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TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS

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SUBJECT: Negotiating Common Measures Performance Goals for Wagner-Peyser Act Funded Activities for Program Year (PY) 2006, Re-Negotiating the Earnings Common Measure for the Workforce Investment Act (WIA) Title IB Adult and Dislocated Worker Programs, and Clarification of Accountability for Youth Measures

- Purpose.** To inform states of the guidelines for (a) negotiating PY 2006 performance levels for Wagner-Peyser Act-funded activities under the common measures and (b) re-negotiating Average Earnings targets for the WIA Title IB Adult and Dislocated Worker programs. These negotiated performance goals for PY 2006 will be incorporated in the WIA and Wagner-Peyser Act Two-Year Strategic Plans. This Training and Employment Guidance Letter (TEGL) also clarifies the set of youth measures to which states are accountable for the upcoming program year.
- References.** Training and Employment Guidance Letter No. 17-05, "Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues;" TEGL No. 27-04, "Negotiating Workforce Investment Act (WIA) Title IB Performance Goals for Program Years (PY) 2005 and 2006;" State Planning Guidance for Title IB of the Workforce Investment Act of 1998 and the Wagner-Peyser Act (http://www.doleta.gov/performance/guidance/WIA_Stand-Alone.cfm); Veterans' Program Letter No. 04-04, "Negotiating State Workforce Agency and Grant-Based Performance Measures for the Period Starting July 1, 2004 and ending June 30, 2005;" TEGL No. 22-02, "Negotiation of Performance Goals for Program Years Four and Five Under Title I of the Workforce Investment Act."

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3. **Background.** The performance accountability system for programs administered by the Employment and Training Administration (ETA), with common measures at the core, is intended to support strategies for a nationwide workforce investment system that is better able to respond to the needs of workers and employers. Such strategies include aligning service delivery strategies with specific demand-driven goals set by the governor to meet the needs of the state and its customers, greater program integration to maximize training investments, increased efficiency and effectiveness of the service delivery structure, and policies that support common data collection and reporting as a means of measuring and describing the success of the workforce investment system. Performance measures and negotiated statewide levels of performance are critical tools that help states assess the results of strategic investments in a demand-driven workforce investment system.

TEGL No. 17-05 (issued February 17, 2006) accomplished the following:

- Described the Department of Labor's (DOL) common performance measures policy for employment and training programs including the WIA Adult, Dislocated Worker and Youth programs; the Wagner-Peyser Act and Veterans' Employment and Training Service (VETS) activities; the Trade Adjustment Assistance program; and National Emergency Grants.
- Discussed the revised definition of the common earnings measure for programs serving adults. The focus is now on six-month earnings following entry into employment. This revision eliminates the requirement to use pre-program wages in computing this measure.
- Clarified policy on who is included in ETA's performance accountability system and made definitions across DOL partner programs more uniform in an effort to facilitate states' data collection and reporting of information on customers served, including self-service participants.

4. **PY 2006 Wagner-Peyser Act Levels of Performance and Average Earnings for the WIA Title IB Adult and Dislocated Worker Programs.** TEGL No. 27-04 (issued April 14, 2005) provided a framework for the negotiation of WIA Title IB performance and customer satisfaction goals for PY 2005 and PY 2006. That TEGL helped move the workforce system beyond incremental changes in performance goals and further along the continuum of improved program accountability and streamlined measures to gauge the success of strategic investments. Per TEGL No. 27-04, states were not required to establish performance levels for Wagner-Peyser Act funded employment services in PY 2005; PY 2005 is serving as the baseline year to capture information under the common measures to aid in negotiations in future program years. For PY 2006, states are asked to set levels of performance for the Wagner-Peyser Act-funded employment services component of the state's One-Stop system using the common measures for programs serving adults:

- Entered Employment Rate
- Employment Retention Rate
- Average Earnings*

In proposing performance targets for Wagner-Peyser Act activities, states are to negotiate their goals within the context of integrated service delivery, priority of service, customer mix, and workforce solutions that support a demand-driven system. States should be aware that the Veterans' Employment and Training Service (VETS) intends to issue separate guidance on negotiating PY 2006 veterans' performance targets with state workforce agencies. This negotiation of specific levels of performance for veterans will include (a) performance targets for veterans served by One-Stop employment and workforce information services, and (b) grant-based performance targets for veterans served through the Jobs for Veterans state grants.

*Average Earnings. TEGL No. 27-04 also provided detailed instructions on the negotiation of state performance levels for WIA Title IB programs for PY 2005 and PY 2006. Due to the change in the definition of the earnings common measure - from Adult Earnings Change in Six Months to Adult Average Earnings - effective July 1, 2006, for programs serving adults, states will need to re-negotiate the PY 2006 earnings indicator of performance for both adults and dislocated workers served under WIA.

The chart below summarizes the measures to be negotiated in PY 2006:

Negotiating Performance for PY 2006: Measures, Definition Sources, Applicable Programs

Adult Measures	Source of Definition	Applicable Programs
Entered Employment Rate	Common Measures Policy (TEGL No. 17-05)	Wagner-Peyser Act funded employment services
Employment Retention Rate	Common Measures Policy (TEGL No. 17-05)	Wagner-Peyser Act funded employment services
Average Earnings	Common Measures Policy (TEGL No. 17-05)	Wagner-Peyser Act WIA Adults** WIA Dislocated Workers** **indicates a re-negotiation of the earnings measure

5. **Reaching Agreement on State Performance Levels**. States should use negotiated levels of performance to manage for continuous improvement and enhanced customer satisfaction. The following tools and process guidelines provide a uniform

framework for states to set performance goals that demonstrate this commitment. Key factors for states to consider in the development process include: meeting or exceeding actual performance levels based on the ETA 9002 reports; historic data from the Bureau of Labor Statistics (BLS); VETS data and Wagner-Peyser wage data; economic analyses and projections and greater comparability with WIA Adult performance indicators. Final performance levels must be negotiated and agreed upon by the state and the ETA Regional Administrator no later than June 30, 2006. A recommended timeline for the negotiation process is included in Attachment I.

NOTE: When using BLS data as a guide, states should carefully consider timeframes covered by BLS employment and wage information, and the relative time periods in which Wagner-Peyser and WIA exiters enter employment and obtain post-program earnings.

A. Tools for Proposing Levels of Performance

- I. *Past performance.* States should use historic, annual performance information (PY 2001-2005 to date), including recent quarterly performance results, to inform projected levels of performance for PY 2006. The Department anticipates that states will submit proposed levels of performance that reflect continuous improvement and additional experience, indicate system integration and program design changes, show increases over the previous years' performance levels, and are more comparable to WIA performance indicators. ETA recognizes that performance levels may vary based on prior performance and environmental factors that are beyond the state's control. Various tools and resources are available to examine states' historic performance data, such as BLS data for employment, industries, counties, average earnings, etc. (www.bls.gov/cew/cewover.htm); VETS' performance data (<http://www.dol.gov/vets/vetoutcomes/index.htm>); state-by-state files of ETA performance data (www.doleta.gov/Performance/results/wia_national_performance.cfm); and the Federal Research and Evaluation Database (www.fred-info.org).

NOTE: To create average wage data for Wagner-Peyser, states must run the same cohorts used to create the November 2005 (for the quarter ending 9/30/2005) and February 2006 (for the quarter ending 12/31/2005) PY 2005 Wagner-Peyser quarterly performance reports against the wage records for the same time period using the new average earnings definition. If states have the capacity, they may want to do the same thing for data captured in PY 2002 to PY 2004 in order to establish a baseline. These data should be part of the initial package submitted to the Regional Office in preparation for the negotiations.

- II. *National comparisons.* ETA has utilized states' previously submitted annual performance data to provide information on the national distribution of

performance outcomes. States and regions can refer to these benchmarks when setting goals to achieve continuous improvement. Attachment II displays the Wagner-Peyser performance data for the quarter ending December 31, 2005, which serve as a data source in the negotiation of performance targets for the Entered Employment Rate and the Employment Retention Rate. Attachment III outlines the six-month average earnings for the WIA Adult and Dislocated Worker programs by state.

- III. *Government Performance and Results Act (GPRA) goals.* Throughout the performance negotiations process, states should be aware of the GPRA goals that the Department has established for PY 2006. Regional offices will use these benchmarks to gauge their states' proposed performance levels. The GPRA performance goals for the Department are available on ETA's Web site (www.doleta.gov/Performance/goals/gpra.cfm).
- IV. *Quarterly Census of Employment and Wages (QCEW) Data.* The QCEW is a cooperative program involving the Bureau of Labor Statistics (BLS) and the state workforce agencies that produces a comprehensive tabulation of employment and wage information for workers covered by state unemployment insurance (UI) laws and federal workers covered by the Unemployment Compensation data on the number of establishments, monthly employment, and quarterly wages, by North American Industry Classification System (NAICS) industry, by county and by ownership sector for the entire United States. At the state and local levels, the QCEW program publishes employment and wage data down to the 6-digit NAICS industry level. The QCEW data can serve as a resource to assist states in placing the results achieved under the revised average earnings measure for the WIA and Wagner-Peyser programs within the context of the average earnings for the overall workforce. Attachment IV provides estimates of six-month average earnings by state for private industry covering the 2002 through 2004 calendar year period. Attachment V provides additional background information on BLS-QCEW program data.
- V. *Other Possible Factors.* Environmental factors may affect the negotiated levels of performance and should be considered during the negotiation process. These factors include, but are not limited, to: economic conditions such as the rate of job creation/job loss; new business start-ups; state legislation or policies which might impact performance; and characteristics of participants when they entered the program and the services to be provided. Characteristics might include indicators of public assistance dependency, educational level, poor work history, basic skills deficiency, disability, age, or creation of a hardest-to-service index, etc.

B. Process for Reaching Agreement on State Performance Levels

The process for reaching agreement on the state performance levels for PY 2006 Wagner-Peyser Act employment services in the areas of Entered Employment, Employment Retention and Average Earnings, as well as renegotiating Average Earnings for the WIA Adult and Dislocated Worker programs, will include the following steps:

- I. After conducting an analysis of factors that may affect performance, the state will propose performance levels for PY 2006 for each of the performance indicators outlined in the introduction of this section by submitting them to the Regional Administrator serving the state. The states should provide the following supporting materials when submitting the proposed levels: the methodology used for developing the proposed levels of performance; a description of the data sources, calculations, and additional environmental factors; and a description of how the target levels will promote continuous improvement in state performance.
 - II. The regional office will review the state's analysis and will work with the state to set mutually agreed upon levels of performance. The regional office will consider the proposed levels in light of the following: past performance analysis; relationship to other performance benchmarks; impact of economic and demographic information of participants served; impact of system and program design; and other environmental factors addressed by the state. Additionally, the regional office will consider the quality of data presented by a state including its relevance, source, and the time period from which the data are drawn; the appropriateness of each performance level in light of statutory criteria and this guidance; and the adequacy of any information states offered to substantiate each level. If the regional office determines that a state could increase its proposed performance levels to more fully support continuous improvement strategies, it will negotiate with the state to obtain 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 by June 30, 2006.
6. **Clarification of Accountability for Youth Measures.** TEGl 27-04 stated that "data collected on the placement and degree/certificate attainment measures during PY 2005 will serve as a baseline for negotiations on these measures for PY 2006." However, DOL will not negotiate expected levels for the youth common measures for PY 2006, with the exception of those states that have a waiver to implement the common measures only. Non-waiver states will continue to be held accountable to the seven current statutory youth measures, including the original earnings change

measure. Non-waiver states will continue to collect data on the youth common measures for reporting purposes only, but will not be held accountable to the youth common measures.

ETA's Strategic Youth Vision. If states are serving a greater percentage of the neediest youth as defined in ETA's strategic youth vision - out-of-school youth including youth in foster care, youth in the juvenile justice system, children of incarcerated parents, migrant youth, Indian and Native American youth, and youth with disabilities - and would like to renegotiate performance levels based on their impact, they must demonstrate how the earlier negotiated goals are impacted by the shift in participants served.

7. **Other Re-Negotiations.** All requests for re-negotiation of other PY 2005 performance goals must be received by the appropriate Regional Office by May 30, which is the same deadline as that established for submission of state proposals regarding proposed performance levels for the Wagner-Peyser Act and the WIA Adult and Dislocated Worker (Average Earnings only) programs (see Attachment I).
8. **Modification of State Plans.** The final Regional Administrator's letter will serve as the approved modification of the Strategic Two-Year Plan to incorporate the negotiated Wagner-Peyser performance levels and WIA targets for the earnings measure for the Adult and Dislocated Worker programs.
9. **Action Required.** States are required to distribute this information to the appropriate state and local staff.
10. **Inquiries.** Questions concerning this issuance may be directed to the appropriate regional office.
11. **Attachments.**

- Attachment I: Recommended Timeline for Negotiation Process
- Attachment II: Wagner-Peyser Performance Data for Quarter Ending 12/31/2005
- Attachment III: Average Earnings for Adults & Dislocated Workers by State
- Attachment IV: Estimates of Six-Month Average Earnings by State using BLS-QCEW Program Data
- Attachment V: Additional Information on BLS-QCEW Program Data