

FISCAL	Minimum Participant Cost Rate (MPCR)
Classification :	Title I Adults, Dislocated Workers and Youth
Date Adopted:	01/25/18
Background:	Under this policy, the SMAWB establishes a minimum participant cost rate (MPCR) as an additional State identified performance accountability measure. 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.
Policy:	<p><b>I. Purpose:</b> To implement, in accordance with State Workforce Development Board (SWDB) guidance, the Workforce Innovation and Opportunity Act (WIOA) Title I local area formula funds of the Smoky Mountains Area Workforce Board (SMAWB) minimum participant cost rate for allowable WIOA funded services.</p> <p><b>II. Guidance:</b> The SMAWB shall ensure a minimum of 40 percent of their WIOA Title I formula allocations is expended on allowable participant costs under WIOA funded services per <i>WIOA Section 129(c)(2)</i>, <i>WIOA Section 134</i>, <i>TEGL 19-16</i> and <i>TEGL 21-16</i>.</p> <p><b>III. Qualifying Expenditures under this Policy:</b> As defined within this policy, certain WIOA funded services 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.</p> <p>A) Youth Services:</p> <ol style="list-style-type: none"> <li>1) Tutoring, study skills training, instruction, and dropout prevention services</li> <li>2) Alternative secondary school services or dropout recovery services</li> <li>3) Paid and unpaid work experience</li> <li>4) Occupational skills training</li> </ol>

- 5) Education offered concurrently with workforce preparation and training for a specific occupation
- 6) Leadership development opportunities
- 7) Supportive services
- 8) Adult mentoring
- 9) Follow-up services
- 10) Comprehensive guidance and counseling
- 11) Financial literacy education
- 12) Entrepreneurial skills training
- 13) Services that provide labor market information
- 14) Postsecondary preparation and transition activities

The SMAWB will not use 100% of their youth contract expenditures in the calculation of the 40% minimum participant cost rate. 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 a fundable service in JOBS4TN (See Attachment 2).

#### **Test to Determine a Direct Youth Participant Expense**

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 SMAWB's 40% MPCR, the SMAWB will consider the factors below:

- A) If the activity is listed on Attachment 2 of this guidance, the activity qualifies as a direct participant cost to be included in the MPCR calculation.
- B) If the activity is not listed, the SMAWB will conduct the analysis below:
  - 1) In order to receive this Youth 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.)
- B) Adult and Dislocated Worker Services
  - 1) Career Services are defined as costs directly benefiting participants (i.e. assessments) and does not include salaries of staff providing the assessments.
  - 2) Training Services include:

- a) Occupational skills training, including training for nontraditional employment;
- b) On-the-job training;
- c) Incumbent worker training;
- d) Programs that combine workplace training with related instruction, which may include cooperative education programs;
- e) Training programs operated by the private sector;
- f) Skill upgrading and retraining;
- g) Entrepreneurial training;
- h) Job readiness training provided in combination with the training services described in any of clauses (a) through (g) or transitional jobs;
- i) 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
- j) Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.
- k) Supportive Services

**IV. Base Year:**

The Base Year is considered to be the first year this policy will be enforced. Program Year 2017-18 (July 1, 2017 through June 30, 2018) will be the Base Year for the Minimum Participant Cost Rate (MPCR) policy. 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 the SMAWB will calculate and report the MPCR to TDLWD utilizing the attached MPCR Calculation Template. This report is to be attached to the Status Report submitted for the respective quarter end month.

**V. Required Action:**

- A) The SMAWB will calculate and report the MPCR for the current Program Year 2017 (June 2018) to TDLWD utilizing the provided MPCR Calculation Template. This information will be emailed to

[workforce.board@tn.gov](mailto:workforce.board@tn.gov). This calculation represents the initial starting point.

- B) If the SMAWB falls below the 40% MPCR, the SMAWB will address the issue and report out a plan that identifies the measures to be taken in order to reach the MPCR by the end of the Base Program Year 2017 (June 2018). This information will be submitted by email to [workforce.board@tn.gov](mailto:workforce.board@tn.gov) with the information provided in #2 of these provisions.
- C) The SMAWB will review quarterly the MPCR to ensure it is remaining at or above goal. A corrective action plan will be submitted to the State Workforce Board if LWDA 2 falls below its quarterly goal.

**VI. Continuous Improvement:**

- A) If the SMAWB meets or exceeds the MPCR, it will strive to maintain and/or improve their current rate of expenditures in order to meet a State proposed regional MPCR of 50% or greater. It is intended that regions meet the regional MPCR no later than the end of Program Year 2018 (June 2019).
- B) The 50% standard of the State Workforce Board will be reviewed and reassessed to determine if it continues to be an appropriate standard after reviewing the results from all LWDAs/regions for the Program Year 2018- 2019. The state will continue to evaluate the standard to ensure maximum benefit for the participant.

# ATTACHMENT 1

## ATTACHMENT 1: Minimum Participant Cost Rate Calculations by Program Year

### MPCR Calculation Methodology:

- A. Total Qualifying Expenditures = sum of all allowable WIOA-funded services by program as identified Section A and B of 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 on the combined formula fund totals not the individual program totals
- 3. the relevant data is the be keyed into the input cells (orange colored cells only)

MPCR Threshold	40.0%	2015			2016				
		Program Year Quarter End Monthly Expenditure Report	Total Qualifying Expenditures (A)	Total Cumulative Expenditures-Program (B)	MPCR by Program (C)	Program Year Quarter End Monthly Expenditure Report	Total Qualifying Expenditures (A)	Total Cumulative Expenditures-Program (B)	MPCR by Program (C)
Program	Funding Type								
WIOA Youth	PY	397,429.50	794,859.00	50.0%	346,580.40	866,451.00	40.0%		
WIOA Adult	PY	33,303.50	67,007.00	30.0%	38,350.00	145,375.00	40.0%		
	FY	35,738.50	74,757.00	30.0%	402,421.20	1,006,053.00	40.0%		
WIOA Dislocated Worker	PY	37,447.00	64,894.00	30.0%	32,510.00	81,275.00	40.0%		
	FY	205,245.50	410,491.00	30.0%	146,581.20	366,453.00	40.0%		
Grand Total		1,036,004.00	2,072,008.00	50.0%	986,442.80	2,466,107.00	40.0%		

Was the MPCR Threshold Met?

YES

YES

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

## ATTACHMENT 2

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

*Note: as indicated in 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	Supportive Service - Transportation Assistance	Section II.B.3
182	Supportive Service - Medical	Section II.B.3
184	Supportive 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
216	Out-of-area job search asst.	Section II.B.1
217	Supportive Service - Relocation assistance	Section II.B.3
219	Work Experience	Section II.B.1
223	Financial Literacy Services	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.2.a and II.B.2.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/ Occ. Skills Training - Approved Provider List (ITA)	Section II.B.2.f
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
400	Youth-Summer Employment	Section II.A.3
406	Youth-Tutoring, study skills training & instruction	Section II.A.1
410	Youth-Leadership Development Services	Section II.A.6
415	Youth-Enrolled in Alternative Secondary Education	Section II.A.14
416	Youth-Occupational Skills Training - Approved Provider List	Section II.A.4
419	Youth-Support Services - Stipends	Section II.A.7
425	Youth-Work Experience - Paid	Section II.A.3
426	Work Experience - Un-Paid	Section II.A.3
427	Youth-Internship - Paid	Section II.A.3
428	Youth-On-the-Job Training	Section II.A.3
430	Youth-Occupational Skills Training - Non-Approved Providers	Section II.A.4
431	Youth-Financial Literacy	Section II.A.11
432	Youth-Education Offered Concurrently w/Workforce Prep	Section II.A.5
433	Youth-Entrepreneurial Training	Section II.A.12
434	Youth-Pre Apprenticeship Activities	Section II.A.3
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 - Incentives / Bonuses	Section II.A.7
485	Youth-Support Service -Other	Section II.A.7

<b>References:</b>	Public Law 113-128 WIOA of 2014, as amended (29 U.S.C. 3101 et seq.) Section 116(b) Section 116(d) Section 128(b) Section 133(b) Section 129 Section 134 20 CFR 680.200 20 CFR 681.460, Office of Management and Budget (OMB) cost principles codified in 2 CFR Part 200 TEGL 19-16 TEGL 21-16 WIOA, Section 101(d)(4)
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