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**Executive Committee Meeting  
Wednesday, June 7, 2023 at 11:00 a.m.**

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**AGENDA**

- I. Welcome and Opening Remarks ..... Mr. Thomas Freeland, SWDB Chair
- II. Approval of Minutes from March 8, 2023\* .....Mr. Freeland
- III. Participant Cost Rate Recommendation\* ..... Mr. Zach Nickerson
- IV. Request for Waiver Authority\* .....Ms. Sheleena Rios
- V. LWDA Subsequent Designation & LWDB Certification\* .....Ms. Melissa Rodgers
- VI. Committee Activity Reports ..... Committee Chairs
- VII. Other Business/Adjourn .....Mr. Freeland

\*Denotes voting item

**Governor’s State Workforce Development Board  
March 8, 2023 Executive Committee Meeting Minutes**

**MEMBERS PRESENT:**

Mr. Thomas Freeland  
Ms. Val Richardson  
Mr. Dan Ellzey  
Mr. Charles Brave, Jr.  
Mr. Jay Holloway  
Mr. Warren Snead

**MEMBERS ABSENT:**

Mr. Pat Michaels  
Mr. John Uprichard

**Welcome and Opening Remarks ..... Mr. Thomas Freeland, SWDB Chair**

Mr. Thomas Freeland, SWDB Chair, called the meeting to order at 11:00 a.m. A quorum was present.

**Approval of Minutes from November 16, 2022, and January 27, 2023\* ..... Mr. Freeland**

Mr. Charles Brave, Jr. motioned to approve the meeting minutes for November 16, 2022, and January 27, 2023. Ms. Val Richardson seconded the motion. The Committee unanimously approved the meeting minutes.

**Committee Activity Reports..... Committee Chairs**

*Board Development Committee*

Ms. Pamela Jones presented the Board Development Committee (BDC) activity report. The Board Development Committee reviewed and discussed a framework for SWDB Diversity, Equity, and Inclusion training. The DE&I training will be developed and presented by Staff. The DE&I training will cover three key objectives:

- Improve understanding of the Board’s role in governing the workforce system
- Increase awareness of the population served through the SC Works system
- Identify strategies and actions the SWDB can take to increase sensitivity to the population served through the workforce system

*SC Works Management – Warren Snead, Chair*

Mr. Snead provided the SC Works Management Committee activity report. During the third quarter, the Committee reviewed the status of the following priorities for PY’22:

- *Soft Skills Certificate Initiative*
  - The SC Soft Skills Certificate will be awarded to individuals who take and pass the WIN Essential Soft Skills and Digital Literacy Assessments. The initiative was paused briefly in December 2021 and will restart at the end of PY’22.
- *Enhanced system efficiency through Regionalism*
  - A memo will be developed and distributed to the workforce system to explain the concept of Regionalism, provide examples of best practices and successful

\*Denotes voting item

**Governor's State Workforce Development Board**  
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strategies Local Workforce Development Areas (LWDAs) are using to reduce costs.

- *Virtual Engagement Center*
  - The Executive Committee approved funding to staff the Virtual Engagement Center (VEC). Staff will provide online communication with customers through a 'live chat' function to answer questions and provide real-time referrals, as needed.
- *SC Works/Staff Learning Management System*
  - The Executive Committee approved funding to procure a Learning Management System (LMS), a centralized location for training content. Implementation of the LMS is expected to occur during Program Year 2023.

**Local Area Performance Update:**

Each of the six (6) LWDAs that did not meet fiscal or program performance measures were required to submit a Corrective Action Plan (CAP) by February 13, 2023. Each LWDA has submitted the required CAP. The CAPs were accepted, and the areas will submit progress reports to DEW on the mutually agreed upon schedule.

*Workforce Committee on Innovation – Jay Holloway*

Mr. Holloway provided the Workforce Innovation Committee activity report. During the third quarter, the Committee reviewed the status of the following priorities for PY'22:

- *Shared Case Management*
  - The Executive Committee approved funding to procure a consultant responsible for gathering and compiling system requirements. At the end of the contract period, the consultant will provide recommendation(s) to the partners and DEW on options to achieve a more integrated system, in support of the Committee's priority to implement a system that would provide individuals and employers with a seamless customer service experience and the ability to receive the full range of services through the SC Works One-Stop Model.
- *Rural Engagement Strategies Informed by the Rural Workforce Analysis Report*
  - The Rural Outcomes Memo was reviewed. The memo outlines strategies such as creating policies and utilizing sector strategies and virtual services to expand access to employment and training resources in rural areas.
  - The Rural Outcomes Memo will be distributed to the LWDAs to be used as a reference tool to combat the long-term unemployment rate of job seekers in rural areas.
- *Labor Marketing Training (LMI) Training for SWDB Members*
  - The Workforce Information Manager demonstrated the updated LMI webpage and tools.
  - The demonstration included using LMI tools to locate current and historical data, including wages by industry and geographical location.

\*Denotes voting item

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**Other Business/Adjourn.....Mr. Freeland**

Members were reminded that the next SWDB meeting will be March 29, 2023 at 11:00 a.m. and were encouraged to attend in person.

The meeting was adjourned at 11:31 a.m.

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\*Denotes voting item



# Participant Cost Rate (PCR) Recommendation

# Recommendation

- *Revise PCR calculation to include staff working directly with participants*
  - *Staff working directly with participants is defined as staff providing/conducting:*
    - ❖ *Eligibility certification*
    - ❖ *Case management*
    - ❖ *Workshops*
    - ❖ *Assessments*

# Current Calculation

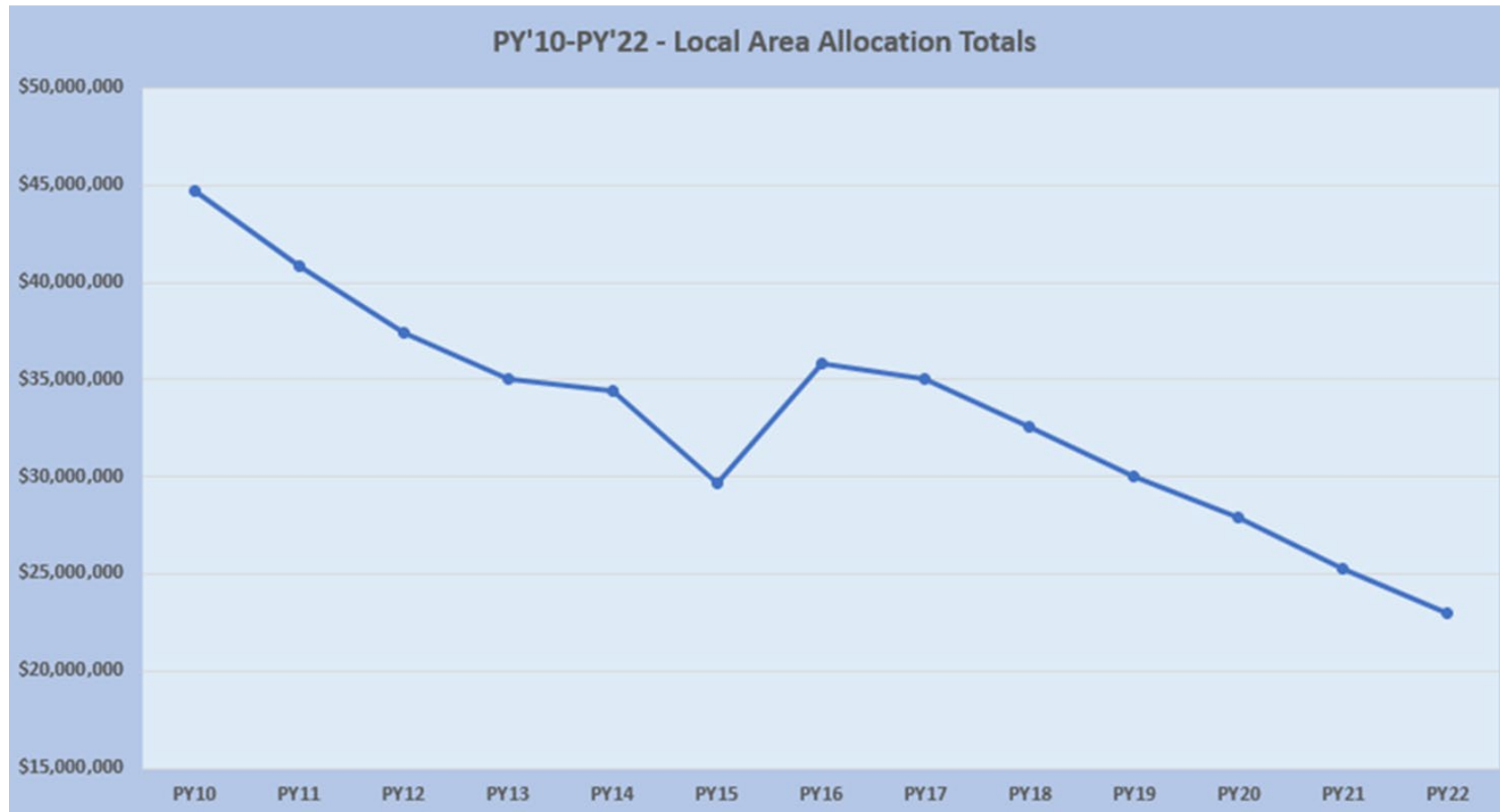
- The participant cost rate will be evaluated annually, and will include expenditures of both carry-in and new funds.
- Only program cost category expenditures will be used. Administration expenditures will not be included in the calculation.
- The participant cost rate will be calculated using combined 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-funded 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 cost.

# Limitations of Current PCR Calculation

- **WIOA is a Secondary Resource for Training and Supportive Services**
  - The Department of Labor requires all other resources to be utilized prior to the use of WIOA funds for training and supportive services
    - ❖ The abundance of other resources available makes it difficult for local areas to expend their dollars on training and supportive services. For example, the *U.S. Department of Labor Overview of Forecasted FY 2023 Competitive Funding Opportunities* highlights grant opportunities available to the workforce system in the amount of **603 million dollars**.
- **Declining WIOA funds and Increasing Infrastructure Costs**
  - The total amount of WIOA funds allotted to the local areas has decreased by **\$21,777,387**, since Program Year (PY) 2010.
    - ❖ In PY'22 local areas received \$22,960,677, compared to \$44,738,064 received in PY'10.



# Allocated Amounts by Program Year to Local Areas



# Anticipated Outcomes Resulting from the Recommended Change

- Increase in infrastructure (case managers) to serve more WIOA participants
- Increase in WIOA participants
- Increased collaboration with partners
- Increase of outside grant applications by local areas

**Questions?**

## PCR Recommendation

### Background

On September 28, 2017 the State Workforce Development Board voted unanimously to approve the Workforce Innovation and Opportunity Act (WIOA) Participant Cost Rate (PCR) Policy, with an effective date of July 1, 2018. The PCR requires Local Workforce Development Areas (LWDAs) to spend 30% of their combined local Adult and Dislocated Worker program expenditures, including Rapid Response for additional assistance funds, on participant costs.

The current PCR calculation includes expenditures for all types of training (classroom, on-the-job training (OJT), apprenticeship, locally-funded 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 WBL wages and/or stipends. The salaries, fringe and indirect costs of staff who provide direct services to participants are not included in the calculation.

The original intent of the policy was to set a benchmark for participant expenditures to more effectively focus federal resources on talent development and meeting employer needs. The current PCR calculation encourages local areas to focus expenditures on participant training and supportive services.

### Issues

There are two key factors at play making it difficult for local areas to achieve the 30% PCR:

- WIOA is a secondary resource for training and supportive services
- Declining WIOA funds and increasing infrastructure costs

#### *Issue #1: WIOA is a Secondary Resource for Training and Supportive Services*

WIOA requires all other resources to be utilized prior to the utilization of WIOA funds for training and supportive services costs. Training and Employment Guidance Letter (TEGL) 19-16 states that training may be provided under WIOA if the individual is unable to obtain grant assistance from other sources to pay the costs of such training, including such sources as State-funded training funds or Federal Pell Grants established under Title IV of the Higher Education Act of 1965, or requires WIOA assistance in addition to other sources of grant assistance, including Federal Pell Grants. Additionally, the TEGL provides that supportive services may be made available to any adult or dislocated worker participating in Title I career services or training activities that is unable to obtain supportive services through other programs providing such services.

The abundance of other resources available to pay for training and supportive services among the partners of the Workforce System and additional grant funding opportunities, makes it difficult for local areas to expend their dollars on training and supportive services. For example, the *U.S. Department of Labor Overview of Forecasted FY 2023 Competitive Funding Opportunities* highlights grant opportunities available to the workforce system in the amount of 603 million dollars.

#### *Issue #2: Declining WIOA funds and Increasing Infrastructure Costs*

Declining WIOA formula dollars and increasing infrastructure costs are negatively impacting local areas' ability to meet the 30% PCR. The total amount of WIOA funds allotted to the local areas has decreased by \$21,777,387, since Program Year (PY) 2010. In PY'22 local areas received \$22,960,677, compared to \$44,738,064 received in PY'10. At a time when local areas need to diversify their funding strategy, the PCR discourages areas from applying for additional grants that might help the area, but would negatively impact their ability to meet the PCR.

Areas that have received additional grants struggle with the PCR requirement. For example, the Pee Dee LWDA has expressed concerns with the PCR calculation and how receiving the H-1B Rural Healthcare Grant and the CAREER NDWG has impacted their ability to meet the PCR requirement on two fronts:

1. The aforementioned grants require case management support. As mentioned above, the current PCR calculation does not include salary, fringe, and indirect costs for case management staff; therefore, in this scenario, spending WIOA formula dollars on case management negatively impacts PCR.
2. The grants provide competing funds for training and supportive services for eligible participants. By receiving this grant, in alignment with TEGL 19-16, the Pee Dee LWDA is required to use the aforementioned grant dollars on participant costs in lieu of using their WIOA formula dollars. The additional grant dollars are not included in the PCR calculation and negatively impact the local area's ability to meet the State's financial performance indicator. However, if the PCR calculation included staff costs for direct services, the LWDA could charge staff costs to the WIOA grant and participant costs to discretionary grant, achieving requirements for both funding streams.

### **Recommendation**

#### *Revise PCR calculation to include staff working directly with participants*

The Department of Labor is currently implementing the Yes, WIOA Can! Initiative. As part of the initiative, DOL has requested that states re-evaluate restrictions that may negatively affect implementation of the WIOA Title I programs in effective and innovative ways.

The recommendation is to revise the PCR calculation to include salaries, fringe and indirect costs of staff working directly with participants (i.e. staff providing/conducting eligibility certification, case management, workshops and assessments).

By including the salaries, fringe benefits and indirect costs of staff working directly with participants, the calculation will still evaluate expenses on participants but will also include the staffing resources that are necessary for the delivery of participant services. Local areas will be encouraged to use their WIOA Title I formula dollars to staff appropriately for direct services to participants, apply for additional grants being made available to the workforce system, and more effectively partner with entities that provide supportive services and/or training that aligns with participants' needs. This simple change will eliminate the unnecessary competition of funding that is negatively impacting the workforce system.

#### *Maintain rate at 30%*

Due to the year over year decreases in WIOA funds, it is recommended that the 30% rate stay the same, but that the rate be reevaluated in PY'24.

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Henry McMaster  
Governor

William H. Floyd, III  
Executive Director

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## STATE INSTRUCTION NUMBER 17-04, Change 3

**To:** Local Workforce Area Signatory Officials  
Local Workforce Development Board Chairs  
Local Workforce Area Administrators  
DEW Area Directors  
DEW Regional Managers

**Subject:** Participant Cost Rate Policy

**Issuance Date:** June 30, 2023

**Effective Date:** July 1, 2023

**Purpose:** To provide guidance regarding participant cost rate (PCR) performance requirements for local workforce development area (LWDA) Adult and Dislocated Worker programs.

**Change 3 Revision:** Participant costs include salaries, fringe benefits, and indirect costs of staff working directly with participants.

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

**Background:** An analysis of the Workforce Investment Act (WIA)/ Workforce Innovation and Opportunity Act (WIOA) LWDA expenditures was initiated in Program Year 2012 and continued through Program Year 2016. On average, a majority of the twelve LWDA's expended less than 30% 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 PCR 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 § 116(b)(2)(B), this policy establishes the minimum PCR as an additional State performance accountability indicator. Effective July 1, 2018, each local workforce development board (LWDB) shall ensure that WIOA Adult and Dislocated Worker expenditures, including Rapid Response for additional assistance funds, meet a minimum PCR of 30%.

Participant costs include expenditures for the following:

- All types of training (classroom, on-the-job training [OJT], apprenticeship, locally-funded 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, childcare, books, supplies, uniforms, tools, and fees)
- Assessments
- Testing
- Work-based learning wages and/or stipends
- Salaries, fringe benefits, and indirect costs of staff working directly with participants (i.e., staff who provide eligibility certification, case management, workshops, and assessments)

**NOTE:** Participant costs do not include operating expenses or indirect costs, except for staff working directly with participants.

The following procedures apply to calculation of the PCR for LWDA's:

- The PCR 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 PCR 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.
- 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 PCRs for each LWDA will be included in the WIOA Annual Report.

Any LWDA that falls below the 30% PCR will be subject to sanctions due to performance violations as described in State Instruction 19-04, Change 1, WIOA Title I Sanctions Policy.

State Instruction 17-04, Change 3  
Participant Cost Rate Policy  
June 30, 2023  
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**Action:** Please ensure that this policy is distributed to all LWDB members and appropriate staff within the LWDA.

**Inquiries:** Questions may be directed to Workforce Reporting and Compliance at [WRC@dew.sc.gov](mailto:WRC@dew.sc.gov).

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Nina Stagers, Assistant Executive Director  
Workforce Development Division

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# Authority to Approve Waivers of State Specific Requirements

Program Years 2022 and 2023

# Grant of Authority by SWDB

- State Instruction 21-05: Requesting a Waiver of State Specific Requirements
- New Process—Implemented in PY 2021
- DEW's Responsibilities:
  - Approve/reject LWDA waiver requests submitted within the program year
  - Annually request authority to approve by the Workforce Development Division

## **Authority for Waiver Approval**

Waivers approved by DEW are only granted for state specific requirements issued in State Instructions. Waiver approval cannot be granted for any requirements governed by federal or state laws and regulations, including federal performance measures. Furthermore, DEW will obtain approval authority from the State Workforce Development Board (SWDB), annually, before approving any waiver requests submitted within each program year. The appropriate SWDB subcommittee will be updated upon approval or denial of a LWDA waiver request.

# Voting Action

Requesting Authority for PY 2022 and PY 2023

# Future Considerations for SI 21-05

- Current discussions to amend SI 21-05:
  - Allow an exception for 4<sup>th</sup> Quarter waiver request submissions
    - Performance Waiver Requests
  - Amend the annual authority request process by DEW