

LOCAL AREA
LABOR DEVELOPMENT



MAYAGUEZ/ LAS MARÍAS

AMERICAN JOB CENTER

POLICIES AND STRATEGIES TO USE UP TO 10% OF YOUTH, ADULT AND DISPLACED WORKER FUNDS IN EXECUTION-BASED CONTRACTS (EBCs) - "PAY FOR PERFORMANCE CONTRACTS

LEGAL BASIS:

Section 128(b), 129(c){1}{D}, 133(b){2}{-3} and 134 (c){3} of WIOA, Sections 681.420(i), 683.500, 683.510,

683.520, 683.530 and 683.540 the Regulations of the WIOA Law.

I.PUBLIC POLICY:

In accordance with the sections of law and regulation referred to above, the Local Board may implement a payment contract strategy for execution of the elements of the Youth Program. The funds for the payment of the EBCs **shall not exceed 10% of the total funds allocated for the Youth Program.**

EBC's may be used to provide **training service activities for adults.** The funds for the payment of the EBC's **shall not exceed 10% of the total funds allocated for the Adult and Displaced Workers Program.**

II. PROCEDURE ON THE USE OF 10% OF THE FUNDS OF YOUTH, ADULTS AND DISPLACED WORKERS IN CONTRACTS BASED ON EXECUTION "PAY FOR PERFORMANCE CONTRACTS"

1. EBC's for Youth will be used only if they are part of a **pay-to-execute hiring strategy** for Workforce Innovation and Opportunity Act activities.

2. A paid for performance contracting strategy will include:
 - a. the identification of a workforce development problem(s) and the populations to be impacted by the Local Area,
 - b. the results that the Local Area expects to achieve through the strategy of contracting payment for execution to measure the achievement of the expected execution parameter and,
 - c. the cost acceptable to the Local Area associated with the achievement of these results,
 - d. a strategy to independently validate the execution results achieved under contract within the strategy before a disbursement is made for the contract payment.
 - e. a description that the State or Local Area will reallocate funds for other activities within the procurement strategy in the event that the service provider fails to achieve the execution parameters provided under the execution contract,
3. Before implementing the contracting strategy based on Paid for Execution, the Local Area has to carry out a feasibility study to determine if the intervention is appropriate for the development of a EBC contract strategy.
4. WIOA's EBC strategy must be developed according to the guidelines issued by the U.S. Secretary of Labor.
5. The use of EBC plus one percent cost is prohibited.
6. The payment structure of the EBC's have to specify a **fixed amount** to be paid to the service provider, based on the achievement of the specified level of execution in the expected results for the populations to be impacted within the defined itinerary.
7. The results have to be **validated independently** before the disbursement of the funds.
8. EBC contracts may be awarded within eligible service providers, which may include local and international community-based organizations or intermediaries, community colleges or other training providers that are eligible under sections 122 (Providers Eligible for

Training Services) 6 123 (Youth Service Eligible Providers) of WIOA, as appropriate.

9. The populations to be impacted under the EBCs will be specified by the Local Board, which may include individuals with barriers to employment.
10. EBC's may include a payment of bonuses to the contractor, based on the achievement of a specific level of performance. Bonus payments to attain **achievements above and beyond** those specified for contracts must **be used by the service provider to expand its ability to provide effective training.**
11. The results of execution of the achievements made under the EBCs, measured in comparison with the levels specified in the contract, will be tracked by the Local Area, and reported to the Governor, as provided for in section 116(d)(2)(K) and section 677.160 of the WIOA Regulations.
12. EBC contracts must include independent validation of the contractor's achievements against the performance levels specified in the contract. This validation will be based on high quality, reliable and verifiable data.
13. The use of funds for strategy contracts for EBCs will be available until they are fully used.
14. Funds that are obligated under an EBC but were not spent because the contractor did not reach the execution levels specified in the EBC, may be reallocated only to other activities associated with the contracting strategy using EBC.

The selection and contracting of service providers for the EBCs shall be subject to the Contracting Procedure General Rules for the Acquisition of Goods and Services, which contains the rules set out in:

- Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, sections 200.317-200.326 .
- Law of Autonomous Municipalities of the Commonwealth of Puerto Rico, Law #81 of August 30, 1991, as amended.
- Accounting Law of the Government of Puerto Rico". Law Num. 78 of 26 June 1996

Policy and Procedure covers the use of 10% of the Funds of Youth, Adults and Posted Workers in Contracts Based on Execution "Pay for Performance Contracts"

- Law Num. 164, of July 23, 1974, as amended, known as the "Law on the Administration of General Services".
- Law on Government Ethics, Law 12 of July 24, 1985, as amended.
- Circular Letters from the Puerto Rico Department of the Treasury,
- Regulations of the Office of the Comptroller of Puerto Rico.

This policy and procedure will take effect immediately.



Ángel San Miguel Hernández
President Local Board for
Labor Development



Sandra I. Díaz Valentín
Secretary Local Board
for Labor Development

25 - abril - 2017

DATE