

Rivers East Workforce Development Board

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RIVERS EAST LA ISSUANCE 2024-01

SUBJECT: WIOA Service Provider Profit Policy

PURPOSE: To provide guidance on the profit structure for eligible service providers to negotiate, earn and receive profit per 2 CFR 200.323, 2 CFR 200 683.295 and 2 CFR 683.500

ACTION: Service providers should review the policy as it applies.

EFFECTIVE DATE: July 1, 2024

A handwritten signature in black ink that reads "Jennie Bowen".

Jennie Bowen
Workforce Development Director

Attachment

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Mid-East Commission • Workforce Development Department
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The Rives East Workforce Development Board (WDB) will follow this policy when determining profit for WIOA service contract(s) operated by for profit entities.

Profit is defined as a service providers' return after meeting WIOA related outcomes/benchmarks. Written performance measures and the Profit Calculator spreadsheet will be utilized for validation of outcome and calculation of profit earned.

Rivers East WDB will negotiate profit at the beginning of each contract using considerations such as complexity of the work performed, risk borne by the provider, provider's investment, amount of subcontracting, quality of past performance, and industry profit rate in surrounding areas for similar work. This amount will not exceed 10% and will be paid based on actual costs minus contract amounts in excess of \$ 25,000 on any WIOA service contract.

Performance measures, rates and payments are determined annually by the Rivers East WDB staff, based on data collected from the previous year(s), and included as a part of the individual WIOA service contracts. The earning of profit is tied to reasonable and measurable delivery of services, as described in the contract. Wherever there is under performance, funds will be reallocated within the respective program.

WIOA service providers will be reimbursed for the profit line items using the Profit Calculator. Measures are weighted equally. Profit earned will be calculated and paid quarterly or annually as negotiated, based upon documented achievements. NCWorks Online reports will be used to calculate and verify totals along with information provided in the Request for Proposal or Statement of Work. Signature is required from the Service Provider's authorized agent, the Local Area Compliance Manager, the WDB Director and the Mid-East Commission Executive Director to confirm agreement from all parties prior to payment being issued.

Profit will be paid on actual results. In order to be eligible for any portion of profit, the level of attainment must equal or exceed 60% at the end of the specified reporting period. Any percentage achieved below 60% will not result in payment. Any percentage achieved above 60% will receive payment at the percentage earned between 60% and 100% for that reporting period.

If measures are not met each quarter, but cumulative goals are met by year end, then the total profit earned for that line item will be paid in the last quarter. Also, if measures are met each quarter but cumulative goals are not met by year end, then the total profit for that line item will be paid based on the percentage of the goal met for the entire program year.