cost to ensure the service is allowable and to determine if the costs can be included in the minimum expenditure calculation.

VOS Service Code	Description	State Policy
180	Support Service - Child/Dependent Care	Section II.B.3
181	Support Service - Transportation Assistance	Section II.B.3
182	Support Service - Medical	Section II.B.3
184	Support Service - Temporary Shelter	Section II.B.3
185	Support Service - Other	Section II.B.3
186	Support Service - Seminar Workshop Allowance	Section II.B.3
187	Support Service - Job Search Allowance	Section II.B.3
217	Support Service - Relocation Assistance (TAA only)	Section II.B.3
219	Work Experience	Section II.B.1
300	Occupational Skills Training - Approved Provider List (ITA)	Section II.B.2.a
301	On-The-Job Training	Section II.B.2.b
302	Entrepreneurial Training	Section II.B.2.g
303	Distance Learning	Section II.B.a and II.B.e
304	Customized Training	Section II.B.2.j
320	Private Sector Training	Section II.B.2.e
323	Workplace Training & Cooperative Education	Section II.B.2.d
324	Adult Educ w/ Occupational Skills Training - Approved Provider List (ITA)	Section II.B.2.i
325	Employed Worker Skills Upgrading/Retraining	Section II.B.2.f
326	Support Service - Needs Related Payments	Section II.B.3
327	Support Service - Training Allowance	Section II.B.3
406	Youth - Tutoring, Study Skills Training & Instruction	Section II.A.1
416	Youth - Occupational Skills Training - Approved Providers List (ITA)	Section II.A.4
425	Youth - Work Experience - Paid	Section II.A.3
426	Youth - Work Experience - Un-Paid	Section II.A.3
430	Youth - Occupational Skills Training - Non-Approved Providers	Section II.A.4
480	Youth Support Service - Child/Dependent Care	Section II.A.7
481	Youth Support Service - Transportation Assistance	Section II.A.7
482	Youth Support Service - Medical	Section II.A.7
483	Youth Support Service - Temporary Shelter	Section II.A.7
484	Youth Support Service -	Section II.A.7
485	Youth Support Service - Other	Section II.A.7