Step 1: States: Submit Expected Levels of Performance for two program years in state plans or plan modifications (PYs A & B).

DOL/ED: Produce estimated levels of performance using the statistical adjustment model.

Required State Actions

Step 2: Before PY A begins, states and DOL/ED arrive at Negotiated Levels of Performance for PYs A & B by considering the four factors of performance negotiations.

Step 3: PY A Concludes. DOL/ED process state data on actual outcomes & re-estimate performance levels using the same objective model specification and actual characteristics of participants & economic conditions of PY A. The positive or negative difference between the DOL/ED estimates before and after PY A are used to adjust the negotiated levels of performance and calculate the adjusted levels of performance.

Step 4: DOL/ED determine states’ performance success or failure using actual results of PY A and the adjusted levels of performance for PY A.

Step 5: PY B Concludes. DOL/ED process state data on actual outcomes & re-estimate performance levels using the actual characteristics of participants & economic conditions of PY B. The positive or negative difference between the DOL/ED estimates before and after PY B are used to adjust the negotiated levels of performance and calculate the adjusted levels of performance.

Step 6: DOL/ED determine states’ performance success or failure using actual results of PY B and the adjusted levels of performance for PY B.

For steps 4 and 6, please see "Attachment IV—Determining Performance Success or Failure"