

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/Performance Reporting
	CORRESPONDENCE SYMBOL OPDR-OWI
	DATE June 1, 2011

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 29-10

TO: STATE WORKFORCE AGENCIES
 STATE WORKFORCE ADMINISTRATORS
 STATE WORKFORCE LIAISONS

FROM: JANE OATES /s/
 Assistant Secretary

SUBJECT: Negotiating Performance Goals for the Workforce Investment Act Title 1B Programs and Wagner-Peyser Act Funded Activities for Program Year (PY) 2011

1. Purpose. To inform states of the guidelines for negotiating Workforce Investment Act (WIA) Title 1B performance and customer satisfaction goals and performance levels for the Wagner-Peyser Act funded activities for PY 2011. These performance goals, once they are agreed upon between the state and the Employment and Training Administration (ETA), will be incorporated into the state's Strategic Plan for the WIA and Wagner-Peyser Act.

2. References.

- WIA Section 136.
- WIA regulations at 20 CFR Part 666 and Part 661.
- Training and Employment Notice No. 8-10 *Workforce Investment Act Self– Service Participant Reporting - What, Where and How.*
- Training and Employment Guidance Letter (TEGL) No. 23-09, *Negotiating Performance Goals for the Workforce Investment Act, Title 1B Programs and Wagner-Peyser Act Funded Activities for Program Year 2010.*
- TEGL No. 14-08, and TEGL 14-08, Change 1, *Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009.*
- TEGL No. 9-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title 1B Programs.*
- TEGL No. 17-05 and 17-05 Change 2, *Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues.*
- TEGL No. 11-01, *Guidance on Revising Workforce Investment Act State Negotiated Levels of Performance.*

RESCISSIONS TEGL 23-09	EXPIRATION DATE Continuing
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3. Background. The intent of this guidance is to clarify the performance measures for which states will be held accountable in PY 2011, provide an outline of the negotiations process, and provide descriptions of tools available for use during the negotiations process. The negotiations process across the system has been improved by the consistent use of these tools to do the required analysis, which are available as attachments to this guidance. Additional information is available on ETA's performance website at <http://www.doleta.gov/performance/guidance/negotiating.cfm>.

This guidance provides national performance targets required for the Government Performance and Results Act of 1993 (GPRA), also referred to as the "GPRA goals." The levels set as GPRA goals provide information by which Congress and the Office of Management and Budget (OMB) evaluate the success of Federal programs, including those operated by states and localities. Furthermore, this guidance describes actions taken to address the effects of the current recession on the GPRA goals over the next few years. The impact of economic conditions on WIA performance led the U.S. Department of Labor to develop a regression model that adjusts performance levels to be utilized as a starting point for negotiating performance targets in PY 2011.

4. Changes to the Negotiations Process. In general, the process for this current round of negotiations will be similar to the process used in PY 2010. Negotiations will continue to take place between the states and the corresponding ETA regional offices, and specific guidance regarding contacts and timeframes will be provided to the states by the appropriate regional office (the actual process steps are described in more detail in section 8(C) of this guidance).

As was the case for the last round of negotiations, states will be required to establish PY 2011 performance levels for the Wagner-Peyser Act component of the State Plans at the same time as they negotiate performance levels for the WIA Title 1B programs. States have the option, as they did in PY 2010, of extending their current goals. States may extend their negotiated PY 2010 goals into PY 2011 or they may negotiate new goals for PY 2011. States that choose either option (extending PY 2010 negotiated goals or negotiating new goals for PY 2011) must notify their appropriate Regional Administrator no later than May 31, 2011.

The primary difference between the PY 2010 negotiations process and the current PY 2011 process involves the utilization of the regression model as it relates to the negotiation process. In a departure from PY 2010, the regression adjusted performance targets for all states (not just the pilot states) will be provided to each Regional Administrator for his/her use in negotiations with each state. In the PY 2010 negotiation process, regression adjusted targets were made available to the eight pilot states and it was possible for these states to adopt the regression adjusted targets directly without undergoing negotiations. This is no longer an option as states must engage in negotiations, as required under WIA. However, a state and ETA may agree to accept the regression adjusted targets, in which case, the negotiation has taken place. The Regional Administrators will be the recipients of the regression adjusted performance targets for each state in PY 2011.

5. **Methodology for Assessing Performance Against Negotiated Levels.** For both the WIA Title 1B programs and the Wagner-Peyser Act programs, the upper bound of the performance range will be the negotiated level of performance for the measure, while the lower bound of the range for acceptable performance is 80 percent of the negotiated level of performance. Performance on an individual measure will be interpreted based on the outcome's position relative to the two boundaries for a measure as follows:

- **Exceeds** - when the actual performance achieved against an individual performance measure is in excess of 100 percent of the negotiated level of performance for the measure;
- **Meets** - when the actual performance achieved against an individual performance measure falls in the range of 80 to 100 percent of the negotiated level of performance for the measure; and
- **Fails** - when the actual performance achieved against an individual performance measure is less than 80 percent of the negotiated level of performance.

For example, if a state negotiates a 90.0 percent goal for the employment retention rate indicator, the state would:

- **Exceed** the goal if the actual performance level achieved was greater than 90.0 percent;
- **Meet** the goal if the actual performance level achieved was greater than or equal to 72.0 percent and less than 90.0 percent; and,
- **Fail** the goal if the actual performance level achieved was less than 72.0 percent.

While whole percentages are used in this example, it should be noted that this is simply because 80 percent of the negotiated 90 percent happens to be exactly 72 percent; there will be no rounding in interpreting performance results. Negotiated performance levels and results are stated to the tenth of a percent. States may continue to use additional distinctions to differentiate performance within the **Meets** category.

These three categories align with WIA regulations (http://www.doleta.gov/performance/guidance/laws_regs.cfm):

- 666.220(b)(3) The State exceeded the State negotiated levels of performance for title I, the levels of performance under title II and the levels for vocational and technical programs under Carl D. Perkins Vocational and Technical Education Act (WIA sec. 503 (b)). The reauthorized Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) removed the requirement that funds be reserved to carry out section 503 of the WIA which only referenced P.L. 105-332 (Perkins III); thus, DOL

and ED no longer consider States' performance levels under Perkins IV in determining eligibility for incentive grants under Section 503 of WIA;

- 666.230(a)(2) The extent to which the negotiated levels of performance were exceeded; and,
- 666.240(d) Only performance that is less than 80 percent of the negotiated levels will be deemed to be a failure to achieve negotiated levels of performance.

6. WIA Incentive Grant Eligibility. For both the WIA Title 1B programs and the Wagner-Peyser Act programs, there are two levels in measuring performance for Incentive Awards: 1) the individual measure, which must exceed 90 percent; and, 2) the average for that cluster, which must exceed 100 percent for states to be considered eligible for an incentive. In addition, states must have submitted specified quarterly (ETA form 9090) and annual reports (ETA 9091) by their due dates. Please note that for purposes of WIA incentive grant eligibility, a state must meet at least **90** percent of the negotiated level for each applicable WIA performance measure to be considered eligible for an incentive grant.

7. Applicable Performance Measures for the PY 2011 Performance Negotiations Process. The negotiations process will focus on establishing agreed-upon levels of performance for 20 performance levels for the WIA and Wagner-Peyser programs. The 20 performance measures include 17 WIA indicators of performance (15 Adult, Dislocated Worker, and Youth program measures and the two customer satisfaction indicators) and three Wagner-Peyser performance measures.

For those states that have requested a waiver to report against common performance measures only, and have received approval to do so in accordance with the waiver authority granted to the Secretary of Labor at WIA section 189(i)(4), the negotiations process will focus on establishing a total of nine agreed-upon levels of performance for the WIA Adult, Dislocated Worker and Youth programs and the three Wagner-Peyser measures. For these states, the three Adult common measures will be applied separately to the WIA Adult and Dislocated Worker programs, and the three Youth common measures will be applied to the WIA Youth program. The table below summarizes the performance measures involved in the negotiations process.

Applicable Performance Measures

WIA Measures				Common Measures			Wagner-Peyser Measures (All States)
Adult	Dislocated Worker	Youth	Customer Satisfaction	Adult	Dislocated Worker	Youth	
Entered Employment Rate	Entered Employment Rate	Older Youth Entered Employment Rate	Participant American Customer Satisfaction Index	Entered Employment Rate	Entered Employment Rate	Placement in Employment or Education	Entered Employment Rate for Total Exiters
Employment Retention Rate	Employment Retention Rate	Older Youth Employment Retention Rate	Employer American Customer Satisfaction Index	Employment Retention Rate	Employment Retention Rate	Attainment of a Degree or Certificate	Employment Retention Rate for Total Exiters
Employment and Credential Rate	Employment and Credential Rate	Older Youth Credential Rate		Average Six Months Earnings	Average Six Months Earnings	Literacy and Numeracy Gains	Average Six Months Earnings for Total Exiters
Average Six Months Earnings	Average Six Months Earnings	Older Youth Earnings Change Younger Youth Skill Attainment Rate Younger Youth Diploma or Equivalent Rate Younger Youth Retention Rate					

The source documents with the definitions and related reporting specifications for the applicable performance measures follow:

- The 17 WIA performance measures** - TEGL No. 17-05, "Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues" (<http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf>); and the Workforce Investment Act Annual Report: General Reporting Instructions and ETA Form 9091, Revised 2010 (<http://www.doleta.gov/performance/guidance/WIA/WIAAnnualReportSpecifications.pdf>)

The WIA Youth program common measures - TEGL No. 17-05, "Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues" (<http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf>); TEGL No. 17-05,

Change 2, “Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues” (<http://wdr.doleta.gov/directives/attach/TEGL17-05c2acc.pdf>); and the Workforce Investment Act Annual Report; General Reporting Instructions and ETA Form 9091, Revised 2010 (<http://www.doleta.gov/performance/guidance/WIA/WIAAnnualReportSpecifications.pdf>)

- **The three Wagner-Peyser program performance measures** - TEGL No. 17-05, “Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues” (<http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf>); and the ETA 9002 and VETS 200 Data Preparation Handbook, ET Handbook No. 406, released in February 2009 (http://www.doleta.gov/performance/guidance/WIA/ET-406-Handbook-Expiration-022809_tookout%20on%20mar-16-07.pdf).

As required since PY 2007, all states will continue to collect and report against the three Youth common performance measures for the entire Youth population (Older and Younger Youth combined) in PY 2011. However, ETA will not consider performance against these measures in the incentive award and sanctions determinations for states that are accountable for outcomes on the 17 WIA measures. The exception is for states that have received an approved waiver to implement and report against the “WIA common performance measures only.” These states will negotiate levels of performance for the Youth common measures, and ETA will use these measures in the incentive and sanctions determinations.

Please note that for purposes of WIA incentive and sanctions determinations, the applicable performance measures are listed in TEGL 9-07, “Revised Incentive and Sanction Policy for Workforce Investment Act Title IB Programs” (<http://wdr.doleta.gov/directives/attach/TEGL09-07.pdf>).

States also should be aware that the Veterans’ Employment and Training Service (VETS) will be issuing separate guidance on negotiating PY 2011 veterans’ performance targets with state workforce agencies. This negotiation of specific levels of performance for veterans includes: 1) performance targets for those veterans served by One-Stop employment services; and, 2) grant-based performance targets for those veterans served through the Jobs for Veterans state grants.

8. Reaching Agreement on State Performance Levels. States should use negotiated levels of performance to drive continuous improvement and enhanced customer satisfaction. In proposing performance targets for both the WIA Title 1B and Wagner-Peyser programs, states should negotiate their goals within the context of integrated service delivery, priority of service, economic conditions, customers served, and workforce solutions that contribute to the regional economic competitiveness of their state and sub-state areas.

A. Customers to Be Served

The customers served by the local area may have a significant impact on outcomes, depending on the type of services provided and other factors unique to the population. ETA encourages states to serve those individuals with barriers to employment and individuals more at-risk of not connecting to the labor market, including those who were formerly incarcerated, the homeless, Veterans, individuals with disabilities and out-of-school youth. States should bring appropriate information to the negotiation process that demonstrates either their past performance in serving these populations and/or their current strategy for serving these populations.

ETA will consider adjusting performance targets to accommodate states currently serving a significant number of at-risk individuals who need higher levels of service to achieve a positive labor market outcome. States that have ongoing initiatives for serving at-risk individuals may work with their respective Regional Administrator to negotiate appropriate goals for PY 2011. During the negotiation process, states must provide data to support adjustments of goals based on numbers of individuals with barriers currently being served.

When negotiating the Youth goals, states should consider the importance of serving the neediest youth, especially out-of-school youth, including youth in foster care, youth in the juvenile justice system, children of incarcerated parents, and migrant youth, as well as youth with disabilities and Native American youth. States that transition to serving a higher percentage of these more difficult to serve populations should take this into account when proposing performance levels for the Youth goals since serving a greater percentage of the neediest youth may impact outcomes. States that are serving a greater percentage of the neediest youth should provide data that shows how outcomes are impacted by serving this population.

Efforts to expand services to at-risk populations are consistent with the WIA legislation. WIA section 101(13) defines "eligible youth" as a low-income individual between the ages of 14 and 21 who is deficient in basic literacy skills, a school dropout, homeless, a runaway or foster child, pregnant or parenting, an offender, or an individual who requires additional assistance to complete an educational program or hold employment. Section 112 (b)(17)(A)(iv) requires that the State Plan describe how the state will serve the employment and training needs of dislocated workers (including displaced homemakers), low-income individuals (including recipients of public assistance), individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals and individuals with disabilities). Section 134(d)(4)(E) requires that priority must be given to recipients of public assistance and other low-income individuals for intensive services and training services.

When negotiating goals for the Adult program, states proposing new efforts to increase access to services for special populations that may face significant barriers (such as veterans, older workers, individuals with disabilities, migrant or seasonal farm workers,

Indian and Native Americans, or Temporary Assistance for Needy Families recipients), should provide data to show how these new efforts will impact WIA Adult, WIA Dislocated Worker and Wagner-Peyser Act outcomes. ETA supports efforts that will help states better tap into a wider variety of available workers. Available performance data indicate that the workforce investment system's employment and training programs have positive impacts on individuals' employment, including traditionally underserved populations. ETA expects states to document how outcomes are impacted by changes in the mix of participants served.

For future negotiations, ETA invites states to suggest mechanisms for expanding services to at-risk populations within our current performance framework. Suggestions should be emailed to ETAperforms@dol.gov.

B. Tools for Proposing Levels of Performance

The following tools and process guidelines provide a uniform framework for states to use to set performance goals that demonstrate this commitment. These tools and guidelines are designed to aid the negotiation process. Final performance levels must be negotiated and agreed upon by the state and the ETA Regional Administrator no later than June 30, 2011.

Prior to proposing levels of performance for the applicable performance measures to the appropriate Regional Administrator to begin the negotiations process as discussed further in Part C of this section (and **Attachment I**), states should review and make use of the following resources/tools to ensure that these factors have been considered in determining their proposed level and that there is a sound rationale for their proposed levels of performance:

I. *Past performance.* States should use historical, annual performance information to inform projected levels of performance for PY 2011. Recent quarterly performance results also should be used to inform the performance path the state is following. The Wagner-Peyser-funded activities began reporting against the common performance measures in PY 2005 and now have five full years of data on which to base future performance projections. The Department anticipates that states will submit proposed levels of performance that reflect continuous improvement in service provision and quality. However, it is recognized that pre-PY 2009 performance levels may not be as applicable in the current economic environment, as labor market conditions remain depressed.

While states should have ready access to their own historical performance information, various tools and resources are available to examine states' historical performance data, including state by state files of the data (www.doleta.gov/Performance/results/wia_national_performance.cfm); VETS' performance data (<http://www.dol.gov/vets/vetoutcomes/index.htm>) and Bureau of Labor Statistics (BLS) data for employment, industries, counties, average earnings, etc. (www.bls.gov/cew/home.htm). When using BLS data as a guide,

states should be careful to consider the timeframes covered by BLS employment and wage information, and the relative time periods in which WIA and Wagner-Peyser exiters enter employment and obtain post-program earnings.

II. *GPRAs goals*. Throughout the performance negotiation process, states should be aware of the GPRAs goals the Department has established through PY 2011. The regional offices will use the GPRAs goals as one of several benchmarks by which to gauge their states' proposed performance levels in the context of these national system goals. The GPRAs is an important mechanism by which Congress and OMB evaluate the success of Federal programs, including those operated by states and localities. The GPRAs goals for the Department's WIA Adult and Dislocated Workers, and Wagner-Peyser programs in addition to other national programs are listed in **Attachment II**, and more information is available at <http://www.doleta.gov/Performance/goals/gpra.cfm>.

III. *The effects of economic and demographic variables and other factors*. WIA Section 136(b)(3)(A)(iv) (see <http://www.doleta.gov/usworkforce/wia/wialaw.htm#sec136>) addresses additional factors, such as differences in economic conditions, characteristics of participants, and services to be provided, that should be considered in the negotiation process.

Attachment III contains a description of the time periods during which individuals must have exited program services to be included in the different performance measures. This attachment will assist states in their analysis of the impact of a given variable on the different measures against which the state will be negotiating levels for PY 2011 (and including in their WIA Annual Report submissions for PY 2011).

C. Process for Reaching Agreement on State Performance Levels

The process for reaching agreement on state performance levels will include the following steps, as outlined in the attached timeline (**Attachment I**):

- I. After conducting their own analysis of factors that may affect performance, as discussed above (in Part A of this section), states will propose levels of performance for each of the applicable performance measures for PY 2011 by submitting these proposed levels to the Regional Administrator serving the state. Proposed performance levels should be stated to a tenth of a percent (XX.X%) and must be submitted to the appropriate Regional Administrator no later than May 31, 2011; however, regional offices will work with states to begin the negotiation process prior to that date and in parallel with the planning process in order to ensure that final levels are agreed upon by June 30, 2011.

When submitting the proposed levels, states should provide the following as support for the levels (see Part II, Section X, Subpart C, Item 1 of the Stand-Alone

Planning Guidance or State Planning Guidance or Part III, Section K, Item 1(a)(i) of the Unified Planning Guidance):

- The methodology used for developing proposed levels of performance, including a description of data sources, calculations, and additional environmental factors (such as those previously addressed in TEGL 9-07, and discussed in sections 5 - 7 of this guidance).
- How the target levels will promote continuous improvement in state performance.

When submitting the proposed levels for review, states should also include a discussion of how the proposed levels will positively impact customer satisfaction with services received and the extent to which the proposed levels ensure optimal return on investment of Federal funds. (See WIA Section 136(b)(3)(A)(iii) and (iv).)

- II. The regional office will review the analyses used by the state to develop the proposed performance levels and will work with the state to set mutually agreed-upon levels of performance. Regional offices will take into account the environmental factors addressed by the state, including current and future economic conditions. The regional office will consider the proposed levels in light of previously negotiated goals, past performance results, and the national GPRA goals. Additionally, regional offices will consider the quality of the data presented by the state, including its relevance, source, the time period from which it is drawn, and whether the data is part of a trend or is anomalous.

The negotiations process will focus on whether each performance level appears appropriate in light of statutory criteria and this guidance, and the adequacy of any information the state offers to substantiate each level. If regional offices determine through their analysis that a state could increase its proposed performance levels to more fully support continuous improvement and customer satisfaction strategies, they will negotiate with the state to obtain higher mutually agreed-upon performance levels.

- III. Once the performance levels are agreed upon, the Regional Administrator will send a letter to the state confirming the agreed-upon levels. This letter constitutes a modification to the State Plan and serves to incorporate the agreed upon performance goals into the State Strategic Plan.

9. Inclusion of Performance Goals in State Plans. States are required to submit *proposed* levels of performance to their Regional Administrator no later than May 31, 2011. States should note that the proposed levels of performance are subject to the same public review and comment requirements that apply to State Plans and Plan modifications. When the state submits the proposed levels to ETA, the state should confirm that it has made the proposed levels available to the public for review and comment.

In cases where final agreement on performance goals has not been reached until after the State Plan has been approved, the Regional Administrator's letter advising the states of the agreed-upon goals will constitute a modification to the State Plan. For subsequent revisions to performance goals during the life of the State Plan, the Regional Administrator's letter advising the state of the agreed upon goals will also constitute a modification to the State Plan. The state must ensure that the agreed-upon goals are included in the state's official copy of the State Plan, and that any published State Plan, on the state's website or through other forums, includes the agreed-upon goals. ETA will incorporate these performance goals into the Regional and National Office copies of the State Plan.

10. State and Local Regression Analysis. The Department will use the regression-based performance levels as a tool in the negotiations process with all states in the PY 2011 negotiation process. The Regional Administrators will receive the regression-based targets for the states in their region and will use them as a tool in negotiations with the states. In a similar manner, states are encouraged to utilize the regression-based performance levels as a tool to aid their negotiations with their local areas. Previous experience with the regression model pilot project has demonstrated that the regression-based performance levels would best serve the goal setting process as an additional tool for use in the negotiation process. Regional Administrators as well as the states are in no way precisely bound to the regression-adjusted targets. Rather, the targets should serve as a starting point or reference tool for use in negotiating PY 2011 performance targets. As such, the state and local area regression-adjusted performance targets will be distributed through the Regional Offices.

This TEGL also provides the WIA and Wagner-Peyser Employment Service Program GPRA goals. These goals support the FY 2012 Congressional Budget Justification, and were developed using a national regression model. The national GPRA goals are to serve as an additional guide for negotiations. However, ETA encourages states and local workforce boards to negotiate performance goals according to the local area labor market and economic conditions.

11. Renegotiation of State Goals. WIA allows for the renegotiation of performance levels if circumstances arise that result in a significant change in the factors used to develop the original performance levels. Such criteria could include significant changes in economic conditions, changes in service mix, or changes in client characteristics. States should notify their regional office of any intent to renegotiate their performance. States that renegotiate goals should note that renegotiation after the end of the second quarter (December 31, 2001) eliminates that state from being eligible to receive WIA incentive grants. TEGL 11-01, change 1, offers further guidance on renegotiating state goals.

Under 20 CFR 661.230(b)(2), a change in "performance indicators" is considered a substantial change that must be officially incorporated into the State Plan through a modification. Therefore, states must submit modifications to the State Plan reflecting the agreed upon performance levels. These plan modifications are subject to the same public review and comment requirements that apply to the development of the original State

Plan. Therefore, the state must provide an opportunity for public comment on the modification prior to submission to the regional office. The agreed upon performance levels are incorporated into the state plans when the Regional Administrator approves the state's modification of its plan. Regional Offices will monitor state progress toward achievement of the targets and may request a corrective action plan if a state does not appear on track to achieve its negotiated levels.

12. Action Requested. States are requested to distribute this information to the appropriate state and local staff. To see the GPRA performance goals for the WIA and Wagner-Peyser programs, please refer to **Attachment II**. More information is available at: <http://www.doleta.gov/Performance/goals/gpra.cfm>.

13. Inquiries. Questions concerning this guidance may be directed to the appropriate regional office.

14. Attachments.

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| Attachment I: | Recommended Timeline for the Negotiation Process |
| Attachment II: | Workforce Investment Act and Wagner-Peyser Employment Service Performance Goal Levels Established for the Fiscal Year (FY) 2012 Congressional Budget Justification and the Government Performance and Results Act |
| Attachment III: | Time Periods for Reporting Performance Information in the WIA Annual Report for PY 2010 to PY 2011 |