

Calculation—Adjusted Level of Performance

The Federal agencies estimate levels of performance based on participant characteristics and economic conditions using an objective statistical model. The initial estimated level of performance (*Estimate₀*) is provided to states prior to the start of the program year during the negotiations process and is a factor in reaching agreement on the *negotiated level of performance*. After the close of the program year, the Federal agencies will re-estimate the state's performance (*Estimate₁*) using the same objective model coefficients updated with the characteristics of the actual participants served and the actual economic conditions of the state.

Federal agencies will subtract the first estimate from the second estimate for the *adjustment factor*. The resulting positive or negative *adjustment factor* is added to the *negotiated level of performance* to arrive at the *adjusted level of performance*. These calculations are shown in Examples 1 and 2 below. Refer to section on Determining Performance Success or Failure of the guidance for an explanation of how the *adjusted level of performance* is used to determine performance success or failure.

Example 1: Adjusted Level of Performance Calculation

Expected Level of Performance	68.9%
Negotiated Level of Performance	70.2%
Estimate ₀	75.5%
Estimate ₁	73.7%
Adjustment Factor	$73.7\% - 75.5\% = -1.8\%$
Adjusted Level of Performance	$-1.8\% + 70.2\% = 68.4\%$

Example 2: Adjusted Level of Performance Calculation

Expected Level of Performance	68.9%
Negotiated Level of Performance	70.2%
Estimate ₀	75.5%
Estimate ₁	78.3%
Adjustment Factor	$78.3\% - 75.5\% = 2.8\%$
Adjusted Level of Performance	$2.8\% + 70.2\% = 73.0\%$