

Executive Summary

Workforce Services Policy - Minimum Participant Cost Rate (MPCR)

1. What is the purpose of the update to this policy?

Update calculation language to ensure that the local areas understand Incumbent Worker will not be in the new MPCR calculation. Also, the policy is expired and needs to be renewed.

2. What is the purpose of this policy?

The minimum participant cost rate policy states the process in which we calculate the MPCR as a state, and the guidelines that each local area must abide by in their submission of their MPCR. One update from the previous year's policy is that Incumbent Worker cannot be included in the calculation. The policy provides a crosswalk which allows users to translate program activity codes in the program system (Jobs4TN) to the corresponding cost identifiers in the State's grants management system (Grants4TN).



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Workforce Services Policy –Minimum Participant Cost Rate (MPCR)

Effective Date: November 8, 2019

Duration: Automatic Annual Renewal

Subject: Minimum Participant Cost Rate (MPCR)

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.

Scope:

Office of the Governor, Tennessee Department of Labor and Workforce Development (TDLWD); Division of Workforce Services (WFS); Tennessee Department of Economic and Community Development (ECD); Tennessee Department of Education (TNED); Tennessee Department of Human Services (DHS); State Workforce Development Board (SWDB); **Title I** – Adult, Dislocated Worker, and Youth Programs, **Title II** – Adult Education and Family Literacy Act Program(AE); **Title III** – Wagner-Peyser Act Program (WP); **Title IV** – Vocational Rehabilitation Program (VR); Regional Planning Council (RPC); Local Workforce Development Boards (LWDB); Local Workforce Development Areas (LWDA); American Job Center (AJC); One-Stop Operator (Operator); Workforce System Sub-Recipients (Sub-Recipients); Workforce System Partners (Partners).

Background:

The SWDB must assist in the development and updating of comprehensive State performance accountability measures¹, 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 measure². 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.

¹ WIOA Section 101(d)(4)

² WIOA Section 116(b)(2)(B)

I. Guidance:

Each local workforce development board must ensure a minimum of 40 percent of their WIOA Title I formula allocations³ is expended on allowable participant costs under WIOA funded services⁴.

For all other types of allowable WIOA funded services not mentioned below, the LWDB or staff must 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.

II. Qualifying Expenditures under this Policy:

As defined within this policy, certain WIOA funded services⁵ 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 costs direct to participants such as administrative, personnel staff or operating expenditures of the LWDB, LWDB staff, one-stop operators, and/or contracted service providers.

A. Youth Services:

- Tutoring, study skills training, instruction, and dropout prevention services⁶
- Alternative secondary school services or dropout recovery services⁷
- Paid and unpaid work experience⁸
- Occupational skills training⁹
- Education offered concurrently with workforce preparation and training for a specific occupation¹⁰
- Leadership development opportunities¹¹
- Supportive services¹²
- Adult mentoring¹³
- Follow-up services¹⁴
- Comprehensive guidance and counseling¹⁵
- Financial literacy education¹⁶
- Entrepreneurial skills training¹⁷
- Services that provide labor market information¹⁸
- Postsecondary preparation and transition activities¹⁹

³ WIOA Sections 128(a)(1), 128(b)(1), 133(a), and 133(b)(1)

⁴ WIOA Sections 129(c)(2) and 134, TEGL 19-16, and TEGL 21-16

⁵ 20 CFR Part 680, 681, TEGL 19-16, 21-16, and 12-19

⁶ 20 CFR 681.460(a)(1)

⁷ 20 CFR 681.460(a)(2)

⁸ 20 CFR 681.600

⁹ 20 CFR 681.540

¹⁰ 20 CFR 681.630

¹¹ 20 CFR 681.520

¹² 20 CFR 681.570

¹³ 20 CFR 681.490

¹⁴ 20 CFR 681.580

¹⁵ 20 CFR 681.510

¹⁶ 20 CFR 681.500

¹⁷ 20 CFR 681.560

¹⁸ 20 CFR 681.460(a)(13)

LWDBs must not use 100% of 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.

Test to Determine a Direct Youth Participant Expense

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

- 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.
- If the activity is not listed, conduct the analysis below:
 - But for the WIOA Youth program, 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. (i.e. 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:

- Career Services²⁰ - Defined as costs directly benefiting participants (i.e. assessments) and does not include salaries of staff providing the assessments.
- Training Services²¹ - Types of training services that may be provided include:
 - Occupational skills training, including training for nontraditional employment;
 - On-the-job training;
 - Programs that combine workplace training with related instruction, which may include cooperative education programs;
 - Training programs operated by the private sector;
 - Skill upgrading and retraining;
 - Entrepreneurial training;
 - Job readiness training provided in combination with the training services described in any of clauses (a) through (g) or transitional jobs;
 - 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
 - Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.
- Supportive Services²²

III. Base Year:

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. This report is to be attached to the Status Report submitted via Grants4TN for the respective quarter end

¹⁹ 20 CFR 681.460(a)(14)

²⁰ 20 CFR 678.430

²¹ 20 CFR 680.200 to 680.230 and 20 CFR 680.300 to 680.350

²² 20 CFR 680.900

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.

IV. Required Action:

The following provisions address continuous improvement steps and include requested information from all LWDA's to assist the areas in meeting and/or exceeding the MPCR by the end of the program year.

- All local boards must develop and maintain a policy and local operating procedures to ensure compliance with the 40% minimum expenditure requirement to include determination of the qualifying expenditures.
- For LWDA's that may fall below the 40% MPCR, the respective LWDB must 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 program year. This information must be submitted by email to Workforce.Board@tn.gov with the information provided in #2 of these provisions.
- The 40% expenditure rate will be reviewed quarterly by the SWDB. To provide for continuous improvement, a local area performing below 40% must submit a brief narrative with the quarterly report explaining why the expenditure rate was not attained. A local Area performing below 40% for three consecutive quarters must submit a local board approved Corrective Action Plan providing a detailed analysis of the inability to attain a minimum 40% training expenditure rate. This Corrective Action must include at a minimum:
 - Local Board approved action steps to meet the minimum required rate;
 - Timeline for meeting the 40% minimum required rate;
 - Any measurable benchmarks or indicators demonstrating the LWDA is on track to meet the expected outcome; and
 - Acknowledgement by the LWDB that the area is subject to remedies for non-compliance as outlined in 2 CFR 200.207, 200.338, and Workforce Services Policy - Sanctions for Failure to Meet Federal and State Standards until the MPCR is attained.
 - Other information the LWDB may want to include in the Corrective Action Plan that will be beneficial for state review and comment.

V. Reporting and Monitoring:

WIOA requires that LWDBs track training-related expenditures²³. 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, LWDBs 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 2019 to ensure compliance.

Attachment(s):

Attachment 1: MPCR Calculation Template

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

²³ WIOA Sections 116(d)(2)(D) and 116(d)(3)(A)

References:

2 CFR Part 200; 20 CFR 680.200, 681.460; 20 CFR 687; TEGL 19-16; TEGL 21-16; TEGL 12-19
WIOA Section 101(d)(4); WIOA Section 116(b), Section 116(d); WIOA Section 128(a)(1), 128(b)
(1); WIOA Section 129; WIOA Section 133(a), 133(b)(1); WIOA Section 134; WIOA Section 170

Contact:

For any questions related to this policy, please contact the Program Integrity Unit at Workforce.Board@tn.gov.

Effective Date: November 8, 2019

Duration: November 8, 2021

A handwritten signature in blue ink, appearing to read "Kenyatta Lovett", is written over a horizontal line.

Kenyatta Lovett, Assistant Commissioner - Workforce Services Division

ATTACHMENT 1: Minimum Participant Cost Rate Calculations by Program Year

MPCR Calculation Methodology:

- A. Total Qualifying Expenditures = sum of all allowable WIOA program funded services (Excluding Incumbent Worker Expenditures)
- B. Total Cumulative Expenditure = Total Cumulative Program Expenditures (as reported on the relevant Monthly Expenditure Report, Excluding Incumbent Worker Expenditures)
- C. MPCR by Program = Total Qualifying Expenditures divided by Total Program Expenditure
- D. Other: Lists qualifying expenditures from other discretionary funding sources

Notes:

- 1. Per State policy the MPCR calculation excludes obligations and the reserve for Local admin costs
- 2. MPCR is based on the formula and discretionary fund totals by the individual program totals
- 3. 40% MPCR calculated on the local area expenditures only
- 4. 50% Regional MPCR is calculated by the sum of all respective regions Qualifying Expenditures divided by the sum of all Program Expenditures (All Excluding Incumbent Worker Expenditures)

MPCR Threshold						
Program	40%			50%		
	LOCAL			REGIONAL		
	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	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
WIOA Adult	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
WIOA Dislocated Worker	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
WIOA SWA	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
WIOA RSP	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
Other	40,000.00	100,000.00	40.0%	50,000.00	100,000.00	50.0%
Grand Total	240,000.00	600,000.00	40.0%	300,000.00	600,000.00	50.0%
Was the MPCR Threshold Met?			Yes	Yes		

Code	Jobs4TN Description	Grants4TN Description
180	SS - Child Care	Childcare
181	SS - Transportation	SS - Transportation
182	SS - Medical	Other Supportive Services
184	SS - Temporary Shelter	Other Supportive Services
185	SS - Other	Other Supportive Services
186	SS - Seminar/Workshop Allowance	Other Supportive Services
187	SS -Job Search Allowance	Other Supportive Services
216	Out-of-area job search	Other Supportive Services
217	SS - Relocation Assistance	Other Supportive Services
219	Work Experience	WE - Participant
223	Financial Literacy Services	Instructional Training
300	ITA	Instructional Training
301	OJT	OJT
302	Entrepreneurial Training	Instructional Training
303	Distance Learning	Instructional Training
304	Customized Training	Instructional Training
314	Enrolled in Apprenticeship Training	Instructional Training
320	Private Sector Training	Instructional Training
323	Workplace Training & Cooperative Ed	Instructional Training
324	Adult Ed ITA	Instructional Training
325	Employed Worker Sills Upgrade	Incumbent Worker
326	SS - Needs Related Payments	Other Supportive Services
327	SS - Training Allowance	Other Supportive Services
400	Youth - Summer Employment	WE - Participant
406	Youth - Tutoring, study skills T&I	Instructional Training
410	Youth - Leadership Development	Instructional Training
415	Youth - Enrolled in Alternative Second Ed	Instructional Training
416	Youth - Occupational Skills - Approved Provider	Instructional Training
419	Youth - SS -Stipends	WE - Participant
425	YOUTH - Work Experience - Paid	WE - Participant
426	Youth - Work Experience - unpaid	WE - Participant
427	Youth - Internship - Paid	Internship
428	Youth - OJT	OJT
430	Youth - Occ Skills Training - non approved provider	Instructional Training
431	Youth - Financial Literacy	Instructional Training
432	Youth - Ed offered concurrent w/ Workforce prep	Instructional Training
433	Youth - Entrepreneurial Training	Instructional Training
434	Youth - Pre-Apprenticeship Activities	Instructional Training
480	Youth -SS - Child Care	Childcare
481	Youth - SS - Transportation	SS - Transportation
482	Youth - SS - Medical	Other Supportive Services
483	Youth - SS - Temporary Shelter	Other Supportive Services
484	Youth - SS - Incentives/Bonuses	Youth Incentives
485	Youth - SS - Other	Other Supportive Services
F09	Tutoring	Other Supportive Services
F10	Leadership Development	Other Supportive Services
F12	SS -Transportation	SS - Transportation
F13	SS - Purchase work related uniforms	Other Supportive Services
F14	SS - Purchase work related boots	Other Supportive Services
F15	SS - Housing Assistance	Other Supportive Services
F16	SS - Utilities	Other Supportive Services
F17	SS - Dependent Care	Childcare
F18	SS - Medical	Other Supportive Services
F19	SS - Incentives/Bonuses	Other Supportive Services
F21	Youth - Post exit ed/Trng Prgm leading to Postsec Cred	Other Supportive Services
F22	Youth Financial Literacy svcs follow up	Other Supportive Services