

## CFWDB POLICY NO. P-WDB-021-2022

**Subject:** Profit Calculator Policy

**Purpose:** To provide methodology for calculating pay for performance profit in which Workforce Innovation and Opportunity (WIOA) funds may be used to pay a profit only after negotiated performance goals are met and validated.

**Policy:** Profit is defined as the sub-recipient provider's return after meeting all WIOA operating expenses. This policy is applicable to for-profit subrecipient providers only. The earning of profit must be tied to the reasonable and measurable delivery of the contract objectives. Profit may be approved for the provision of allowed services under WIOA and WIOA eligible participants only.

**Action:** The profit rate for eligible WIOA subrecipient service providers will be calculated using the Determination or Reasonability of Profit form (CPS-2022 Attachment 3) which will provide the maximum percentage of profit allowed for the period of performance. Service providers will be reimbursed using the Profit Calculator (Attachment A). The Profit Calculator contains five (5) indicators weighted equally at 20%. Attainment of performance is determined by the actual number achieved against the goals established in the final approved Statement of Work. Profit is earned only for the percentage of the goal completed and may not exceed the maximum allowed profit amount. Profit is payable quarterly as submitted via invoice for the third month of each quarter and confirmed using the methodology as described in this policy. If the measures are not met in one quarter but are met by year end, then the total allowable profit may be submitted in the final invoice requesting payment for performance over the program year.

### Performance Indicators for the Allowability of Profit:

1. **Career Services:** Measure one will be calculated by determining the number of Individualized Career Services as defined by DOL in the NCWorks Service Activity Code Definitions as a percentage of the total active caseload per subrecipient as recorded in NCWorks.
2. **Training Services:** Measure two will be calculated by determining the number of Training Services as defined by DOL in the NCWorks Service Activity Code Definitions as a percentage of the total active caseload per subrecipient as recorded in NCWorks.

3. **Measurable Skills Gains (MSG):** Measure three will be calculated based on the negotiated DOL Measurable Skills Gain Indicator agreed to in the Statement of Work Document and reported on the NCWorks Predictive Report which identifies the number of eligible individuals (Denominator) And the number of successful attainments (Numerator).
4. **Employment Rate Second Quarter:** Measure four will be calculated based on the negotiated DOL Employed in Second Quarter Indicator agreed to in the Statement of Work Document and reported on the NCWorks Predictive Report which identifies the number of eligible individuals (Denominator) And the number of successful attainments (Numerator).
5. **Participant Enrollments:** Measure five will be calculated based on the measured progress towards attaining the number of planned enrollments as agreed to in the Statement of Work Document as listed in the Enrolled Individuals Report per subrecipient recorded in NCWorks.

**Effective Date:** Immediately

**Expiration Date:** Indefinitely

**Contact:** Cape Fear Workforce Development Board Director

**Distribution:** CFWDB Staff, WIOA Programs Contractors, NC DWS Career Center Staff, all Career Center Partners that provide services within a Career Center

**Attachments:** A: F-WDB-063-2022 Quarterly Profit Calculator Summary