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SOCIAL POLICY RESEARCH ASSOCIATES

Guide to JTPA Performance Standards for Program Years 1998 and 1999

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ERRATA FOR PDF VERSION

This Acrobat (pdf) version of the *Guide to JTPA Performance Standards for Program Years 1998 and 1999* differs from the hardcopy version in several minor ways:

- Page numbers are missing on some pages containing exhibits or tables.
- Captions are missing from Figure III-2.
- The example worksheet on page III-20 shows up on a separate page.

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Exhibit I-1
Sections 106(a) and 106(b) of the Job Training Partnership Act

- 106.(a) FINDINGS.-The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that-
- (1) it is essential that criteria for measuring the return on this investment be developed; and
 - (2) the basic return on the investment is to be measured by long-term economic self-sufficiency, increased employment and earnings, reductions in welfare dependency, and increased educational attainment and occupational skills.
- (b) TITLE II PERFORMANCE STANDARDS.-
- (1) GENERAL OBJECTIVE.-In prescribing performance standards for programs under parts A and C of title II, the Secretary shall ensure that States and service delivery areas will make efforts to increase services and positive outcomes for hard-to-serve individuals.
 - (2) ACHIEVEMENT OF BASIC MEASURES.-In order to determine whether the basic measures described in subsection (a) are achieved for programs under parts A and C of title II, the Secretary, in consultation with the Secretary of Education and the Secretary of Health and Human Services, shall prescribe performance standards.
 - (3) FACTORS FOR ADULT STANDARDS.-The Secretary shall base the performance standards for adult programs under part A of title II on appropriate factors, which may include-
 - (A) placement in unsubsidized employment;
 - (B) retention for not less than 6 months in unsubsidized employment;
 - (C) an increase in earnings, including hourly wages;
 - (D) a reduction in welfare dependency; and
 - (E) acquisition of skills, including basic skills, required to promote continued employability in the local labor market (including attainment of the competency levels described in paragraph (5)), or acquisition of a high school diploma or the equivalent of the diploma, if the acquisition of such skills or diploma is in addition to obtaining one or more of the outcomes described in subparagraphs (A) through (D).
 - (4) FACTORS FOR YOUTH STANDARDS.-
 - (A) IN GENERAL.-The Secretary shall base the performance standards for youth programs under part C of title II on appropriate factors described in paragraph (3), and on factors including-
 - (i) attainment of employment competencies (including attainment of the competency levels described in paragraph (5));
 - (ii) dropout prevention and recovery;
 - (iii) secondary and postsecondary school completion or the equivalent of such completion; and
 - (iv) enrollment in other training programs, apprenticeships, or postsecondary education, or enlistment in the Armed Forces.
 - (B) VARIATIONS.-The Secretary may prescribe variations in the standards described in subparagraph (A) to reflect the differences between in-school and out-of-school programs.
 - (5) COMPETENCY LEVELS.-The private industry councils, in consultation with appropriate educational agencies, and, where appropriate, the private sector, labor organizations, and community-based organizations, shall establish youth and adult competency levels, based on such factors as entry level skills and other hiring requirements.
 - (6) REQUIREMENTS.-The performance standards described in paragraphs (3) and (4) shall include provisions governing-
 - (A) the base period prior to program participation that will be used for measurement of the factors in such paragraphs, as appropriate;
 - (B) a representative period after termination from the program that is a reasonable indicator of postprogram employment, earnings, and cash welfare payment reductions; and
 - (C) cost-effective methods for obtaining such data as are necessary to carry out this section and section 452(d) which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, records collected under the Federal Insurance Contributions Act (chapter 21 of the Internal Revenue Code of 1986), State aid to families with dependent children records, statistical sampling techniques, and similar records or measures, with appropriate safeguards to protect the confidentiality of the information obtained.

I. INTRODUCTION

INTRODUCTION

This Technical Assistance Guide (TAG) presents key information needed to administer Job Training Partnership Act (JTPA) performance standards. This Section presents an overview of DOL's performance standards policies for Program Years (PYs) 1998 and 1999, which have been revised minimally from Program Years 1996 and 1997.¹ Exhibit I-2 presents a summary of what's new for PY 98. Section II discusses the computation of performance measures. Sections III and IV discuss how performance standards are adjusted for local conditions. Section V discusses incentive policies; and Section VI discusses sanction policies. Section VII discusses using wage records for performance measurement.

PURPOSE OF PERFORMANCE STANDARDS

Performance standards are an integral part of JTPA programs operated under Titles II and III. The standards are intended to further a variety of Federal program priorities, including:

- Holding Title II service delivery areas (SDAs) and Title III substate areas (SSAs) accountable for program outcomes.
- Encouraging the achievement of high quality employment outcomes.
- Encouraging increases in the long-term employability of clients.
- Creating incentives for effective management by local program administrators.

Performance standards play a particularly important role in JTPA because it is a decentralized system. SDAs, in conjunction with the Private Industry Councils (PICs), may design programs that are appropriate to local needs, as long as the SDAs meet their performance standards. There are important Federal and State roles in establishing performance standards.

¹Training and Employment Guidance Letter No. 12-97. A copy is presented in Appendix B.

Exhibit I-2
What's New for Program Years 1998 and 1999

- For Title II, states may continue to use the same performance measures as in PYs 1996 and 1997 or may choose to replace some of them with new optional measures:
 - The four Title II-A adult and welfare follow-up measures may be replaced with corresponding measures derived from employer wage records.
 - The two Title II-C youth measures may be replaced by a single measure, the youth positive termination rate.
- The youth employability enhancement rate and positive termination rate are refined by incorporating entry and retention in postsecondary education into the employability enhancement, Entered Non-Title II Training.
- Overall failure to meet standards under Title II is defined as failing half or more of the Secretary's core standards. This is not a change for states that continue to implement two youth measures.
- Governors are encouraged to develop incentive and sanction policies under Title II that:
 - Differentiate clearly between minimally acceptable performance needed to avoid sanctions and performance worthy of reward.
 - Use higher than minimally acceptable performance to determine eligibility for performance awards.
 - Reward sustained high performance, improved performance and performance innovation.
- Three new optional Title III measures are introduced. These measures, together with the entered employment rate, are being used to assess attainment of performance goals for Title III under GPRA.
 - Follow-up employment rate.
 - Wage replacement rate at termination.
 - Wage replacement rate at follow-up.
- All Title III measures are consistently defined to exclude individuals who were called back to or remained with the layoff employer.
- The numerical levels of the national standards have been revised based on PY 95/96 performance, as shown in Exhibit I-3.

Exhibit I-3
PY 98/99 National Standards

• Title II-A Adults	
‣ Adult follow-up employment rate	60%
‣ Adult weekly earnings at follow-up	\$289
‣ Welfare follow-up employment rate	52%
‣ Welfare weekly earnings at follow-up	\$255
‣ Adult pilot sustained employment rate (optional)	50%
‣ Adult pilot sustained quarterly earnings (optional)	\$3,566
‣ Welfare pilot sustained employment rate (optional)	50%
‣ Welfare pilot sustained quarterly earnings (optional)	\$3,079
• Title II-C Youth	
‣ Youth entered employment rate	45%
‣ Youth employability enhancement rate	40%
‣ Youth positive termination rate (optional)	72%
• Section 204(d) Older Workers	
‣ Entered employment rate	56%
‣ Wage at Placement	\$6.10
• Title III Dislocated Workers	
‣ Entered employment rate	73%
‣ Follow-up employment rate (optional)	72%
‣ Average wage replacement rate at termination (optional)	91%
‣ Average wage replacement rate at follow-up (optional)	93%
‣ Average wage at placement (optional)	\$9.32

The Federal Role in Performance Standards

Although the performance standards are an expression of Federal goals for the JTPA programs, the performance-standards system has been carefully designed to minimize the day-to-day Federal role in local program direction and administration. The intention of Federal performance-standards policies is to foster accountability and cost-effectiveness without placing undue constraints on the design decisions of SDAs

and SSAs. The Federal role in the performance-standards system is to (1) identify performance measures that reflect Federal goals for JTPA, (2) set national performance standards at levels that convey overall performance expectations, (3) establish parameters within which standards are to be adjusted for local conditions, (4) provide optional models that States can use to adjust SDAs' and SSAs' performance standards, and (5) define uniform criteria to determine failure to meet performance standards.

The State Role in Performance Standards

Although DOL is responsible for setting overall performance standards policies, the States are responsible for implementing performance standards. Specifically, States are responsible for:

- Setting standards for SDAs and SSAs and adjusting the standards for local conditions. States decide whether to use the DOL adjustment models to set SDA/SSA standards and whether to make adjustments beyond the models to those standards.
- Establishing any additional performance standards to further State program goals.
- Determining what portion of the Title II-A and II-C 5% funds to use for incentive awards to SDAs that exceed the standards and other criteria and what portion (up to 33%) to use for capacity building and technical assistance.
- Decide how to allocate incentive funds among different Federal and State standards and other criteria in making incentive awards.
- Determining how to differentiate clearly between minimally acceptable performance needed to avoid sanctions and performance worthy of reward.
- Developing policies to provide technical assistance to, and impose sanctions on, SDAs that fail to meet their standards.

The SDA and PIC Role in Performance Standards

SDAs, with guidance from PICs, have the responsibility for implementing JTPA programs and for making major program design decisions about service and client mix. In making these decisions, SDAs try to balance local goals, their assessment of local conditions, the performance-standards incentives offered by the State, and the State and Federal program regulations. SDAs are also motivated to perform well on the

performance standards for a number of reasons, including the desire to (1) run programs that achieve high-quality outcomes, (2) be accountable to local elected officials and private-sector representatives on the PIC, (3) receive incentive awards, and (4) avoid reorganization as a consequence of failing to perform at acceptable levels for 2 years in succession.

DOL'S PERFORMANCE MANAGEMENT GOALS FOR PROGRAM YEARS 1998 AND 1999

The Government Performance and Results Act (GPRA) requires federal programs to develop quantifiable measures of outcomes, which JTPA has been doing for many years. It also requires a commitment to continuous performance improvement in the outcomes for those measures. Continuous performance improvement is a new challenge for some programs in the JTPA system, but it is a challenge that JTPA is well-positioned to accomplish through its performance standards system.

To achieve its GPRA goals for PY 1998/FY 1999 and its mission, ETA has established for JTPA three strategic goals along with associated outcome objectives and performance targets, as shown in Exhibit I-4. These goals are reflected in the Secretary's Title II-A, Title II-C, Title III and Section 204(d) performance measures, national numerical standards for these measures, incentive award criteria, and associated reporting requirements.

Exhibit I-4
ETA's GPRA Goals for PY 1998/FY 1999

◆ **STRATEGIC GOAL NO 1**

A Prepared Workforce: Enhance opportunities for America's Workforce.

• OUTCOMES

- * Increase employment, earnings and assistance.
- * Assist youth in making the transition to work.
- * Provide information and tools about work.
- * Provide information and analysis on the U.S. economy

• PERFORMANCE TARGETS

- * ***64% of JTPA Title II-A adult disadvantaged terminees will be employed one quarter after program exit with average weekly earnings of \$292.***
- * ***77% of JTPA Title II-C youth terminees will be employed or obtain advanced education or job skills.***

◆ **STRATEGIC GOAL NO 2**

A Secure Workforce: Promote the economic security of workers and families.

• OUTCOMES

- * Protect worker benefits.
- * Provide worker retraining.

• PERFORMANCE TARGETS

- * ***74% of JTPA Title III dislocated worker terminees will be employed at an average wage replacement rate of 93% and 76% will be employed one quarter after program exit at an average wage replacement rate of 97%.***

◆ **STRATEGIC GOAL NO. 3**

Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair.

• OUTCOME

- * [None directly related to JTPA performance standards]

TITLE II-A AND TITLE II-C PERFORMANCE STANDARDS FOR PROGRAM YEARS 1998 AND 1999

Secretary's Core Standards for All Participants

The Secretary has established six *core* performance standards for Program Years 1998 and 1999. The measures and numerical national standards are:

- Title II-A Adults:
 - Adult follow-up employment rate, 60%.
 - Adult weekly earnings at follow-up, \$289.
 - Welfare follow-up employment rate, 52%.
 - Welfare weekly earnings at follow-up, \$255.
- Title II-C Youth:
 - Youth entered employment rate, 45%.
 - Youth employability enhancement rate, 40%.

These same core performance measures have been used since PY 90, although the numerical national standards have been updated periodically.

Beginning with PY 98, states have the option of replacing some of these measures with alternative optional measures. The Title II-A measures can be replaced with corresponding pilot measures based on employer wage records:

- Adult pilot sustained employment rate (optional), 50%.
- Adult pilot sustained quarterly earnings (optional), \$3,566
- Welfare pilot sustained employment rate (optional), 50%
- Welfare pilot sustained quarterly earnings (optional), \$3,079

The two youth measures may be replaced by one optional measure:

- Youth positive termination rate, 72%.

The definitions of the performance measures continue to incorporate two changes that were effective with PY 94.

First, individuals who do not receive training and/or services beyond objective assessment are excluded from performance standards.

Second, to conform to the requirement in Section 106(k) that "... *'employment' means employment for 20 or more hours per week,*" the three employment outcomes (adult follow-up employment rate, welfare follow-up employment rate, and youth entered employment rate) will give credit only for employment of at least 20 hours per week. Further, adult and welfare follow-up earnings are based only on individuals working at least 20 hours per week at follow-up. The definitions of the performance measures are detailed in Section II.

The numerical national standards have been updated for PYs 1998 and 1999 based on JTPA experience in PYs 1995 and 1996. The standards have been set so that approximately 75% of SDAs can be expected to meet or exceed standards that are set using the DOL adjustment models. In deriving these levels, adjustments were made to the adult earnings measures for projected inflation and standards for adult welfare recipients were set to somewhat more lenient levels to reflect potential implications of welfare-to-work programs.

Governors are required to set, for each SDA, a numerical standard for each of the six core performance standards that is adjusted for local circumstances.

Secretary's Standard for Service to the Hard to Serve

A Secretary's standard for service to the hard to serve, as required by Section 106(b)(7)(B), has been established in the form of a stand-alone eligibility criterion ("gate") for incentive awards. To receive any incentive award, at least 65% of *both* the SDA's Title II-A *and* Title II-C (in-school and out-of school combined) participants receiving training and/or other services beyond objective assessment must be hard-to-serve individuals. Adults and youth are considered separately when implementing the gate; the 65% requirement must be met *both for adults and for youth*.

The definition of hard-to-serve individuals is drawn from Sections 203(b), 263(b) and 263(d) of the Act. Such hard-to-serve individuals include:

- Individuals who are basic skills deficient.
- Individuals who are school dropouts (adults and out-of-school youth only).
- Individuals who are recipients of cash welfare payments, including recipients under the JOBS (or Welfare-to-Work program) (adults only).
- Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals (in-school youth only).
- Individuals who are pregnant or parenting (youth only).
- Individuals with disabilities, including (for youth) a learning disability.
- Individuals who are homeless or are run-away youth.
- Individuals who are offenders.
- Individuals facing serious barriers to employment within a category established by the SDA with the approval of the Governor. Such category cannot consist solely of individuals with a poor work history or who are unemployed.

In applying the 65% requirement to incentive policies, States must use definitions of these categories that are consistent with the definitions in the Act and with those used for eligibility determination in the State.

Compliance with this 65% requirement is to be based on participants who receive training and/or services beyond objective assessment:

- Participants include both individuals who terminate during the program year and those who are still participating at the end of the year.
- The 65% requirement applies only to participants who received training or other services beyond objective assessment before the end of the program year.²
- Individuals who receive only services to help them participate in objective assessment (e.g., transportation or child care allowances) are excluded.

²Individuals who are on board at the end of the year and who have not received training or services beyond objective assessment are disregarded when applying the 65% requirement, even if they receive such services after the end of the program year. Participants who received such services in a previous program year are, however, counted when determining compliance with the 65% requirement.

- All participants receiving services beyond objective assessment are counted, including participants in school-wide projects under Section 263(g)³ and participants in 5%-funded projects.

Compliance with the 65% requirement is to be determined separately for Title II-A adult participants and for Title II-C youth participants (in-school and out-of-school combined). To receive any incentive award, an SDA must comply with the requirements for *both adults and youth*. Thus, an SDA that meets the requirement only for youth (or only for adults) is not eligible to receive any incentive award. Governors may wish to adjust incentives based on the degree to which SDAs exceed the 65% requirement or on a sliding scale of continuous improvement.

Title II Incentive Policies

The objective of incentive policies is to reward service delivery areas that achieve and surpass program goals. In developing incentive policies for PY 98, DOL is encouraging Governors to:

- Differentiate clearly between minimally acceptable performance needed to avoid sanctions and performance worthy of reward.
- Use higher than minimally acceptable performance to determine eligibility for performance awards.
- Reward sustained high performance, improved performance and performance innovation.

For PYs 98 and 99, Governors are required to use at least 67% of funds available under sections 202(c)(1)(B) and 262(c)(1)(B) to reward performance on the core standards, model out-of-school youth programs, placement in jobs providing employer-assisted benefits, and additional state standards, if any.

DOL guidelines for Title II incentive policies include:

³Participating in a school-wide project, by itself, is not enough to count a youth as hard to serve for this requirement. Whether or not each participant is hard to serve must be determined based on the individual's characteristics. Individual data for participants in school-wide projects are reported on the Standardized Program Information Report (SPIR).

- Only SDAs that meet the Secretary's standard for service to the hard to serve (the 65% requirement) *both* for adults *and* for youth are eligible to receive any incentive award.
- Governors must use all of the Secretary's core performance measures as the basis for making incentive awards. None of the measures can be "zero weighted". Further, SDAs that *exceed all* of the core measures *must* receive an incentive award, as long as the 65% gate is attained. Core performance measures include the four Title II-A performance measures and either the youth positive termination rate or both the youth entered employment rate and employability enhancement rate for Title II-C.
- Governors are *encouraged* to use the following additional criteria for determining incentive awards:
 - Attaining levels of performance and performance improvement that assist the JTPA system in attaining its annual and strategic performance goals under GPRA.
 - Programs successfully serving out-of-school youth. SDAs will be expected to exceed the 50% minimum service level for out-of-school youth to be rewarded under this criterion.
 - Placement in jobs providing employer-assisted benefits. The definition of employer-assisted benefits is to be consistent with the definition used in the Standardized Program Information Report (SPIR Item 35c).

Although Governors are *encouraged* to provide incentives based on these additional criteria, such incentives are not required.

- Incentive awards may not be given to SDAs that fail standards for the year according to the Secretary's definition.
- At least 75% of incentive awards must be related to the core performance standards and the out-of-school-youth and employer-assisted benefits criteria in accordance with Sec. 106(b)(7)(E). No more than 25% of incentives may be based on Governor's standards.
- Cost standards may not be used for incentive award purposes. However, States are reminded of the integral role of financial reviews in program management and are encouraged to explore ways of relating overall costs of job training to more direct measures of long-term employment, earnings and reductions in welfare.
- Incentive awards may be adjusted based on factors such as grant size, additional services to the hard to serve, intensity of service, and expenditure rates.
- Incentive awards may be adjusted based on the degree to which SDAs exceed the 65% incentive eligibility gate or on a sliding scale of continuous program improvement.

- Participants in pilot projects serving hard-to-serve individuals funded from 5% incentive funds may be excluded when computing standards and actual performance. Incentive-funded projects that are indistinguishable from those that provide general training may not be exempted from performance standards.
- States and SDAs are encouraged to use incentive funds to develop or replicate model programs for out-of-school youth.

Governors have the authority to base a portion of awards on State standards, to define meeting, exceeding and failing individual standards, and to determine the relative weighting of the different standards and other criteria in determining incentive awards.

Secretary's Uniform Criteria for Determining Failure and Title II Sanction Policies

To meet the requirements of Section 106(j), the Secretary has developed uniform criteria for determining failure to meet performance standards:

- *Meeting performance standards* is defined as meeting more than half of the Secretary's core standards.
- *Failure* is defined as failing half or more of the core standards.

These criteria have been revised because states may implement either five or six core measures, depending on whether they use the option to replace the two youth measures with the positive termination rate. For states continuing to implement both youth measures (and, thus, six core standards), the revised criteria yield the same results as the previous criteria: SDAs must meet or exceed four standards to avoid failure. In states that replace the two youth measures with the positive termination rate (and, thus, implement five core standards), SDAs must meet or exceed three standards to avoid failure. Definitions for meeting and failing *individual* standards will be established by the governor.

Failure for a first year precludes an SDA from receiving any incentive awards and requires the Governor to provide technical assistance. Failure for a second consecutive year precludes an SDA from receiving any incentive awards and requires the Governor to impose a reorganization plan. Only SDAs failing standards by the Secretary's definition for a second year are subject to reorganization under Section 106(j)(4).

SECTION 204(D) STANDARDS FOR PROGRAM YEARS 1998 AND 1999

Older worker programs operated under Section 204(d) are subject to *"the same requirements applicable to the other programs conducted under"* Title II-A with the exception of incentives, sanctions and several other provisions.⁴ Thus, the Secretary is required to set performance standards for older worker programs. To meet this requirement the Secretary has set the following older worker standards for PYs 98 and 99:

- Entered employment rate, 56%.
- Average hourly wage at placement, \$6.10.

As is the case for Title II-A adult and Title II-C youth measures, these performance measures count only employment of at least 20 hours per week and are based on individuals receiving training and/or services beyond objective assessment.

Programs operated under Section 204(d) are State programs even though they may be managed by various local entities. Therefore, performance standards will be applied to the total older worker program Statewide. Governors are required to set numerical standards for these measures for the State's 204(d) older worker program as a whole and must adjust those statewide numerical standards to reflect State conditions. The incentive and sanction provisions of the Act do not apply to Section 204(d). Therefore, performance on these measures cannot be used to award incentive funds (5% incentive funds) authorized under Sections 202(c)(1)(B) and 262(c)(1)(B) and sanctions are not required if the State fails the standards.

⁴Section 204(d)(6)(A).

TITLE III STANDARDS FOR PROGRAM YEARS 1998 AND 1999

The Secretary has established one required standard for Title III dislocated worker programs for Program Years 1998 and 1999:

- Entered employment rate, 73%.

Governors are required to set numerical standards for the entered employment rate, adjusted for local conditions, for each substate area. These substate standards apply to activities funded under Section 302(d) (the regular substate allocation), Section 302(c)(1)(E) (discretionary allocation allocated to substate grantees from Governor's Reserve funds), and Section 302(c)(2) (10% funds when allocated to substate grantees). In addition, a state standard may be set for the Governor's Reserve (Section 302(c)(1)) program. Performance measures for projects funded with National Reserve funds (Sec. 302(a)(2)) are negotiated for each project.

The Secretary has also established several optional standards for Title III, including:

- | | |
|---|--------|
| • Follow-up employment rate (optional) | 72% |
| • Average wage replacement rate at termination (optional) | 91% |
| • Average wage replacement rate at follow-up (optional) | 93% |
| • Average wage at placement (optional) | \$9.32 |

States are encouraged to adopt and set numerical levels for substate programs for these optional measures, derived from ETA's GPRA goals.

Although neither rewards nor sanctions are required for Title III programs, Governors may use a portion of the 40% funds reserved for State activities under Section 302(c)(1) for rewarding substate area performance, particularly for providing lengthier, substantive training that will better ensure the long-term employability of participants. Although there is no statutory requirement for *monetary* incentives, Section 311(a) requires that State plans include "*incentives to provide training of greater duration to those who require it.*"

GENERAL REQUIREMENTS FOR STATES

To implement DOL's performance standards policies for PYs 98 and 99, States must:

- Decide whether to implement optional measures to replace some of the secretary's core measures for Title II.
- Decide whether to implement optional measures for Title III.
- Set numerical standards for each of the Secretary's standards:
 - The core standards for Title II-A and Title II-C must be set for each service delivery area.
 - The standards for Section 204(d) older workers must be set for the State's older worker program as a whole.
 - The Title III standard must be set for each substate area, and may be set for the State's Governor's Reserve program as a whole.
- Adjust the numerical levels set for the Secretary's standards for local conditions. The State's procedure for adjusting standards must meet the Secretary's parameters and be documented in the Governor's Coordination and Special Services Plan (GCSSP). Procedures for adjusting standards are discussed in Sections III and IV.
- Develop an incentive policy consistent with DOL guidelines to be used in distributing 5% incentive grants to SDAs. Such policy should include:
 - Definitions of meeting and of exceeding each Title II-A and Title II-C standard.
 - Criteria for rewarding (1) sustained high performance and improved performance, (2) programs successfully serving out-of-school youth, and (3) placement in employment that provides employer-assisted benefits, if the Governor chooses to make incentive awards for these criteria.
 - Criteria for determining which SDAs qualify for incentive awards.
 - A method of calculating incentive awards.

This incentive award policy must be described fully in the GCSSP. The development of incentive policies is discussed in Section V.

- Develop a sanction policy based on the Secretary's definition of failure and describe the policy fully in the GCSSP. Sanction policies are discussed in Section VI.
- Decide whether to replace the Title II-A follow-up measures with alternative measures based on wage records. Measuring performance using wage records is discussed in Section VII.

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II. CALCULATING PERFORMANCE MEASURES

CORE STANDARDS FOR TITLE II-A ADULTS AND TITLE II-C YOUTH

Title II performance standards for adults and youth are based on outcomes for individuals who have *both* terminated from the program *and* received training and/or other services beyond objective assessment. Participants who terminate after receiving only objective assessment or who terminate after receiving only objective assessment and entering employment are excluded in the calculation of performance outcomes so that SDAs are held accountable only for the outcomes attained by participants who receive services intended to increase their long-term employability. Participants in special 5%-funded pilot projects may also be excluded from the calculation of performance outcomes for Title II-A and Title II-C, at the discretion of the Governor.¹ Individuals terminated with other termination codes for health/medical or institutionalized are also excluded from the calculation of performance standards beginning with PY 98.

Title II-A Adult Performance Measures

Performance measures for Title II-A adults include measures of employment and earnings for all adults and measures of employment and earnings for adult welfare recipients. Welfare recipients include individuals receiving Temporary Assistance to Needy Families (TANF), General Assistance (GA), or Refugee Cash Assistance (RCA) as collected or confirmed at eligibility determination.² Individuals who were receiving Aid to Families with Dependent Children (AFDC) at application are also counted as

¹Consistent with past policy, the Governor may exclude from performance standards participants in pilot projects that are funded from 5% incentive funds and serve hard-to-serve individuals, particularly out-of-school youth. States and SDAs are encouraged to use such projects to develop or replicate model programs serving out-of-school youth. Projects that are indistinguishable from those that provide general training may not be exempted from performance standards.

²Note that this definition of welfare recipient used for performance standards differs from the definition of *cash welfare recipient* used for eligibility determination, which also includes SSI recipients.

welfare recipients. Receipt of public assistance may be updated in the participant's record if receipt occurs during participation.

These outcomes for all adults and for welfare adults are based on their employment and earnings 13 weeks after they terminate from the program. To enable measurement of performance within 90 days of the end of the program year, these Title II-A performance measures are based on individuals who terminated in the first three quarters of the program year and the last quarter of the previous program year (i.e., from April 1 of the previous program year to March 31 of the program year). These data are obtained in a required follow-up survey, as described in Appendix II-A. This survey is usually conducted for (1) a sample of all adults, which is used to calculate the all adult outcomes, and (2) a supplementary sample of welfare recipients, which is combined with the welfare recipients in the adult sample to calculate the welfare outcomes. The supplementary welfare sample is not used when calculating outcomes for all adults.³

The computation of the follow-up outcomes is described below. These computations must be adjusted for nonresponse bias if there is more than a 5 percentage point difference in response rates between terminees who entered employment at termination and those who did not enter employment. It is recommended, however, that the adjustment be made for all SDAs, regardless of the difference in response rates. Appendix II-A describes the procedure for making this adjustment and summarizes the guidelines for conducting follow-up.

Adult Follow-Up Employment Rate (AFER). Total number of respondents in the adult sample who were employed (for at least 20 hours per week) during the 13th

³In States that survey all terminees, there is no supplementary welfare sample. All adult outcomes are based on all respondents in the entire "sample" (i.e., terminnee pool/population/universe) and welfare outcomes are based on all welfare recipients in the entire sample.

full calendar week after termination, divided by the total number of respondents in the adult sample (i.e., terminees in the adult sample with completed follow-up interviews)⁴

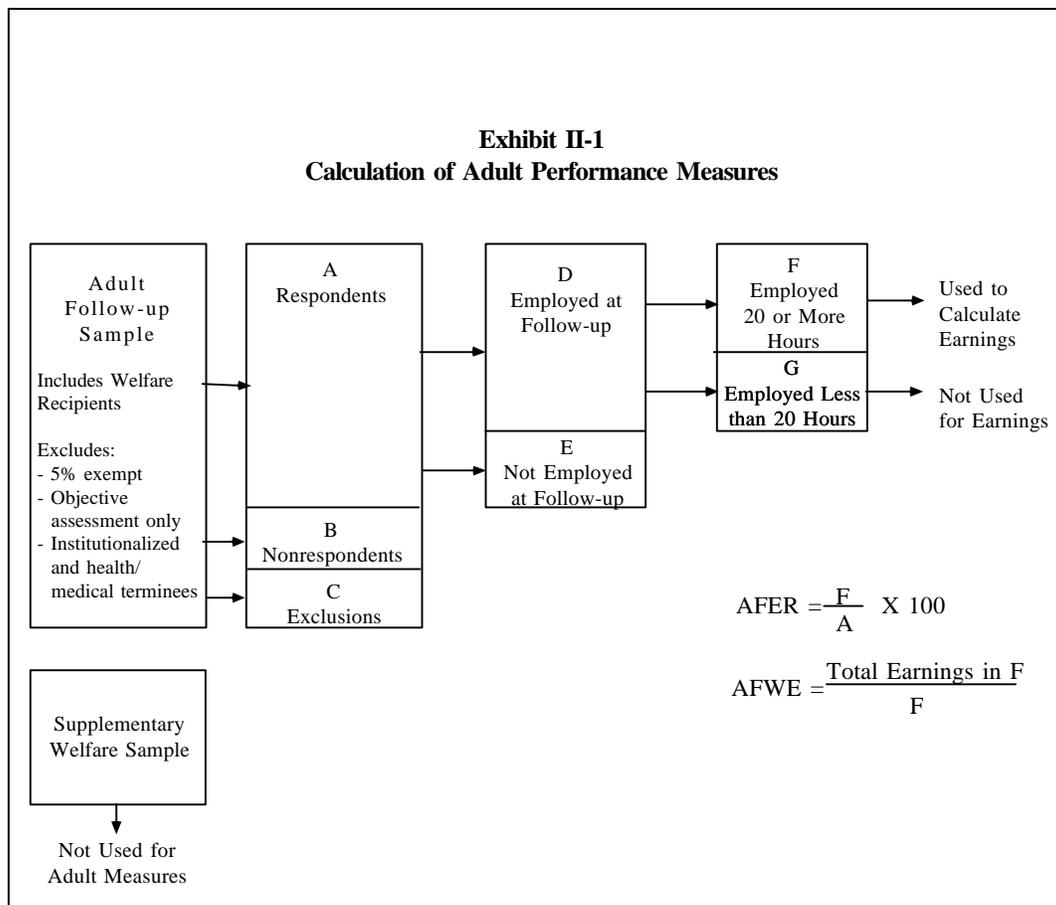
Adult Follow-Up Weekly Earnings (AFWE). Total weekly earnings for all respondents in the adult sample who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by the total number of respondents in the adult sample who were employed (for at least 20 hours per week) during the follow-up week. Earnings is determined *before* any deductions (e.g., taxes, medical insurance, etc.) and includes income from overtime, tips, bonuses and commissions. If the individual had more than one job or other earned income, add up all the earnings and divide by the total hours worked. If the individual is self-employed (without a regular job) at follow-up, his/her earnings will be excluded from the calculation of wages and earnings for performance standards. The earnings of persons working for fewer than 20 hours in the follow-up week are not counted in weekly earnings. This exclusion avoids reducing an SDA's average earnings for placements into part-time jobs that are not credited in the follow-up employment rate.

Note: Section 106(k) of the JTPA legislation requires that, for purposes of performance standards, employment be for at least 20 hours per week. Thus, each of the employment-related performance measures requires employment of at least 20 hours per week. This 20-hour employment, however, need not occur on a single job. If an individual has multiple jobs that together total 20 hours per week or more, then the individual qualifies as employed for at least 20 hours per week.

Exhibit II-1 illustrates the computation of adult outcomes. The exhibit shows that:

- The adult follow-up employment rate is the percentage of respondents in the adult sample who are employed for 20 or more hours during the follow-up week.
- Only information on persons employed 20 or more hours during the follow-up week is used to calculate adult follow-up weekly earnings.
- Information on individuals in the supplementary welfare sample is not used when calculating adult outcomes.
- The follow-up sample excludes participants in special 5%-funded pilot projects exempted by the Governor from performance standards.

Example II-1 demonstrates the calculation with some hypothetical data.



Note: Only data for individuals "completing" the follow-up survey (respondents) are used to calculate follow-up outcomes. Individuals who provide partial responses (e.g., say they are working in the 13th week, but refuse to reveal their earnings) are *nonrespondents* and are excluded from these calculations.⁵ Individuals will be counted as completing the follow-up survey (respondents) if they answer the question on employment in the 13th week and, if employed, answer the questions on hourly wage and weekly hours. Responses to the questions on weeks worked and working for the same employer are not needed to use the individual's data for the computation for performance outcomes.

Example II-1
Calculating Adult Performance Measures

Suppose that the follow-up survey for an SDA provided the following information on employment during the follow-up week:

<u>Adult Respondent</u>	<u>Employed</u>	<u>Hours per Week</u>	<u>Hourly Wage</u>	<u>Weekly Earnings</u>	<u>Welfare Recipient</u>
A1	No	--	--		No
A2	No	--	--		Yes
A3	No				No
A4	Yes	15	5.27	79	Yes
A5	Yes	17	5.50	94	No
A6	Yes	22	5.18	114	No
A7	Yes	32	5.25	168	No
A8	Yes	34	8.25	280	Yes
A9	Yes	40	6.75	270	No
A10	Yes	40	5.50	220	Yes
A11	Yes	48	8.25	396	No

⁵This rule is intended to simplify the computation of the outcomes.

Example II-1 (Concluded)

To simplify the example, we have listed only respondents in the all adult sample. Neither nonrespondents nor respondents in the supplementary welfare sample are used to determine adult outcomes.

The table indicates whether or not each respondent was employed during the follow-up week, their weekly hours of work and hourly wage. It also shows the weekly earnings (calculated by multiplying hours of work by the hourly wage) and indicates whether they are welfare recipients.

The data show that, of the 11 respondents, 3 were not employed during the follow-up week, 2 were employed but worked fewer than 20 hours per week (shaded), and 6 worked for at least 20 hours per week. Therefore, the *adult follow-up employment rate*, which is the percentage of all respondents working at least 20 hours in the follow-up week, is calculated as:

$$\begin{aligned} AFER &= \frac{(\text{Number of Adults Working 20+ Hours in Follow-Up Week})}{(\text{Number of Adult Respondents})} \\ &= \frac{(6)}{(11)} = 0.546 = 54.6\% \end{aligned}$$

To calculate *adult follow-up weekly earnings*, we sum the weekly earnings of all individuals working at least 20 hours, and divide by the number of such persons:

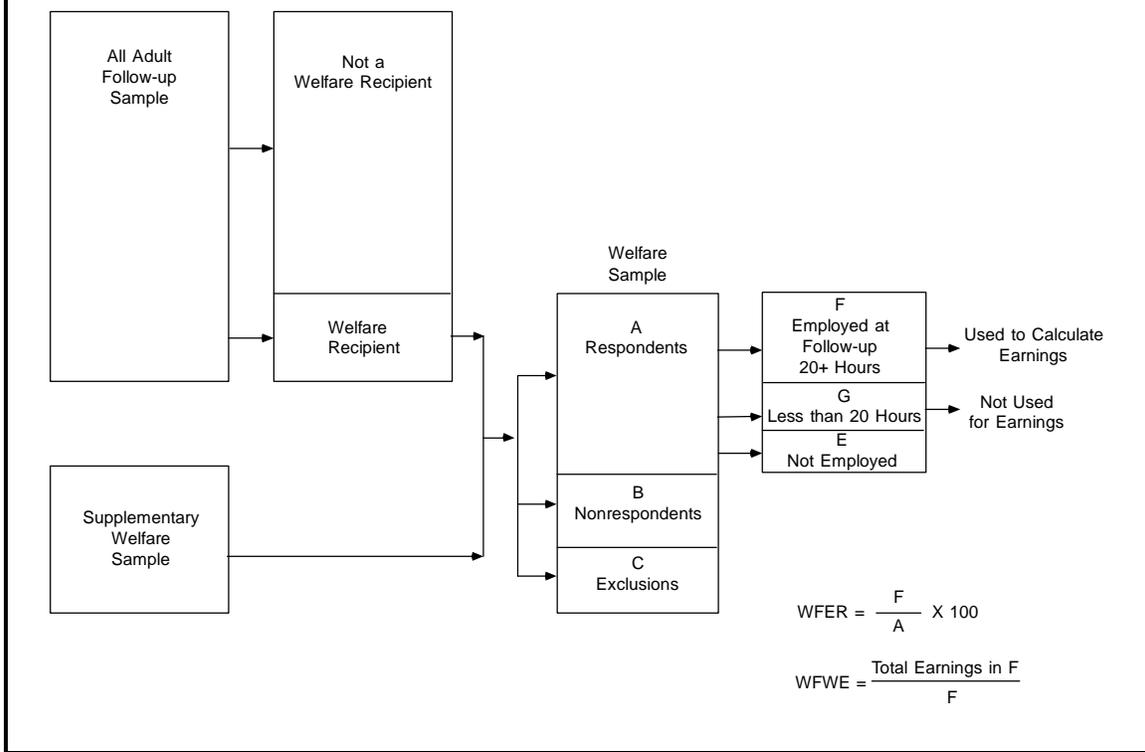
$$\begin{aligned} AFWE &= \frac{(\text{Sum of Weekly Earnings for those Working 20+ Hours})}{(\text{Number who Worked 20+ Hours in Follow-Up Week})} \\ &= \frac{(114 + 168 + 280 + 270 + 220 + 396)}{6} = \frac{1,448}{6} = \$241 \end{aligned}$$

Welfare Follow-Up Employment Rate (WFER). Total number of respondents in the welfare sample who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by the total number of respondents (i.e., terminees with completed follow-up interviews) in the welfare sample. The welfare sample includes welfare recipients in both the all adult sample and the supplementary welfare sample.

Welfare Follow-Up Weekly Earnings (WFWE). Total weekly earnings for all respondents in the welfare sample who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by the total number of welfare respondents employed (for at least 20 hours per week) at the time of follow-up. As is also the case for all adults, the earnings of persons working for fewer than 20 hours in the follow-up week and those who are self-employed (without a regular job) at follow-up are not counted in weekly earnings.

Exhibit II-2 illustrates how welfare outcomes are calculated, including the use of welfare recipients in both the all adult and supplementary welfare samples.

**Exhibit II-2
Calculation of Welfare Performance Measures**



Example II-2 demonstrates the computations for some hypothetical data.

Example II-2
Calculating Welfare Adult Performance Measures

Welfare outcomes are calculated using data on respondents in the all adult sample who were welfare recipients *and* on respondents in the supplementary welfare sample. To illustrate the calculation, we continue with the same SDA used in Example II-1. Below we repeat the data on welfare recipients in the all adult sample that was used in that example and add information from the supplementary welfare sample (the sample is indicated in the last column):

<u>Welfare Respondent</u>	<u>Employed</u>	<u>Hours per Week</u>	<u>Hourly Wage</u>	<u>Weekly Earnings</u>	<u>Sample</u>
A2	No	--	--		All Adult
A4	Yes	15	5.27	79	All Adult
A8	Yes	34	8.25	\$280.00	All Adult
A10	Yes	40	5.50	\$220.00	All Adult
W1	No	--	--	--	Suppl.
W2	Yes	17	6.66	\$113.00	Suppl.
W3	Yes	36	7.50	\$270.00	Suppl.
W4	Yes	40	5.00	\$200.00	Suppl.

As for all adults, these data include *only* individuals who received training and/or services beyond objective assessment. The welfare recipients in the all adult sample and those in the supplementary sample are treated alike in the calculation of welfare outcomes.

Looking at the 8 welfare respondents, we see that 2 did not work in the follow-up week, 2 worked for less than 20 hours (shaded), and 4 worked for 20 hours or more. Therefore, the *welfare follow-up employment rate* is calculated as:

$$\begin{aligned}
 WFER &= \frac{(\text{Number of Welfare Respondents Working 20+ Hours in Follow-Up Week})}{(\text{Number of Welfare Respondents})} \\
 &= \frac{(4)}{(8)} = 0.500 = 50.0\%
 \end{aligned}$$

Example II-2 (Concluded)

Looking only at the data for the 4 welfare recipients who were employed for at least 20 hours per week, we see that they earned \$280, \$220, \$270 and \$200 per week. Thus, the *welfare follow-up weekly earnings* is calculated as:

$$\begin{aligned} WFWE &= \frac{(\text{Sum of Weekly Earnings for Welfare Respondents Working 20+ Hours})}{(\text{Number of Welfare Respondents Working 20+ Hours in Follow-Up Week})} \\ &= \frac{280 + 220 + 270 + 200}{4} = \frac{970}{4} = \$242 \end{aligned}$$

Note: When calculating the *adult* follow-up employment rate and *adult* weekly earnings at follow-up, include *only individuals in the all adult sample*. Individuals in the supplementary welfare sample are *not* used when calculating follow-up outcomes for all adults.⁶ Thus, it is important to *track* the sample for which a welfare adult was chosen.

When calculating the *welfare* follow-up employment rate and *welfare* weekly earnings at follow-up, include *both* welfare recipients in the all adult sample *and* those in the supplementary welfare sample.

Pilot Sustained Employment Measures (Based on Wage Records)

Beginning with PY 98 States have the option of replacing the Secretary's core measures for Title II-A with pilot sustained employment measures based on employer wage records, provided that the State adheres to guidelines established by DOL. The pilot measures are based on program year terminees (not the April-to-March cohort used for the Secretary's core follow-up measures). Similar to the core measures, Title

⁶Combining the supplementary welfare and the adult sample would provide a sample of adults that contains a larger percentage of welfare recipients than are in the follow-up cohort of all adult terminees. Therefore, using the combined sample to calculate adult performance measures would give too much weight to welfare recipients.

II-A terminees who do not receive services beyond objective assessment or are exempt from performance standards are excluded from the calculation of the pilot measures, as are individuals who, at termination, are institutionalized, deceased, or receiving medical treatment that precludes entry into unsubsidized employment or continued participation in the JTPA program.

Adult Pilot Sustained Employment Rate (APSER). The percentage of terminees in the program year with wage-record earnings (in the second full calendar quarter after termination) of at least 13 weeks x 20 hours x the minimum wage (currently \$5.15), or \$1,339. This measure treats a person as employed only if he or she meets this minimum earnings threshold. Persons who earn a lesser amount are treated the same as those with no earnings at all.

Adult Pilot Sustained Quarterly Earnings (APSQE). The average earnings in the quarter for those employed as defined in the APSER. Thus, individuals who earn less than \$1,339 in the quarter are excluded from the computation of average earnings. This treatment avoids reducing earnings for persons who are treated as not employed in the employment measure.

Welfare Pilot Sustained Employment Rate (WPSER). The percentage of welfare terminees in the program year with wage-record earnings (in the second full calendar quarter after termination) of at least 13 weeks x 20 hours x the minimum wage, or \$1,339.

Welfare Pilot Sustained Quarterly Earnings (WPSQE). The average earnings in the quarter for welfare terminees who are employed as defined in the WPSER.

The guidelines for adopting the pilot measures include:

- To calculate the outcomes, the State must match all terminees to wage records. Sampling is not permitted.
- A supplemental Standardized Program Information Report (SPIR) submission containing the wage record data must be submitted by the August 15 after the end of the following program year. This supplemental submission will include quarterly earnings (regardless of whether it is above or below \$1,339) for both

the first and second full calendar quarters after termination. For Title III it will also include quarterly earnings for the three full calendar quarters before application. It will also include additional information about the placement job and the five key identifying fields used in the SPIR.

- States must make good faith efforts to obtain and report earnings records for out-of-state placements by implementing data sharing agreements with a majority of contiguous states or with states known to account for a majority of out-of-state placements or by participating in an operational national data sharing arrangement, if one becomes a functional reality.
- States must continue to conduct the current follow-up survey for a sample of 5% of terminees (in the April-to-March follow-up year.) These data will be used to develop national performance estimates in support of GPRA; they will not be sufficient to develop state estimates.
- States must make adjustments for noncovered employment.
- States must develop for DOL approval an incentive and sanction policy that copes with the time lag in the availability of wage records to measure performance.
- States must ensure that they are able to manage adequately their local programs and comply fully with federal reporting requirements.

Additional information about measuring performance with wage records is presented in Section VII, including procedures to adjust for out-of-state and noncovered employment.

Title II-C Youth Performance Measures

There are two core performance outcomes for Title II-C youth: the entered employment rate and the employability enhancement rate. Both outcomes are measured for youth terminees who received training and/or other services beyond objective assessment. The two outcomes are not mutually exclusive; a youth who attains both outcomes is counted as a positive outcome in both measures. Beginning with PY 98, States have the option of replacing these two measures with an alternative measure, the positive termination rate.

Youth Entered Employment Rate (YEER). Total number of youth who entered employment (of at least 20 hours per week) at termination, divided by the total number of youth who terminated, excluding those dropouts who returned to school and

potential dropouts who remained in school (but did not also enter employment of at least 20 hours per week). Dropouts and potential dropouts who *both* entered employment (of at least 20 hours per week) *and* either returned to school or remained in school are counted in the numerator of the entered employment rate and are, therefore, not excluded from the denominator.

Youth Employability Enhancement Rate (YEEN). Total number of youth who attained one of the five employability enhancement outcomes at termination (whether or not they also entered employment), divided by the total number of youth who terminated. The employability enhancement outcomes are:

- Attained PIC-recognized youth employment competencies in two of the three skill areas (basic education skills, job specific skills and preemployment/work maturity skills).
- Returned to and was retained in full-time school⁷ for one semester or at least 120 calendar days, made satisfactory progress in school, and attained a youth employment competency (YEC) in basic education or job-specific skills. For youth aged 14 or 15, the YEC attained must be in basic education skills or in preemployment/work maturity. This outcome can be claimed *only* for individuals who were not attending school at eligibility determination, i.e. dropouts.
- Remained in full-time school for one semester or at least 120 calendar days, made satisfactory progress in school, and attained a YEC in basic education or job-specific skills. For youth aged 14 or 15, the YEC attained must be in basic education skills or in preemployment/work maturity. This outcome can be claimed only for youth who were attending school at eligibility determination and were *at risk of dropping out of school*, as defined by the Governor in consultation with the State Education Agency.
- Completed a major level of education following participation of at least 90 days or 200 hours or one academic quarter in JTPA activity.
- Entered and was retained for at least 90 calendar days or 200 hours in non-Title II training, or entered and retained in postsecondary education for at least one academic quarter. Certification of occupational skill attainment can substitute for the retention requirement. Beginning in PY 98, this outcome incorporates both occupational training and postsecondary education.

⁷For the purposes of the outcome, "school" includes alternative schools, defined as a specialized, structured curriculum offered inside or outside of the public school system. Alternative schools may provide work/study and/or General Educational Development (GED) test preparation.

When calculating the employability enhancement rate, a youth is counted only once, regardless of how many of these outcomes are attained.

Positive Termination Rate (PTR). Total number of youth who entered employment of at least 20 hours per week *or* attained one of the five employability enhancement outcomes at termination, divided by the total number of youth who terminated. When calculating the positive termination rate, a youth is counted only once, regardless of how many of these outcomes are attained.

The computation of the youth performance measures is illustrated in Exhibit II-3. Youth who both enter employment and attain an employability enhancement outcome (labeled A1 in the exhibit) are credited in all three outcomes. Youth who remain in or return to school, but do not enter employment (labeled B1 in the exhibit), are excluded from the denominator of the entered employment rate. The numbers in the exhibit (e.g., 27a) refer to items in the SPIR.

Example II-3 shows how the youth entered employment and employability enhancement rates are calculated using hypothetical data.

Note: In determining whether an individual (Title II-C youth, Section 204(d) older worker, or Title III dislocated worker) entered employment of at least 20 hours per week:

- A week means a period of 7 consecutive days.
- The 20 or more hours is to be understood as a condition of employment. No formal verification is required, but States are encouraged to set up a system that, at minimum, provides for random checks to assess compliance by SDAs.

Example II-3
Calculating Youth Performance Measures

Suppose we have the following information on youth outcomes for an SDA:

Number of Youth	Entered Employment (20+ hours)	Attained Any Employability Enhancement	Remained in/ Returned to School	Counted in Numerator	Counted in Denominator
30	No	No	No	—	YEER, PTR, YEEN
20	No	Yes	No	PTR, YEEN	YEER, PTR, YEEN
10	No	Yes	Yes	PTR, YEEN	PTR, YEEN
35	Yes	No	No	YEER, PTR	YEER, PTR, YEEN
10	Yes	Yes	No	YEER, PTR, YEEN	YEER, PTR, YEEN
5	Yes	Yes	Yes	YEER, PTR, YEEN	YEER, PTR, YEEN

These data exclude those youth who received only objective assessment. The *youth entered employment rate* is then calculated as:

$$\begin{aligned}
 YEER &= \frac{\text{Number of Youth Entering Employment of 20 + Hours}}{\text{Number of Youth Terminees Excluding those who Returned to or Remained in School and Did Not Enter Employment of 20 + Hours}} \\
 &= \frac{(30 + 20 + 35 + 10 + 5)}{(30 + 20 + 35 + 10 + 5)} = \frac{50}{100} = 0.500 = 50.0\%
 \end{aligned}$$

All youth entering employment of at least 20 hours per week are included in the numerator. All youth terminees, except the 10 youth (shaded) that remained in or returned to school, but did not enter 20-hour employment, are included in the denominator. The 5 youth (last line) who entered 20-hour employment and either remained in or returned to school are included in both the numerator and denominator.

The *youth employability enhancement rate* is calculated as:

$$\begin{aligned}
 YEEN &= \frac{\text{Number of Youth Attaining Employability Enhancements}}{\text{Number of Youth Terminees}} \\
 &= \frac{(20 + 10 + 10 + 5)}{(30 + 20 + 10 + 35 + 10 + 5)} = \frac{45}{110} = 0.409 = 40.9\%
 \end{aligned}$$

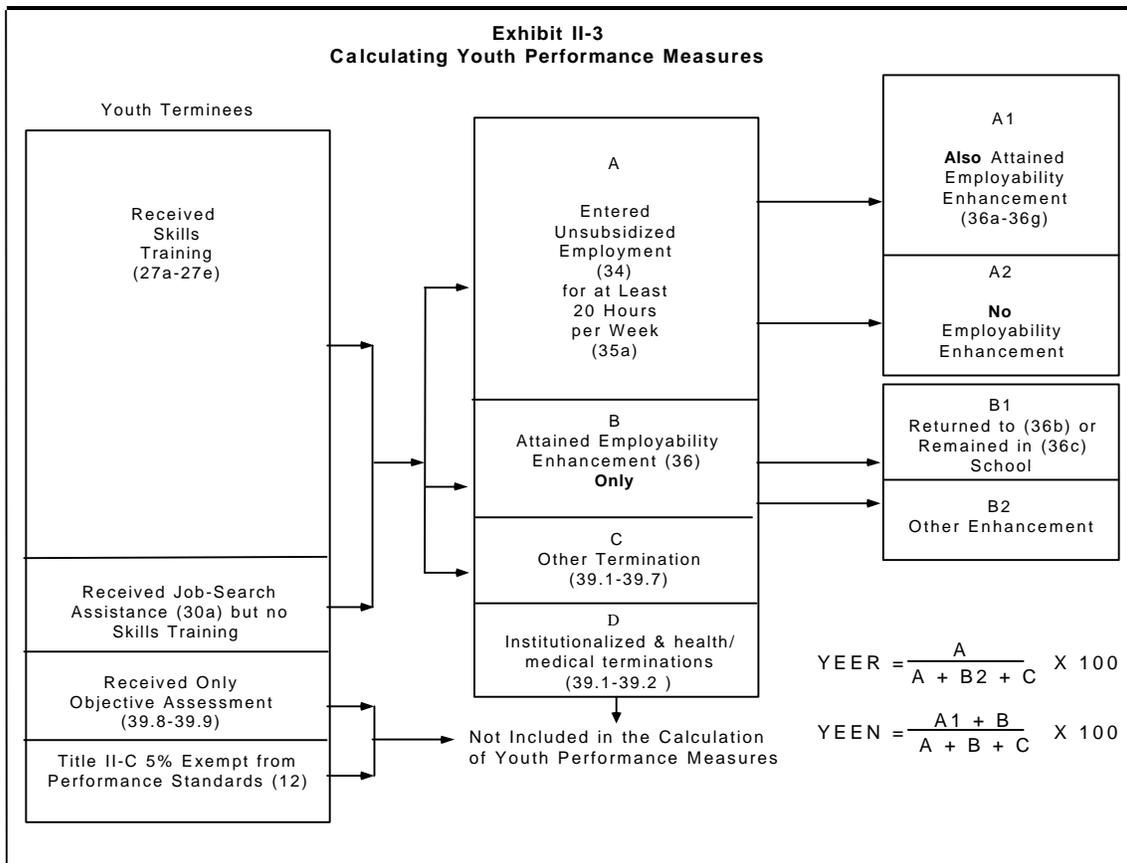
All youth with employability enhancements (whether or not entering employment) are counted in the numerator. All terminees are counted in the denominator.

The *positive termination rate* is calculated as:

$$PTR = \frac{\text{Number Employed (20+) or Attained Enhancement}}{\text{Number of Youth Terminees}}$$

$$= \frac{(20 + 10 + 35 + 10 + 5)}{(30 + 20 + 10 + 35 + 10 + 5)} = \frac{80}{110} = 0.727 = 72.7\%$$

All youth who either enter employment of at least 20 hours per week or attain an enhancement (or both) are counted in the numerator. All youth terminees are counted in the denominator.

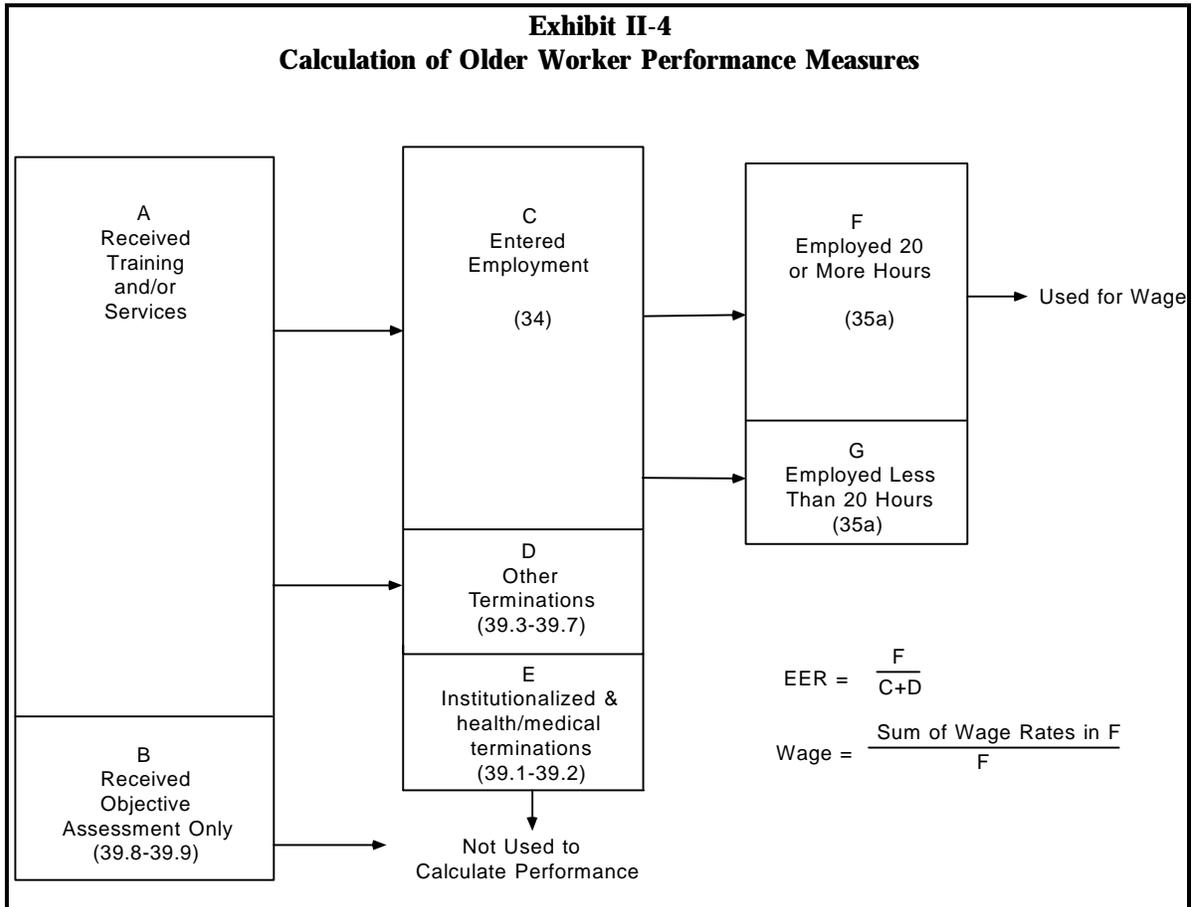


SECTION 204(d) OLDER WORKER PERFORMANCE MEASURES

Older worker performance outcomes are measured, on a statewide basis, for terminees from Section 204(d) programs who received training and/or services beyond objective assessment. The two performance measures are defined below.

Entered Employment Rate. Total number of individuals who entered employment of at least 20 hours per week at termination, divided by the total number of terminations, excluding health/medical and institutionalized terminations.

Average Hourly Wage at Placement. Sum of the hourly wage rates for all terminees who entered employment of at least 20 hours per week at termination, divided by the number of terminees who entered employment of at least 20 hours per week at termination. Employment of less than 20 hours is excluded from the wage calculation to avoid reducing a program's average wage for placements into part-time jobs that are not



credited in the entered employment rate. Individuals who enter self-employment (without a regular job) are also excluded from the calculation of the average wage at placement.

Example II-4

Calculating 204(d) Older Worker Performance Measures

Suppose we have the following information for a State's older worker program:

Total terminees	500	
Received objective assessment only	100	
Received training and/or services beyond objective assessment	400	←
Entered employment	280	
Fewer than 20 hours per week	20	
At least 20 hours per week	260	←
Wage = 6.35	90	
Wage = 6.55	120	
Wage = 8.10	50	
Did not enter employment	120	

The *entered employment rate* is based only on the 400 terminees who received training and/or services beyond objective assessment. Among these, 260 entered employment of at least 20 hours per week. These data are indicated by ← in the table above. The entered employment rate is calculated as:

$$\begin{aligned}
 EER &= \frac{\text{Number Entering Employment of 20+ Hours per Week}}{\text{Number of Terminees Receiving Training and/or Services}} \\
 &= \frac{260}{400} = 0.650 = 65.0\%
 \end{aligned}$$

The *wage at placement* is based only on terminees who entered employment of at least 20 hours per week and received training and/or services beyond objective assessment:

$$\begin{aligned}
 AWP &= \frac{\text{Sum of Hourly Wages for Terminees Entering Employment of 20+ Hours}}{\text{Number of Terminees Entering Employment of 20+ Hours}} \\
 &= \frac{(90 \times 6.35) + (120 \times 6.55) + (50 \times 8.10)}{90 + 120 + 50} = \frac{1,762}{260} = \$6.78
 \end{aligned}$$

To simplify the example, we assumed that groups of terminees would have the same hourly wage and weekly hours. If actual data were used, each terminatee would have his or her own hourly wage and weekly hours.

TITLE III PERFORMANCE MEASURES

There is only one required performance measure for Title III, the entered employment rate. The entered employment rate is to be measured for each substate area. The Governor may set standards for the State's Governor's Reserve program. In addition, Governors are encouraged to adopt and set numerical levels for the optional GPRA-related measures, including the average wage at placement, follow-up employment rate, wage replacement rate at termination, and wage replacement rate at follow-up. Individuals who are recalled or retained by the original employer are *excluded* from the computation of *all* the Title III performance measures, as are health/medical and institutionalized terminations.

Entered Employment Rate. Total number of individuals who entered employment of at least 20 hours per week at termination (excluding those who were recalled or retained by the original employer after receipt of a layoff notice), divided by total terminations (excluding those who were recalled or retained by the original employer after receipt of a layoff notice).

Follow-Up Employment Rate (Optional). The number of Title III respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by the number of respondents (i.e., terminees who completed follow-up interviews). Individuals who were recalled or retained by the original employer are excluded from the calculation.

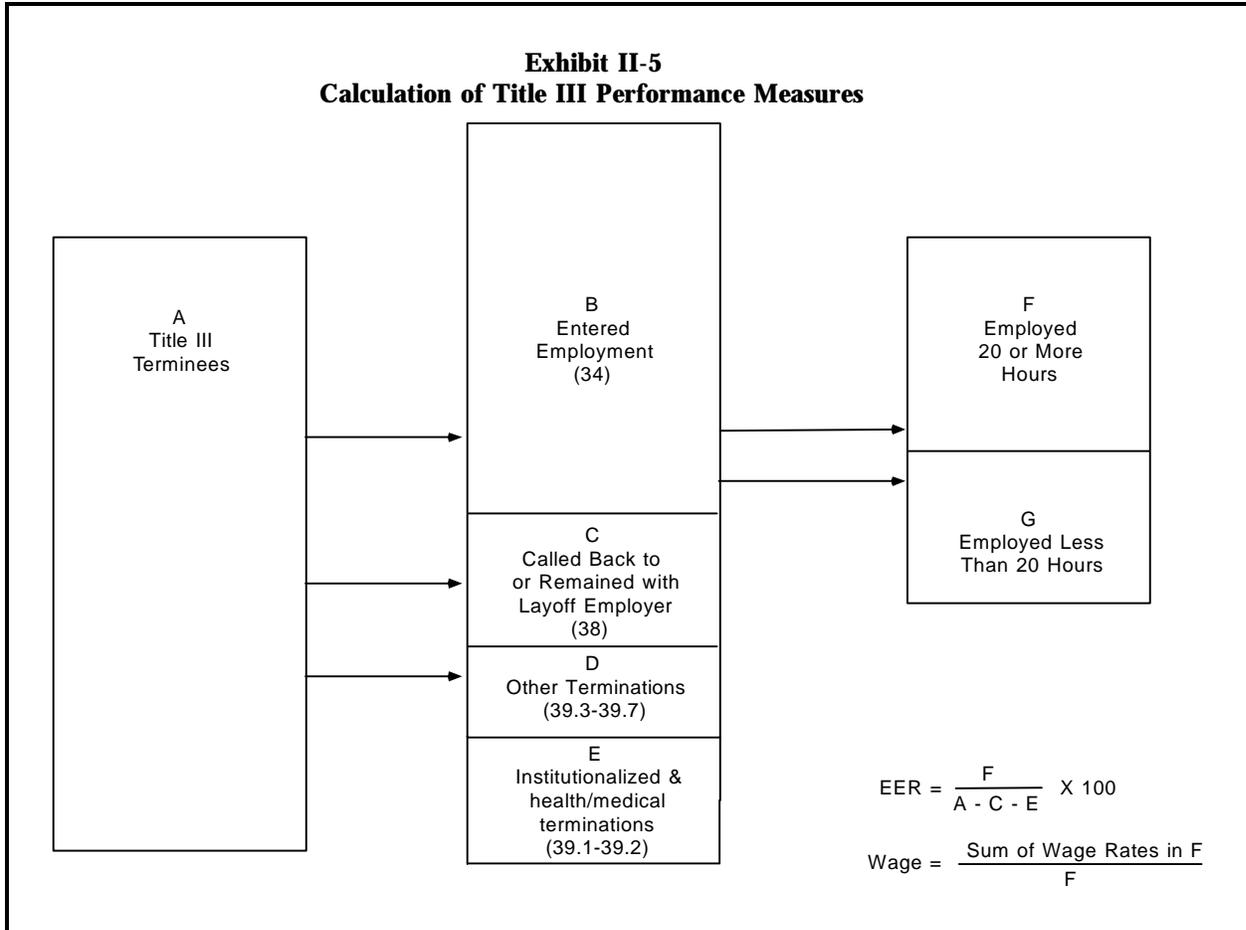
Average Wage Replacement Rate at Termination (Optional). The average of the wage replacement rates calculated for each individual with both a reported dislocation wage and a reported wage at termination. The wage replacement rate for the individual is the wage at termination divided by the dislocation wage. Note: this measure must be calculated from each individual's wage replacement ratio; it is *not* equal to the ratio of the SDA's average wage at termination to the SDA's average dislocation wage. This measure is based on individuals who enter unsubsidized employment of at least 20 hours per week and excludes those who are recalled to or remain with the layoff employer. Also excluded are individuals who entered self-employment (without a regular job).

Average Wage Replacement Rate at Follow-Up (Optional). The average of the wage replacement rates calculated for each individual with both a reported dislocation wage and a reported wage at follow-up. The wage replacement rate for the individual is the wage at follow-up divided by the dislocation wage. Note: this measure must be calculated from each individual's wage replacement ratio; it is *not* equal to the ratio of the SDA's average wage at termination to the SDA's average follow-up wage. This measure is based on individuals with follow-up employment of at least 20 hours per week. Individuals who were recalled or retained by the original employer are to be excluded from the calculation. Also excluded are individuals who are self-employed (without a regular job) at follow-up.

Average Wage at Placement (Optional). Sum of the hourly wage rates for all terminees who entered employment (at least 20 hours per week) at termination, divided by the number of terminees who entered employment (at least 20 hours per week) at termination. Employment of less than 20 hours is excluded from the wage calculation to avoid reducing a program's average wage for placements into part-time jobs that are not counted in the entered employment rate. Individuals who are recalled or retained by their layoff employer are excluded from the computation of the average wage at placement, as are individuals who entered self-employment (without a regular job).

Exhibit II-5 illustrates the calculation of the Title III performance measures.

Note: Objective assessment is not defined for Title III. Therefore, there is no exclusion of individuals receiving “only objective assessment” when calculating the Title III performance measures. Some states, however, have received waivers that allow them to record objective assessment only for Title III participants. These states may exclude Title III participants receiving only objective assessment from the calculation of performance measures.



Example II-5 demonstrates the calculation of the Title III entered employment rate.

Example II-5

Calculating the Title III Entered Employment Rate

Suppose we have the following information for a substate area:

Total terminees	400	←
Retained/recalled by layoff employer	25	←
Entered employment	280	
Fewer than 20 hours per week	20	
At least 20 hours per week	260	←
Did not enter employment	95	

Using the information indicated by ←, the *entered employment rate* is calculated as:

$$\begin{aligned} EER &= \frac{\text{Number of Terminees Entering Employment of 20 + Hours per Week}}{\text{Number of Terminees Excluding Terminees Retained or Recalled by Their Layoff Employer}} \\ &= \frac{260}{400 - 25} = \frac{260}{375} = 0.693 = 69.3\% \end{aligned}$$

The numerator is the 260 individuals who entered employment of at least 20 hours per week and were not retained or recalled by their employer. The denominator excludes the 25 individuals who were retained or recalled by their layoff employer, but includes all other terminees.

STANDARDIZED PROGRAM INFORMATION REPORT

All performance outcomes can be calculated based on the information in the Standardized Program Information Report (SPIR). Exhibit II-6 provides formulas for calculating the performance outcomes using SPIR data items. The first column of the exhibit repeats the definition presented above for each performance outcome. The middle column describes how to calculate the outcome from SPIR data items. The third column explains the calculation.

Exhibit II-6
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Adult Follow-Up Employment Rate		
Total number of adult respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Number of <i>adult respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 	Employed at follow-up for at least 20 hours per week
DIVIDED BY	DIVIDED BY	
Total number of adult respondents	Number of <i>adult respondents</i> (defined below)	
Adult Follow-Up Weekly Earnings		
Total weekly earnings for all adult respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Sum of the products of Items 41a and 41b for <i>adult respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 and - Item 41a \neq 888.88 	Earnings = wage (Item 41a) times hours (Item 41b)
DIVIDED BY	DIVIDED BY	
Total number of adult respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Number of <i>adult respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 - Item 41a \neq 888.88 	Employed at follow-up for at least 20 hours per week and not self-employed at follow-up
Definition of Adult Respondent		
Individuals in the all-adult sample who completed the follow-up interview	Persons with: <ul style="list-style-type: none"> - Item 12 = 1 and - Item 39 \neq 8 or 9 and - Item 39 \neq 1 or 2 and - Item 40 = 1 and - Item 41 \neq null and - Neither Item 41a nor Item 41b, is null when Item 41 = 1 	Title II-A adults who received services beyond objective assessment and not terminated as institutionalized or health/medical were in the all-adult sample and contacted and completed follow-up interview
Response Rate (Adult)		
Total number of adult respondents	Number of <i>adult respondents</i>	
DIVIDED BY	DIVIDED BY	
Number in the all-adult sample	Number with: <ul style="list-style-type: none"> - Item 12 = 1 and - Item 39 \neq 8 or 9 and - Item 39 \neq 1 or 2 and - Item 40 = 1 or 2 	Title II-A adults who received services beyond objective assessment and not terminated as institutionalized or health/medical were in the all-adult sample

Note: All follow-up outcomes are to be calculated for persons who terminate in the first three quarters of the program year and the last quarter of the previous program year. If the response rates for those employed at termination (Item 34= 1) and those not employed at termination (Item 34= 2) differ by more than 5 percentage points in either the all-adult or welfare samples, the calculation of follow-up outcomes for that group must be modified to adjust for nonresponse bias.

Exhibit II-6 (Continued)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Welfare Follow-Up Employment Rate		
Total number of adult welfare respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Number of <i>adult welfare respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 	Employed at follow-up for at least 20 hours per week
DIVIDED BY	DIVIDED BY	
Total number of adult welfare respondents	Number of <i>adult welfare respondents</i> (defined below)	
Welfare Follow-Up Weekly Earnings		
Total weekly earnings for all adult welfare respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Sum of the products of Items 41a and 41b for <i>adult welfare respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 - Item 41a \neq 888.88 	Earnings = wage (Item 41a) times hours (Item 41b) Employed at follow-up for at least 20 hours per week and not self-employed at follow-up
DIVIDED BY	DIVIDED BY	
Total number of adult welfare respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Number of <i>adult welfare respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 - Item 41a \neq 888.88 	Employed at follow-up for at least 20 hours per week and not self-employed at follow-up
Definition of Adult Welfare Respondent		
Individuals in the welfare sample who completed the follow-up interview	Persons with: <ul style="list-style-type: none"> - Item 12 = 1 and - {Item 14a= 1 or Item 14b= 1 or Item 14c= 1} and - Item 39 \neq 8 or 9 and - Item 39 \neq 1 or 2 and - Item 40 = 1 or 4 and - Item 41 \neq null and - Neither Item 41a, nor Item 41b, is null when Item 41 = 1 	Title II-A adults who received TANF, GA or RCA and received services beyond objective assessment and not terminated as institutionalized or health/medical & were in the all adult or supplementary welfare samples and contacted and completed the follow-up interview
Response Rate (Welfare)		
Total number of adult welfare respondents	Number of <i>adult welfare respondents</i>	
DIVIDED BY	DIVIDED BY	
Number in the adult welfare sample	Number with: <ul style="list-style-type: none"> - Item 12 = 1 and - {Item 14a= 1 or Item 14b= 1 or Item 14c= 1} and - Item 39 \neq 8 or 9 and - Item 39 \neq 1 or 2 and - Item 40 = 1 or 2 or 4 or 5 	Title II-A adults who received TANF, GA or RCA and received services beyond objective assessment and not terminated as institutionalized or health/medical & were in sample (whether or not contacted)

Exhibit II-6 (Continued)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Youth Entered Employment Rate		
Total number of youth terminees who received services beyond objective assessment and who entered employment (for at least 20 hours per week)	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a \geq 20 	Entered unsubsidized employment working at least 20 hours per week
DIVIDED BY	DIVIDED BY	
Total number of youth terminees who received services beyond objective assessment, excluding those potential dropouts who are reported as remained-in-school and dropouts who are reported as returned-to-school <i>and</i> who also do not enter employment	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - Item 39 \neq 1 or 2 and - [{ Item 36b = 2 and Item 36c = 2 } or - Item 34 = 1 and Item 35a \geq 20] 	Not terminated as institutionalized or health/medical & [{Did not return to full-time school and did not remain in school } or entered employment for at least 20 hours per week]
Youth Employability Enhancement Rate		
Total number of youth terminees who received services beyond objective assessment and who attained one of the employability enhancements at termination, whether or not they also attained a job	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - At least two of Items 36a, 36d and 36e = 1 or - Item 36b = 1 or - Item 36c = 1 or - Item 36f = 1 or - Item 36g = 1 	Attained 2+ youth employment competencies or returned to full-time school or remained in school or completed major level of education or entered non-Title II training
DIVIDED BY	DIVIDED BY	
Total number of youth terminees who received services beyond objective assessment	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with <ul style="list-style-type: none"> - Item 39 \neq 1 or 2 	not terminated as institutionalized or health/medical

Exhibit II-6 (Continued)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Youth Positive Termination Rate (Optional)		
Total number of youth terminees who received services beyond objective assessment and who entered employment (for at least 20 hours per week) or attained one of the employability enhancements at termination, whether or not they also attained a job	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - {Item 34 = 1 and Item 35a \geq 20} or - At least two of Items 36a, 36d and 36e = 1 or - Item 36b = 1 or - Item 36c = 1 or - Item 36f = 1 or - Item 36g = 1 	Entered employment of 20+ hours per week Attained 2+ youth employment competencies or returned to full-time school or remained in school or completed major level of education or entered non-Title II training
DIVIDED BY	DIVIDED BY	
Total number of youth terminees who received services beyond objective assessment	Number of <i>youth terminees who received services beyond objective assessment</i> (defined below) with <ul style="list-style-type: none"> - Item 39 \neq 1 or 2 	not terminated as institutionalized or health/medical

Definition		
Youth terminees who received services beyond objective assessment	Persons with: <ul style="list-style-type: none"> - Item 12 = 3 and - Item 39 \neq 8 or 9 	Title II-C youth who received services beyond objective assessment

Exhibit II-6 (Continued)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Older Worker Entered Employment Rate		
Total number of older workers who received services beyond objective assessment and who entered employment (for at least 20 hours per week) at termination	Number of <i>older worker terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a \geq 20 and - Item 39 \neq 1 or 2 	Entered unsubsidized employment for at least 20 hours per week Not terminated as institutionalized or health/medical
DIVIDED BY	DIVIDED BY	
Total number of older workers who received services beyond objective assessment	Number of <i>older worker terminees who received services beyond objective assessment</i> with <ul style="list-style-type: none"> - Item 39 \neq 1 or 2 	Not terminated as institutionalized or health/medical
Older Worker Average Wage At Placement		
Sum of hourly wage rates of older workers who received services beyond objective assessment and who entered employment (for at least 20 hours per week) at termination	Sum of Item 35b for <i>older worker terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a \geq 20 and - Item 34d \neq 1 - Item 39 \neq 1 or 2 	Entered unsubsidized employment for at least 20 hours per week and not self-employed Not terminated as institutionalized or health/medical
DIVIDED BY	DIVIDED BY	
Total number of older worker terminees who received services beyond objective assessment and who entered employment (for at least 20 hours per week) at termination	Number of <i>older worker terminees who received services beyond objective assessment</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a \geq 20 and - Item 34d \neq 1 - Item 39 \neq 1 or 2 	Entered unsubsidized employment for at least 20 hours per week and not self-employed Not terminated as institutionalized or health/medical
Definition		
Terminees from the older worker program who received services beyond objective assessment	Persons with: <ul style="list-style-type: none"> - Item 12 = 2 and - Item 39 \neq 8 or 9 	Section 204(d) older workers who received services beyond objective assessment

Exhibit II-6 (Continued)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Title III Entered Employment Rate		
Total number of Title III terminees who entered employment (for least 20 hours per week) at termination, excluding those who were recalled or retained by the original employer after receipt of a layoff notice	Number of <i>Title III terminees</i> (defined below) with: <ul style="list-style-type: none"> - Item 38 ≠ 1 and - Item 34 = 1 and - Item 35a ≥ 20 - Item 39 ≠ 1 or 2 	Title III terminees who were not called back/remained with layoff employer and entered unsubsidized employment for at least 20 hours per week Not terminated as institutionalized or health/medical
DIVIDED BY	DIVIDED BY	
Number of Title III terminees, excluding those who were recalled or retained by the original employer after receipt of a layoff notice	Number of <i>Title III terminees</i> (defined below) with: <ul style="list-style-type: none"> - Item 38 ≠ 1 and - Item 39 ≠ 1 or 2 	Title III terminees ¹ who were not called back/remained with layoff employer not terminated as institutionalized or health/medical
Title III Average Wage At Placement (Optional)		
Sum of hourly wage rates of Title III terminees who entered employment (for at least 20 hours per week) at termination	Sum of Item 35b for <i>Title III terminee</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a ≥ 20 - Item 34d ≠ 1 - Item 39 ≠ 1 or 2 	Entered unsubsidized employment and employed for at least 20 hours per week and not self-employed Not terminated as institutionalized or health/medical
DIVIDED BY	DIVIDED BY	
Total number of Title III terminees who entered employment (for at least 20 hours per week) at termination	Number of <i>Title III terminees</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and - Item 35a ≥ 20 - Item 34d ≠ 1 - Item 39 ≠ 1 or 2 	Entered unsubsidized employment and employed for at least 20 hours per week and not self-employed Not terminated as institutionalized or health/medical
Wage Replacement Rate at Termination (Optional)		
The average of the wage replacement rates calculated for each individual with both a reported dislocation wage and a reported wage at termination. The wage replacement rate for the individual is the wage at termination divided by the dislocation wage.	Sum of Item 35b divided by Item 22 for <i>Title III terminees</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and Item 35a ≥ 20 and - Item 35b > 0 and Item 22 > 0 - Item 34d ≠ 1 - Item 39 ≠ 1 or 2 	Sum of: Wage replacement rate for individuals for terminees who: Entered employment at termination of 20+ hours and wage at termination > 0 and dislocation wage > 0 not self-employed Not terminated as institutionalized or health/medical
	DIVIDED BY	
Note: this measure is not equal to the ratio of the average wage at termination to the average dislocation wage.	Number of <i>Title III terminees</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and Item 35a ≥ 20 - Item 35b > 0 and Item 22 > 0 - Item 34d ≠ 1 - Item 39 ≠ 1 or 2 	Entered employment at termination of 20+ hours & wage at termination > 0 and dislocation wage > 0 not self-employed Not terminated as institutionalized or health/medical

Exhibit II-6 (Concluded)
Calculation of PY 98 Performance Measures from SPIR Data Items

Performance Measure	SPIR Equivalent	Explanation
Title III Follow-up Employment Rate (Optional)		
Total number of Title III respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination	Number of <i>Title III respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and - Item 41b \geq 20 	Employed at follow-up for at least 20 hours per week
DIVIDED BY	DIVIDED BY	
Total number of Title III respondents	Number of <i>Title III respondents</i> (defined below)	
Wage Replacement Rate at Follow-up (Optional)		
The average of the wage replacement rates for each individual with both a reported dislocation wage and a reported wage at follow-up. The individual wage replacement rate is the wage at follow-up divided by the dislocation wage.	Sum of Item 41a divided by Item 22 for <i>Title III respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 41 = 1 and Item 41b \geq 20 and - Item 41a > 0 and Item 22 > 0 and - Item 41a \neq 888.88 	Sum of: Wage replacement rate for individuals for terminees who: Employed at follow-up at 20+ hours and follow-up wage > 0 and dislocation wage > 0 and not self-employed at follow-up
	DIVIDED BY	
Note: this measure is not equal to the ratio of the average wage at termination to the average follow-up wage.	Number of <i>Title III respondents</i> (defined below) with: <ul style="list-style-type: none"> - Item 34 = 1 and Item 35a \geq 20 and - Item 35b > 0 and Item 22 > 0 and - Item 41a \neq 888.88 	Employed at follow-up at 20+ hours and follow-up wage > 0 and preprogram wage > 0 and not self-employed at follow-up
Definition of Title III Terminee	Persons with: <ul style="list-style-type: none"> - Item 12 = 4 or 5 or 6 and 	Title III participant
Definition of Title III Respondent	Title III terminees with: <ul style="list-style-type: none"> - Item 38 \neq 1 - Item 39 \neq 1 or 2 and - Item 40 = 1 and - Item 41 \neq null and - Neither items 41a or 41b are null when item 41 = 1 	Not recalled to or remained with layoff employer not terminated as institutionalized or health/medical were in the sample and contacted and completed follow-up interview
Response Rate (Title III)		
Total number of Title III respondents	Number of <i>Title III respondents</i>	
DIVIDED BY	DIVIDED BY	
Number in the Title III sample	Number of Title III terminees with: <ul style="list-style-type: none"> -- Item 38 \neq 1 - Item 39 \neq 1 or 2 and - Item 40 = 1 or 2 	Not recalled to or remained with layoff employer not terminated as institutionalized or health/medical were in the sample

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Appendix II-A **Follow-up for Titles II-A and III**

Performance outcomes for Title II-A, both adults and welfare adults, are based on the required follow-up survey, as are two of the optional Title III outcomes. Follow-up requirements are presented in TEIN 5-93, Change 1, dated June 23, 1994 (*JTPA Standardized Program Information Report Instructions*), in the *Follow-Up Technical Assistance Guide*, and in *TAG+*. These requirements are summarized below:

- Follow-up outcomes are based on individuals who terminate during the first three quarters of the program year *and* the last quarter of the previous program year. These individuals are in the *follow-up cohort* or the *universe* for follow-up. This offset year is used instead of the program year so that outcomes on the adult standards will be available at the same time as those on the youth standards and to allow compliance with the reporting requirements of Section 106(j)(3).
- Follow-up is *not* required for:
 - Title II-A individuals who did not receive training and/or services beyond objective assessment.¹
 - Participants in *special* 5%-funded projects designated by the Governor as exempt from performance standards.
 - Individuals whose other-termination code is institutionalized or health/medical (codes 1 or 2 in SPIR Item 39, Other terminations). This exclusion becomes effective for PY 98. Individuals who are deceased, institutionalized (e.g., in hospitals, prisons, nursing homes) or severely incapacitated and unable to be interviewed *at the time of the interview* may also be excluded from follow-up interviewing. It may be necessary to replace these individuals in the sample to meet minimum sample size requirements.

These exclusions are illustrated in Exhibit II-A-1.

- Follow-up may be conducted for all terminees in the follow-up cohort or for a sample of terminees. Attempts must be made to contact all individuals in the follow-up cohort or in the sample.

¹Some states have waivers that allow them to record objective assessment only for Title III participants. Follow-up *is* required for these Title III participants.

Follow-Up Definitions

Follow-Up Cohort (Title II-A). All participants who terminate from Title II-A during the first three quarters of the program year and the last quarter of the previous program year. Only terminees who receive training and/or services beyond objective assessment are included in the follow-up cohort. Participants in special 5% funded programs exempted from performance standards are excluded from the follow-up cohort, as are individuals terminated as institutionalized or health/medical.

Follow-up Cohort (Title III). All participants who terminate from Title III during the first three quarters of the program year and the last quarter of the previous program year, excluding individuals terminated as institutionalized or health/medical.

Follow-Up Week. The 13th full calendar week after termination. The follow-up interview obtains information about employment status during this week. This week begins on the 13th Sunday following termination. (Also called the "reference week").

All Adult Sample. A sample of all adults in the follow-up cohort, which is used to calculate performance outcomes for all adults. The all adult sample includes both welfare recipients and nonrecipients. It does not include the supplementary welfare sample.

Welfare Recipient. An adult receiving TANF, AFDC, GA, or RCA as collected or confirmed at eligibility determination.

Supplementary Welfare Sample. A sample of adult welfare recipients that, when combined with welfare recipients in the adult sample, meets minimum sample size requirements for welfare recipients.

Welfare Sample. The welfare recipients in the all adult sample plus those in the supplementary welfare sample.

Respondent. An individual who provides answers to the questions on employment, hours and wages. These individuals are considered to have "complete" follow-up data and are used when measuring follow-up outcomes. Responses to the questions on weeks worked and working with the same employer are not needed in order to be counted as a respondent.

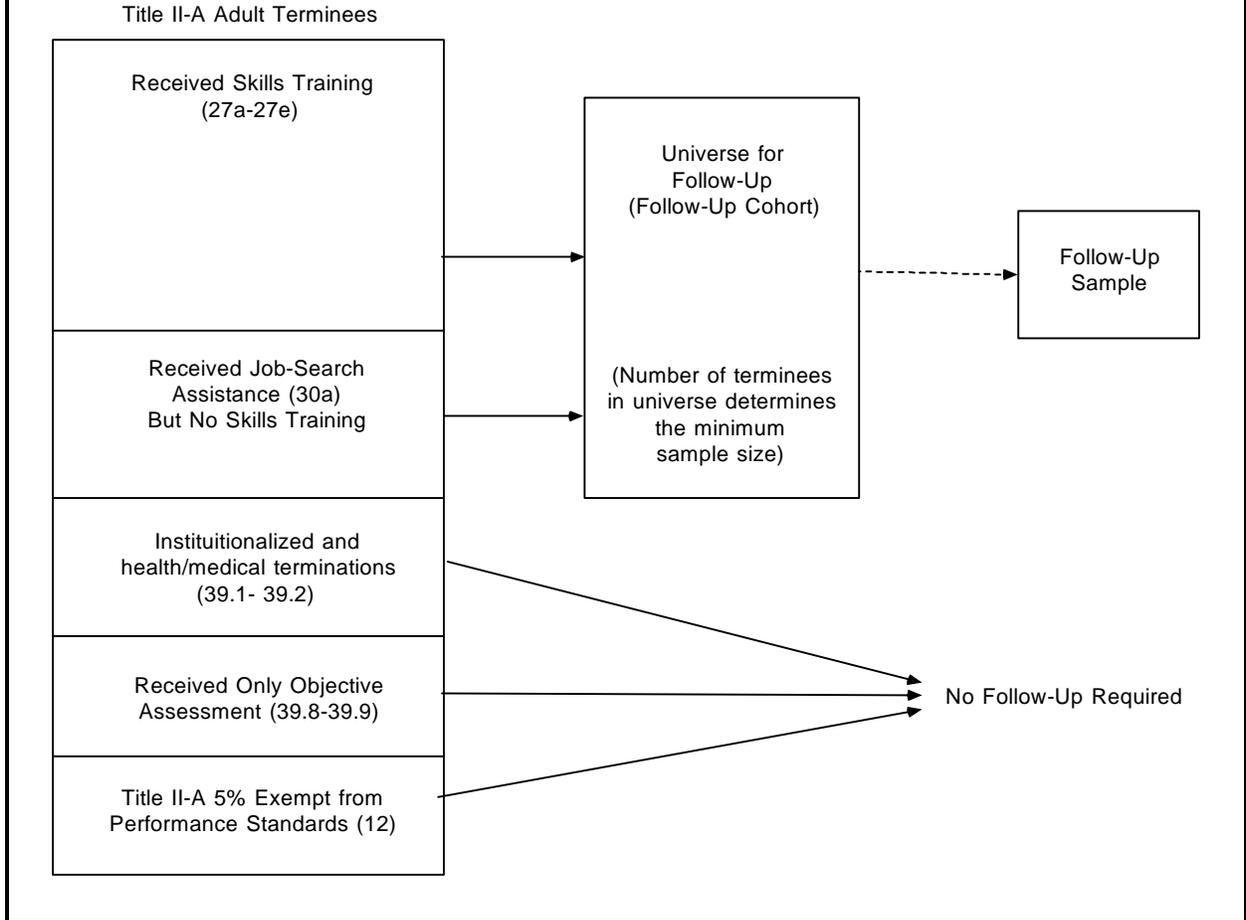
Response Rate. The number of respondents divided by the number of terminees in the follow-up sample (or in the follow-up cohort if sampling is not used). Individuals excluded from follow-up are not counted in the denominator.

- If sampling is used:
 - Samples must be selected randomly. No terminnee in the follow-up cohort may be arbitrarily excluded from the sample.
 - Both an adult sample and an adult welfare sample are required. The welfare sample may be developed by combining the welfare recipients in the all adult sample with a *supplementary sample* of welfare recipients so that the combined welfare sample meets minimum sample size requirements.
 - Samples (after exclusions) must meet requirements regarding the *minimum sample size* or *minimum sampling proportion*.²
 - The sampling proportion must be constant over time. Thus, the sampling proportion should be the same throughout the last quarter of the previous program year and the first three quarters of the program year. Otherwise some quarters would be overrepresented in the sample and other quarters would be underrepresented.
- A 70% response rate is required both for terminnees who entered employment at termination and for terminnees who did not enter employment at termination. This requirement applies separately to the all adult and welfare samples.
- If there is more than a 5 percentage point difference in response rates for an SDA between those who entered employment at termination and those who did not, then performance outcomes must be adjusted for nonresponse bias.

States piloting the use of wage record for measuring postprogram outcomes must still conduct the follow-up survey for a 5% sample. This 5% sample can be selecting from the state as a whole or each SDA. No supplementary welfare sample is needed. The other follow-up requirements apply to this 5% follow-up.

²If follow-up is conducted for individuals in 5% projects exempted from performance standards, the minimum sample size applies to that portion of the sample not exempted from performance standards.

Exhibit II-A-1
Determining the Universe for Follow-Up and the Follow-up Sample



NONRESPONSE BIAS

Because the follow-up outcomes are based on a survey rather than on administrative data, the outcomes will not be available for all persons in the follow-up sample, either because they could not be contacted or because they refused to answer some of the required questions. When outcomes for individuals who complete the follow-up survey (respondents) are different from outcomes for those who do not complete the interview (nonrespondents), nonresponse bias can occur.

One source of nonresponse bias is expected to result from differences in response rates between individuals who enter employment at termination and those who do not. Generally speaking, response rates are higher for those who enter employment at termination (than for those who do not) because they are less likely to move and can often be contacted through their placement employer. Further, individuals who enter employment at termination are much more likely to be employed at follow-up than individuals who do not enter employment at termination. It is this difference in follow-up employment rates, when combined with the difference in response rates, that leads to a nonresponse bias. Example II-A-1 shows how the combined differences in response rates and in follow-up employment can lead to an overestimate of the true follow-up employment rate.

To avoid nonresponse bias, the calculation of performance outcomes must be adjusted for nonresponse bias whenever there is more than a 5 percentage point difference in response rates between those who entered employment at termination and those who did not. This determination must be made separately for the adult sample and for the welfare sample.

Note: Although adjusting for nonresponse bias is *required* only when there is more than a 5 percentage point difference in response rates, adjustment is *recommended* for all SDAs. In addition to adjusting for differences in response rates, the procedure adjusts for random over- or under-sampling of those who enter employment at termination. Thus, the adjusted calculation is a superior estimate of the true follow-up employment rate for all SDAs.

Example II-A-1 Nonresponse Bias

An SDA has a sample of 1000 terminees, of whom 700 entered employment at termination and 300 did not. Suppose that the actual employment status of terminees at follow-up is given by the following:

- Out of the 700 who were employed at termination, 560 (80%) were employed during the follow-up week.
- Out of the 300 who were *not* employed at termination, 75 (25%) were employed during the follow-up week.

Then the true follow-up employment rate is :

$$AFER = \frac{(560 + 75)}{(700 + 300)} = \frac{635}{1000} = 0.635 = 63.5\%$$

Suppose that the SDA completes interviews with 85% of those who entered employment at termination and with 70.7% of those who did not enter employment. Then we would have the following information in the sample of completed interviews:

- Among the 700 terminees who entered employment at termination, 85% or 595 are respondents. Of these respondents, 80% or 476 are employed during the follow-up week.
- Among the 300 terminees who did not enter employment at termination, 70.7% or 212 are respondents. Of these respondents, 25% or 53 are employed during the follow-up week.

The *adult follow-up employment rate* is then calculated as:

$$AFER = \frac{(476 + 53)}{(595 + 212)} = \frac{529}{807} = 0.656 = 65.6\%$$

Thus, the nonresponse bias results in a measured follow-up employment rate of 65.6%, more than two percentage points higher than the true value of 63.5%, which would have been obtained if everyone in the sample had been interviewed. This bias occurs because those who entered employment at termination are 74% of the sample with completed interviews, but only 70% of the initial sample.

The difference in response rates is $85\% - 70.7\% = 14.3$ percentage points. Thus, the difference is more than 5 percentage points and adjustment for nonresponse bias is required.

ADJUSTING FOR NONRESPONSE BIAS

The "Worksheet to Calculate Differences in Response Rates" (Exhibit II-A-2) can be used to determine whether adjustment of performance measures for nonresponse bias is required.³ To complete this worksheet, enter the number of terminees in the selected sample (sample size) in Column I, with individuals employed at termination (regardless of hours worked) listed in Row A and those not employed at termination in Row B. Individuals who are excluded from the sample (e.g., institutionalized, deceased) are *not* included in the sample size. The number of interviews with complete responses to the questions on employment, hours and wages (respondents) is entered in Column II. The response rates are calculated by dividing each entry in Column II by the corresponding entry in Column I. The difference, which is entered in Column III, Row C, is calculated by subtracting the response rate in Row B from the response rate in Row A. Disregard the sign of the difference when determining whether it exceeds 5 percentage points.

The required nonresponse bias adjustment weights the data in the sample of completed interviews so that those who enter employment at termination are the same proportion of the weighted sample of completed interviews as they are of the universe of terminees in the follow-up cohort. The adjustment can be implemented by using the "Worksheet to Adjust Follow-Up Performance Measures for Nonresponse Bias," which is presented in Exhibit II-A-3. The worksheet may also be used to calculate follow-up outcomes for Section 204(d) older workers and for Title III dislocated workers.

³The worksheet also allows determination of whether adjustments should be made to follow-up outcomes for Section 204(d) older worker programs and for Title III. These follow-up outcomes are not mandatory performance measures. However, they are still subject to nonresponse bias. If these measures are used as State standards or for program monitoring or evaluation, adjustments for nonresponse bias are recommended, either routinely or whenever the difference in response rates is greater than 5 percentage points.

Exhibit II-A-2
Worksheet to Calculate Differences in Response Rates

	I Size of Selected Sample	II Number of Completed Interviews	III Response Rate <small>(Col. II ÷ I) x 100</small>
1. Total Title II-A Adults			
A. Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
B. Not Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
C. Difference in Response Rates;			<input style="width: 80px; height: 20px;" type="text"/>
<p style="margin-left: 40px;">If > 5 Percentage Points, Go to Bias Adjustment Worksheet, and on to Part 2. If ≤ 5 Percentage Points, Go to Part 2.</p>			

2. Total Title II-A Welfare Adults (Includes welfare terminées contained in Total II-A Adult sample and in supplementary welfare sample)			
A. Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
B. Not Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
C. Difference in Response Rates			<input style="width: 80px; height: 20px;" type="text"/>
<p style="margin-left: 40px;">If > 5 Percentage Points, Go to Bias Adjustment Worksheet, and on to Part 3. If ≤ 5 Percentage Points, Go to Part 3.</p>			

3. Older Workers , Section 204 (d)			
A. Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
B. Not Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
C. Difference in Response Rates			<input style="width: 80px; height: 20px;" type="text"/>
<p style="margin-left: 40px;">If > 5 Percentage Points, Go to Bias Adjustment Worksheet, and on to Part 4. If ≤ 5 Percentage Points, Go to Part 4.</p>			

4. Dislocated Workers (Title III)			
A. Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
B. Not Employed at Termination	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>	<input style="width: 80px; height: 20px;" type="text"/>
C. Difference in Response Rates			<input style="width: 80px; height: 20px;" type="text"/>
<p style="margin-left: 40px;">If > 5 Percentage Points, Go to Bias Adjustment Worksheet If ≤ 5 Percentage Points, Finalize Calculation.</p>			

**Exhibit II-A-3
Worksheet to Adjust Follow-Up Performance Measures for Nonresponse Bias**

Grant Recipient: Name _____ Address _____ City/ZIP _____	TITLE II ___ Title II-A Adults ___ Title II-A Adult Welfare ___ 5% Adults ___ 5% Adult Welfare ___ Section 204(d) Older Workers	DISLOCATED WORKER PROGRAMS ___ Substate Area Program ___ State Programs ___ Secretary's National Reserve	Follow-ups for Terminees from: April, _____ (Year) through _____				
STATUS AT TERMINATION: Employed Not Employed	A. Actual Number of Terminees Eligible for Follow-up I.	B. Number of Completed Interviews (Respondents) C. Number of Respondents Employed at Follow-up	D. Estimated Number of Terminees Employed: (A x C) / B	E. Average Weekly Earnings, or Hourly Wage of Respondents Employed at Follow-up	F. Estimated Weekly Earnings, or Hourly Wage of Employed Terminees: (E x D)	G. Average Weeks Worked in 13-Week Follow-up Period	H. Estimated Weeks Worked in 13-Week Follow-up Period: (A x G)
TOTALS:			J.		L.		N.
ADJUSTED FOLLOW-UP MEASURES:			K.		M.		O.
		Employment Rate: $J/I \times 100$		Average Weekly Earnings (Title ID)/ Hourly Wage (EDWAA): L/J		Average Weeks Worked: N/I	

Contact Person: _____ Telephone: _____	Signature of Authorized Official: _____ Date: _____
---	--

Instructions for Completing the Worksheet to Adjust Follow-Up Performance Measures for Nonresponse Bias

The middle section of the worksheet contains two rows. The first row contains information about those who entered employment at termination. The second row contains information about those who did *not* enter employment at termination.

Number of Terminees and Completed Interviews

Step 1: Enter in Column A the number of individuals in the follow-up cohort -- all terminees who received training and/or services beyond objective assessment and terminated in either the first three quarters of the program year or the last quarter of the previous program year excluding those who are exempt from performance standards (e.g., participants in special 5%-funded projects and individuals terminated as institutionalized or health/medical). The number who entered employment at termination (regardless of hours worked) goes in the first row and the number who did not goes in the second row.

Note: The numbers to be entered are for *all* terminees receiving training and/or services beyond objective assessment (except those excluded from performance standards), not just for those in the follow-up sample. When calculating Title III performance measures, individuals who receive only objective assessment or were recalled to or retained by the layoff employer, should be subtracted from the follow-up cohort (these individuals are included in follow-up but excluded from Title III performance standards.)

Step 2: Enter the total of column A in Block I. This number should represent all terminees in the follow-up cohort.

Step 3: Enter the number of completed interviews (those with information for all of the required questions) in Column B. This is the number of respondents. The number of completed interviews for those who entered employment at termination goes in the first row; the number of completed interviews for those who did not enter employment at termination goes in the second row.

Follow-Up Employment Rate

Step 4: Enter the number of respondents who were employed during the follow-up week (for at least 20 hours per week) in Column C. Again the information for those employed at termination goes in the first row and the information for those not employed at termination goes in the second row.

Step 5: For each row, multiply the entry in Column A by the entry in Column C and divide by the entry in Column B. Enter the result in Column D. This number is an estimate of the total number of terminees employed at follow-up.

Step 6: Sum the entries in Column D and enter the result in Block J.

Step 7: Calculate the follow-up employment rate by dividing the entry in Block J by the entry in Block I. Convert to a percentage by multiplying by 100 and enter the result in Block K.

Follow-Up Weekly Earnings

Step 8: Enter the average weekly earnings at follow-up in Column E. The average for those employed at termination goes in the first row and the average for those not employed at termination goes in the second row. The averages are based only on respondents in 20+ hour employment at follow-up.

Step 9: Multiply the entries in Column E by the entries in Column D and enter the results in Column F. These numbers represent the estimated aggregate earnings of all terminees.

Step 10: Sum the entries in Column F and enter the result in Block L.

Step 11: Calculate average weekly earnings at follow-up by dividing the entry in Block L (estimated total earnings of all terminees) by the entry in Block J (estimated number of all terminees in 20+ hour employment). Enter the result in Block M.

Average Wage at Follow-Up

Follow Steps 8 through 10, substituting the average wage at follow-up for average earnings at follow-up in Step 8.

Average Wage Replacement Rate at Follow-Up

Follow Step 8 through 10, substituting the average wage replacement rate at follow-up for average earnings at follow-up in Step 8.

Average Weeks Worked

Step 12: Enter the average weeks worked by those employed at termination and by those not employed at termination in Column G.

Step 13: Multiply the entry in Column A by the entry in Column G and enter the result in Column H. These numbers represent estimated total weeks worked by all terminees.

Step 14: Sum the entries in Column H and enter the result in Block N.

Step 15: Calculate average weeks worked by dividing the entry in Block N and by the entry in Block I.

Note: When calculating performance outcomes for adults, the entries in Column A should be all adult terminees in the follow-up cohort; the entries in Columns B, C, E and G should be based only on respondents in the adult sample. When calculating performance outcomes for welfare adults, only welfare terminees in the follow-up cohort should be entered in Column A; and the entries in Columns B, C, E and G should be based only on respondents in the welfare sample (welfare recipients in both the adult and supplementary welfare samples).

Example II-A-2 Adjusting for Nonresponse Bias

Taking the information from Example II-A-1, the "Worksheet to Adjust Follow-Up Performance Measures for Nonresponse Bias" can be used to calculate an adjusted employment rate as follows:

WORKSHEET TO ADJUST FOLLOW-UP PERFORMANCE MEASURES FOR NONRESPONSE BIAS

Grant Recipient: Name Address City/Zip	TITLE II <input checked="" type="checkbox"/> Title II-A Adults <input type="checkbox"/> Title II-A Adult Welfare <input type="checkbox"/> 6% Adults <input type="checkbox"/> 6% Adult Welfare <input type="checkbox"/> Section 204(d) Older Workers	DISLOCATED WORKER PROGRAMS <input type="checkbox"/> Substate Area Program <input type="checkbox"/> State Programs <input type="checkbox"/> Secretary's National Reserve	Follow-ups Conducted From July 1, _____ (Year) through _____ (Report date)
---	--	--	--

STATUS AT TERMINATION:	A. Number of Actual Terminees Eligible for Follow-up	B. Number of Completed Interviews	C. Number of Respondents Employed at Follow-up	D. Estimated Number of Terminees Employed: (A x C) / B	E. Average Weekly Earnings, or Hourly Wage of Respondents Employed at Follow-up	F. Estimated Weekly Earnings, or Hourly Wage of Employed Terminees: (E x D)	G. Average Weeks Worked in 13-Week Follow-up Period	H. Estimated Weeks Worked in 13-Week Follow-up Period: (A x G)
Employed	700	595	476	560				
Not Employed	300	212	53	75				
TOTALS:	I. 1000			J. 635		L.	N.	
ADJUSTED FOLLOW-UP MEASURES:				K. 63.5% Employment Rate: $J/I \times 100$		M. Average Weekly Earnings (Title II)/ Hourly Wage (EDWAA): L/J	O. Average Weeks Worked: N/I	

Contact Person:	Signature of Authorized Official:	Date:
-----------------	-----------------------------------	-------

- The number of terminees in the follow-up cohort (700 terminees who entered employment at termination and 300 who did not) is entered in Column A.
- The number of respondents (595 respondents who entered employment at termination and 212 who did not) is entered in Column B.
- The number of respondents employed for at least 20 hours during the follow-up week (476 employed respondents who also entered employment at termination and 53 employed respondents who did not enter employment at termination) is entered in Column C.

Completing the computations results in a follow-up employment rate of 63.5%, which corresponds to the true value among all terminees in the example. Thus, the worksheet succeeds in adjusting for the nonresponse bias.

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Exhibit III-1
Section 106(d) of the Job Training Partnership Act

106(d) STATE VARIATION OF PERFORMANCE STANDARDS.-

- (1) AUTHORITY OF GOVERNOR.-Each Governor shall prescribe, and report in the Governor's coordination and special services plan, within parameters established by the Secretary, variations in the standards issued under subsections (b) and (c) based upon-
 - (A) specific economic, geographic, and demographic factors in the State and in service delivery areas within the State;
 - (B) the characteristics of the population to be served;
 - (C) the demonstrated difficulties in serving the population; and
 - (D) the type of services to be provided.

III. ADJUSTING PERFORMANCE STANDARDS

INTRODUCTION

Because the level of performance that can be expected from JTPA grantees depends on the characteristics of clients served and on local economic conditions, setting standards at the same level for each SDA or substate area would be unfair. Therefore, Section 106(d) of JTPA (Exhibit III-1) *requires*¹ Governors to adjust standards for local area circumstances, which may include:

- Specific economic, geographic and demographic factors.
- Characteristics of the population to be served.
- Demonstrated difficulties in serving the population.
- Types of services to be provided.

The State Job Training Coordinating Council and, where appropriate, the State Human Resources Investment Council must have an opportunity to consider adjustments to the Secretary's standards and to recommend variations. Adjustment is recommended for State standards and for other criteria incorporated into incentive policies when such outcomes are affected by local conditions.

Performance standards are adjusted to "level the playing field" by making the standards neutral with respect to who is served and to local economic conditions. For example, an SDA serving a hard-to-serve population would be given a lower standard than an SDA serving a less hard-to-serve population. Although set at different levels, meeting these two standards would require the same level of SDA effort. Similarly, an SDA facing difficult local economic conditions might be given a lower standard than an SDA in a booming economy.

¹The Job Training Reform Amendments of 1992 amended Section 106 to require adjustments; previously the legislation had allowed adjustments, but they were not required.

SECRETARY'S PARAMETERS

Adjusting standards is a State responsibility; the State must implement, therefore, a method for adjusting standards. The only constraint is that the adjustments must be *within parameters established by the Secretary*. To provide States with the flexibility to develop adjustment procedures that fully account for local conditions, the Secretary chose not to establish numerical parameters within which standards might be adjusted. Instead, the Secretary established descriptive parameters that govern the procedures used by States to adjust standards.

The Secretary's parameters are:

- Procedures for adjusting performance standards must be:
 - Responsive to the intent of the Act.
 - Consistently applied among the SDAs and substate areas.
 - Objective and equitable throughout the State.
 - In conformance with widely accepted statistical criteria.
- Source data must be:
 - Of public-use quality.
 - Available upon request.
- Results must be:
 - Documented.
 - Reproducible.
- Adjustment factors must be limited to:
 - Economic factors.
 - Labor market conditions.
 - Geographic factors.
 - Characteristics of the population to be served.
 - Demonstrated difficulties in serving the population. (This factor was introduced by the JTPA Amendments of 1992.)
 - Types of services to be provided.

Some of these parameters warrant further explanation:

- *Procedures must be consistently applied* indicates that similar remedies are to be made available to any SDA in the same situation. The same standard-setting approach (e.g., DOL model or alternative approach) should be used for all SDAs within a State.
- *Procedures must be objective and equitable* implies that adjustments should be quantifiable, that the data used should be made known to every SDA, and that the adjustments have a demonstrated relationship to the performance of local programs.
- *Source data must be of public-use quality* means that the data used must be able to withstand public scrutiny. The data should be developed by a Federal, State, local governmental agency or other reputable source, and compiled according to acceptable data collection and analytical procedures. It may include data contained in a State JTPA Management Information System (MIS). For example, a university might use economic data collected from governmental sources, adjust it to coincide with the SDA's geographical configuration (following a prescribed set of procedures), and provide it to the State, along with appropriate documentation, for use in varying the standards.

States should also conform to these parameters when adjusting State standards and other criteria incorporated into incentive policies.

OPTIONS FOR ADJUSTING STANDARDS

States have two basic options for adjusting standards. They can use the optional adjustment models developed by DOL, or they can develop their own adjustment procedures.

DOL Adjustment Model

Although adjusting standards is the Governor's responsibility, many States do not have the expertise or resources necessary to develop adjustment procedures. Therefore, DOL has taken responsibility for developing *optional* adjustment models that States can use to adjust standards.

For PYs 98 and 99, DOL has developed adjustment models for the following performance measures:

- The Secretary's six core measures for Titles II-A and II-C.

- The optional pilot measurers based on wage records.
- Several performance outcomes (noncore outcomes) that were Secretary's standards in PYs 1988 and 1989. These models are provided because some Governors have implemented these measures as State standards.
- The Secretary's standard for Title III (entered employment rate).
- The optional Title III standards.
- The Secretary's two standards for the Section 204(d) older worker program.

States may use the DOL models for all the required performance standards. They may also use the DOL models for some of the required standards and State-developed methods for the others. For a given measure, however, the same procedure must be used for all SDAs in the State to conform to the Secretary's parameters.

The DOL models have several advantages:

- The models are based on the most recent national JTPA data that is available. Therefore, they are generally applicable to SDAs throughout the nation.
- The models provide statistically valid adjustments for terminnee characteristics and local economic conditions.
- The local factors included in the models are readily available to States and SDAs. The terminnee characteristics are derived from the JTPA reporting system. The local economic conditions are derived from Bureau of Labor Statistics and Census data. SDA-level values of these factors are regularly distributed by DOL.
- The models are easily implemented and are familiar to States and SDAs.
- The models meet the Secretary's parameters. Therefore, DOL will be predisposed to uphold the Governor's determination in the case of an appeal from an SDA where sanctions are imposed, if the Department's methodology was used to vary the standards.

State-Developed Adjustment Procedures

States are also free to develop their own procedures for adjusting standards. Some States have developed their own adjustment models using methods similar to those used to develop the DOL models. Because such State-developed procedures must conform to the Secretary's parameters, their development requires a certain degree of expertise in statistical analysis. The procedure used by the State to adjust standards

must be documented in the Governor's Coordination and Special Services Plan (GCSSP).

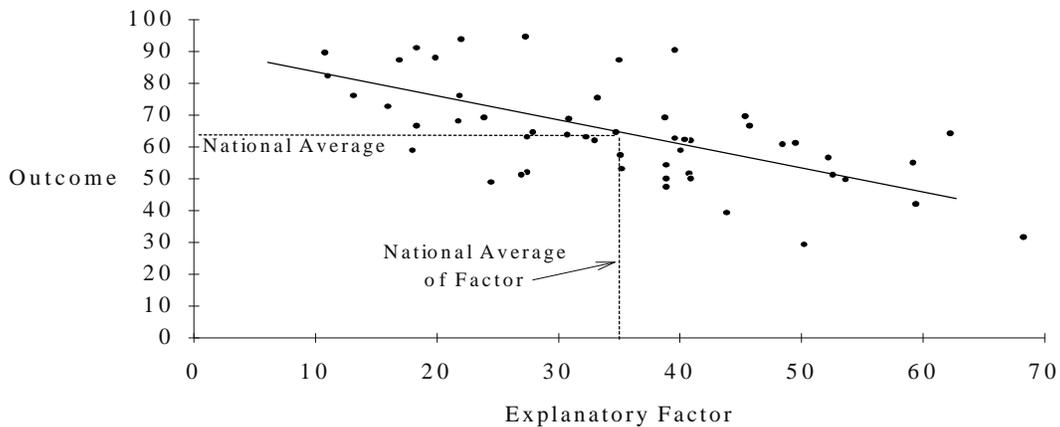
THE DOL MODELS

How the DOL Models Were Developed

The DOL models were developed using a statistical technique called *multiple regression analysis* (ordinary least squares). This technique determines the relationship between the outcome and explanatory factors such as client characteristics and economic conditions. In essence, the technique estimates how the outcome (e.g., the follow-up employment rate) can be expected to vary among SDAs with variations in client characteristics and local economic conditions.

Figure III-1 illustrates how the adjustment model works for a model containing just one explanatory factor. The figure presents a plot of the outcome, which is measured along the vertical axis, by the explanatory factor, which is measured along the horizontal axis. Each point represents the values of the outcome and the explanatory factor for an SDA. In this example, the plot indicates that the outcome tends to *decrease* as the explanatory factor *increases*. This is the pattern that is expected if the explanatory factor represented the degree of service to a hard-to-serve group (e.g., the percent of terminees who are school dropouts).

Figure III-1: Fitting a Line to the Data



A regression analysis summarizes this relationship by fitting a straight line that is mathematically closest to all of the points.² In the example shown in the figure above, the line is downward sloping because the outcome decreases as the explanatory factor increases. The *slope* of the line tells us how much the outcome can be expected to change with each one-unit change in the explanatory factor. It is the slope (called the *adjustment weight* in the DOL model³) that provides the information needed to adjust standards for differences among SDAs in the explanatory factor.

Suppose that both the outcome and the explanatory factor are measured as percentages (e.g., the follow-up employment rate and the percent of terminees who are school dropouts) and that the slope is -0.2 (negative to indicate a downward sloping line). This slope or adjustment weight indicates that if an SDA has a value for a local factor (e.g., school dropouts) that is 10 percentage points *higher* than average, then its expected outcome (e.g., follow-up employment rate) is 2 percentage points (-0.2 x 10) *lower* than average. This difference can be accounted for by giving the SDA a standard that is 2 percentage points below the average standard.

Figure III-1 above shows a regression line passing through the middle of the points. Thus, the line represents how the *expected* outcome varies with the explanatory factor. Indeed, as shown in the figure, the line goes through a point representing the average value of both the outcome and the local factor.⁴ However, the JTPA standards are set at a below-average, minimally-acceptable level. Thus, the regression line itself does not represent model-adjusted standards. It would do so only if the national standard (or model departure point) equaled average performance.

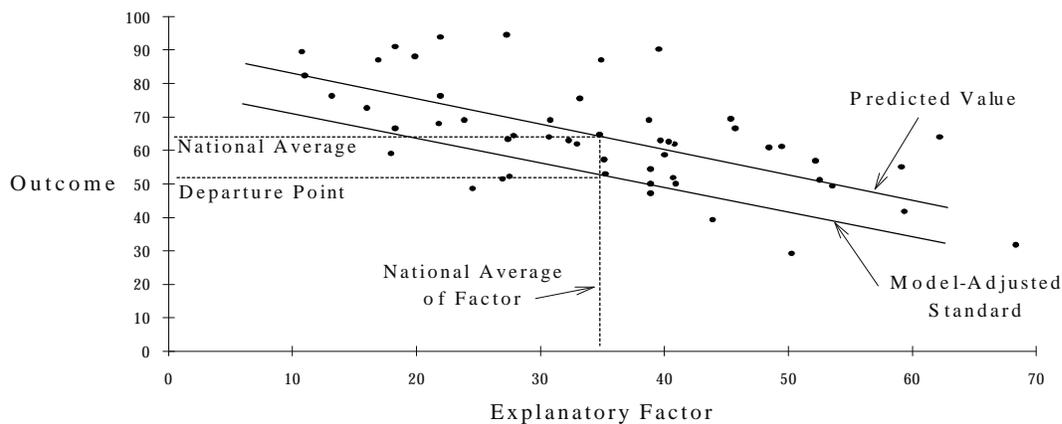
²The line is determined by minimizing the sum of the squared vertical distances between the points and the line.

³In statistics, the adjustment weight is called the *regression coefficient*.

⁴This point, the *point of means*, is a statistical property of regression; the point of means is on every regression line.

The national standards are set below average outcomes, generally at a level that can be exceeded by about 75% of SDAs. Consequently, model-adjusted standards lie along a lower, but parallel line. This line is illustrated in Figure III-2. The uppermost sloping line is the same regression line shown in Figure III-1. The lower, parallel line represents model-adjusted standards. One point on the lower line represents the departure point and the average of the local factor. Thus, an SDA whose local factor value equals the national average has a model-adjusted standard that equals the departure point.

Figure III-2: Illustration of Adjustment Model



Although Figures III-1 and III-2 illustrate a model with a single explanatory factor, multiple regression analysis analyzes the relationship between the outcome and several explanatory factors. The relationship with each explanatory factor is determined while taking account of the relationship with all the other factors. However, the principle behind the results is the same. Each adjustment weight represents how much the outcome can be expected to change with a one-unit change in an explanatory factor, while holding the other explanatory factors constant. The influence of a set of explanatory factors can be determined by summing the influence of each explanatory factor.

The Data Used to Develop the Adjustment Models

The PY 98 DOL adjustment models were developed using individual terminnee data from the PY 96 Standardized Program Information Report (SPIR). For PY 94 and before, the adjustment models were developed using SDA-level aggregate data derived from the JTPA Annual Status Report (JASR) or Worker Adjustment Program Annual Program Report (WAPR). The SPIR provides information on the program outcomes and terminnee characteristics of all terminees in Title II-A, Section 204(d), Title II-C and Title III. The major implication of using the SPIR data is that the wealth of information on individual terminees made it possible to identify considerably more characteristics that have significant influences on outcomes. As a result, the adjustment models contain more terminnee characteristics than the PY 94 models. Further, the models for comparable measures (e.g., the adult follow-up employment rate and the welfare follow-up employment rate) are themselves more similar, both in the local factors included and in the values of the estimated adjustment weights.

Criteria for Selecting Local Factors Included in the DOL Adjustment Models

The local factors included in the adjustment models were selected using a set of criteria that have been used in previous years. The criteria used for the PY 98 models include:

- Face validity of the adjustments, in that they are consistent with the experience of program operators. That is, the sign of adjustments for local factors had to make intuitive sense.
- Inclusion of appropriate factors to hold SDAs harmless for serving hard-to-serve groups.
- Consistency with DOL's policy not to hold SDAs harmless for factors that are related to management quality.
- The size of the estimated relationships of the individual local factors with the outcomes relative to their standard errors.
- Ease of using the adjustment model.
- Models for similar outcomes should contain similar factors.
- Consistency with the PY 96 models.

! The proportion of the variation in SDA performance explained by the model (R^2).

Exhibit III-2 presents a summary of the local factors included in the PY 98 models.

Calculating Model-Adjusted Standards Using the DOL Model

Mathematically, standards derived from the DOL models are based on a *linear equation*. However, the calculation of standards using the model has been facilitated through the use of a simple worksheet. The PY 98 worksheet for the adult follow-up employment rate is presented in Exhibit III-3. Worksheets for all performance measures are presented in Appendix A.

The upper portion of the worksheet (Blocks A through E) is used for identifying information. The remainder of the worksheet (Columns F through K and Blocks L through P) is used to compute the standard. A worksheet for each standard is filled out for each SDA/SSA in the State.

To fill out the worksheet, the State or SDA/SSA will need information about planned or actual terminnee characteristics for the program year. Planned values may be used for planning or interim standards. However, actual end-of-year data for the program year *must* be used when computing final standards using the DOL models. The major implication of using actual data is that the final standard will not be known exactly until after the end of the year. To avoid surprises, it is recommended that SDAs regularly compute model-adjusted standards based on interim data throughout the year. Data on the local economic factors included in the model are also needed. Recent data available nationally are regularly distributed by DOL. However, States may use more recent data, which may be available from the State Employment Security Agency (SESA) before national data are released.

Detailed instructions for making the computations with the worksheet are presented below. The instructions are followed by an example.

Exhibit III-2
Local Factors Included in the PY 98 Title II-A Models

Terminee Characteristics (%)	Adult Follow-Up Employ- ment Rate	Adult Follow-Up Weekly Earnings	Welfare Follow-Up Employ- ment Rate	Welfare Follow-Up Weekly Earnings
Female	✓	✓	✓	✓
Age 55 or more	✓	✓	✓	✓
Not a high school graduate	✓	✓	✓	✓
Post-high school (including college)	✓	✓	✓	✓
Dropout under age 30	✓	✓	✓	
Black (not Hispanic)	✓	✓	✓	✓
Other minority		✓		✓
Minority male	✓	✓	✓	✓
Cash welfare recipient	✓	✓		
Long-term TANF recipient	✓	✓	✓	✓
SSI recipient	✓	✓	✓	✓
Basic skills deficient	✓	✓	✓	✓
Individual with a disability	✓	✓	✓	✓
Limited English-language proficiency		✓		✓
Lacks significant work history	✓	✓	✓	✓
Offender			✓	✓
Homeless	✓	✓		✓
Vietnam-era veteran	✓			
Not in labor force	✓	✓	✓	✓
Unemployed 15 or more weeks	✓	✓	✓	✓
UI claimant or exhaustee	✓	✓		
Preprogram wage		✓		✓
No preprogram wage		✓		✓
Local Economic Conditions				
Unemployment rate	✓	✓	✓	✓
Three-year growth in earnings in trade	✓		✓	
Annual earnings in trade	✓	✓	✓	✓
Empl. in manuf., agric., & mining (%)		✓		✓
Families with income below poverty level (%)	✓	✓	✓	✓
Employee/resident-worker ratio (%)				✓

Exhibit III-2 (Continued)
Local Factors Included in the PY 98 Title II-C Models

Terminee Characteristics (%)	Youth Entered Employment Rate	Youth Employability Enhancement Rate	Youth Positive Termination Rate
Female	✓		
Age 14 to 15	✓	✓	✓
Age 16 to 17	✓	✓	
Student (high school or less)	✓	✓	✓
School dropout (high school or less)	✓		✓
Post-high school attendee			✓
Black (not Hispanic)	✓		✓
Minority male	✓		
Cash welfare recipient	✓	✓	✓
SSI recipient	✓		
Welfare-to-work program participant		✓	✓
Youth parent		✓	✓
Basic skills deficient	✓		✓
Lacks significant work history	✓		✓
Offender	✓		✓
Homeless or runaway youth			✓
Not in labor force	✓	✓	✓
Unemployed 15 or more weeks	✓		✓
Local Economic Conditions			
Unemployment rate	✓		✓
Three-year growth rate of earnings in trade			✓
Employed in manuf., agric., and mining (%)		✓	✓
Families with income below poverty level (%)	✓		
Employee/resident-worker ratio (%)			✓

Exhibit III-2 (Continued)
Local Factors Included in the PY 98 Title III Models

Terminee Characteristics (%)	Title III Entered Employment Rate	Title III Adult Follow-up Employment Rate	Title III Average Wage at Placement	Title III Average Wage Replacement Rate at Termination	Title III Average Wage Replacement Rate at Follow-up
Female	✓	✓	✓	✓	✓
Age 55 or more	✓	✓	✓	✓	✓
Not a high school graduate	✓	✓	✓	✓	✓
Post-high school (not a college graduate)			✓	✓	✓
College graduate	✓		✓	✓	✓
Black (not Hispanic)	✓	✓	✓	✓	✓
Other minority			✓	✓	✓
Minority male	✓		✓	✓	✓
Cash welfare recipient	✓	✓			
Basic skills deficient	✓	✓	✓	✓	✓
Individual with a disability	✓	✓	✓	✓	✓
Limited English-language proficiency		✓	✓	✓	✓
Offender	✓	✓			
Vietnam-era veteran		✓		✓	
Displaced homemaker	✓				
Unemployed 15 or more weeks	✓	✓		✓	
UI exhaustee		✓	✓		✓
UI claimant (not profiled and referred)	✓	✓	✓		✓
Average hourly dislocation wage rate			✓	✓	✓
Local Economic Conditions					
Unemployment rate	✓	✓			
Three-year growth in earnings in trade		✓		✓	
Annual earnings in retail and wholesale trade		✓	✓	✓	✓
Employed in manuf., agric., and mining (%)	✓		✓		✓
Families with income below poverty level (%)	✓	✓		✓	
Employee/resident-worker ratio (%)	✓			✓	

Exhibit III-2 (Concluded)
Local Factors Included in the PY 98 Section 204(d) Models

Terminee Characteristics (%)	Older Worker Entered Employment Rate	Older Worker Wage at Placement
Female	✓	✓
Age 62 to 64	✓	✓
Age 65 plus	✓	✓
Not a high school graduate		✓
Post-high school (including college)		✓
Minority male		✓
Cash welfare recipient	✓	✓
Basic skills deficient		✓
Individual with a disability	✓	
Limited English-language proficiency		✓
Lacks significant work history	✓	
Unemployed 15 or more weeks	✓	
Not in the labor force	✓	
UI claimant or exhaustee	✓	✓
Preprogram wage		✓
No preprogram wage		✓
Local Economic Conditions		
Annual earnings in retail and wholesale trade	✓	✓
Employed in manuf., agric., and mining (%)	✓	
Families with income below poverty level (%)		✓

Calculating Terminee Characteristics

Terminee characteristics used in the adjustment model are calculated for the same group used to calculate the performance outcome. Therefore, characteristics of adult terminees are used in the models for the adult measures (AFER and AFWE); characteristics of welfare adult terminees are used in the models for the welfare outcomes (WFER and WFWE); and characteristics of youth terminees are used in the models for the youth measures (YEER, YEEN, and PTR).

Because individuals receiving only objective assessment (whether or not they entered employment) and those in special 5%-funded projects are excluded from the calculation of Title II performance measures, they are also excluded from the calculation of the terminee characteristics for use in the adjustment model. Similarly, individuals who are retained or recalled by their layoff employer are excluded from the computation of the Title III performance measures (e.g., entered employment rate) and should also be excluded from the calculation of Title III terminee characteristics. Individuals who are terminated with codes 1 (institutionalized) or 2 (health medical) in SPIR item 39 Other Terminations should also be excluded from the computation of terminee characteristics.

Exhibit III-4 shows how to calculate the local factors in the PY 98 models using SPIR data items. The calculation of the average preprogram wage and the average dislocation wage has changed. Individuals without a preprogram wage (or dislocation wage) are to be included in the calculation with wages of zero, which leads to relatively low averages. The percent without a preprogram (or dislocation wage) also appears in the same model. Exhibit III-5 discusses how the local economic factors were derived.

This technical assistance guide was developed before the PY 98 SPIR was finalized. Several items appearing in the worksheets as local factors are planned for revision in the PY 98 SPIR through either renaming the item, redefining it, or both. PY 98 will be a transition year and states will be allowed to report SPIR items using either the new or old definitions. Therefore, the new and old definitions of revised

items can be used interchangeably on the PY 98 worksheets. The models on these worksheets were developed using the old data items, but can also be used with the new data items. Thus, the following items can be freely substituted for PY 98.

- ! Lacks significant work history and poor work history.
- ! Long-term welfare recipient and long-term TANF recipient.
- ! JOBS program participant and Welfare-to-Work program participant.
- ! UC claimant and UI claimant (not profiled and referred).

Note: For the follow-up outcomes, it is permissible to compute terminnee characteristics for any of the following groups, provided the calculation is done consistently within the State:

- All adults (or welfare adults) who terminate during the program year. This is the procedure that has been used in the past, when the local factors were based on terminnee characteristics reported on the JTPA Annual Status Report (JASR) and Worker Adjustment Program Annual Program Report (WAPR).
- All adults (or welfare adults) in the follow-up cohort (those who terminate in the first three quarters of the program year or the last quarter of the previous program year). This and the following options have the advantage of better matching the individuals for whom outcomes are measured than the first.
- All adults (or welfare adults) in the sample.⁵
- All adults (or welfare adults) who are respondents.

It is recommended that states use the characteristics of the sample to calculate terminnee characteristics to best match the individuals for whom outcomes are measured.

Individuals in special 5%-funded projects exempted from performance standards by the Governor are excluded from the computations.

Only terminees who receive training and/or services beyond objective assessment are included in the computations. Terminees who receive only objective assessment are excluded from the universe for follow-up.

⁵When the characteristics of respondents are used, the local factor averages are affected by nonresponse bias. States may use the nonresponse bias adjustment procedure to calculate SDA averages. Such adjustment is not, however, required.

**Exhibit III-3
Performance Standards Worksheet for Adult Follow-Up Employment Rate**

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number			
C. Performance Period	D. Type of Standard [] Plan [] Recalculated		E. Performance Measure: Follow-Up Employment Rate (Adult)				
F. Local Factors			G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female				71.3		-0.050	
2. % Age 55 or more				1.9		-0.130	
3. % Not a high school graduate				17.8		-0.066	
4. % Post-high school (including college)				26.1		0.008	
5. % Dropout under age 30				8.1		-0.015	
6. % Black (not Hispanic)				26.4		-0.027	
7. % Minority male				11.6		-0.026	
8. % Cash Welfare recipient				40.9		-0.031	
9. % Long term TANF recipient				15.3		-0.018	
10. % SSI recipient				3.3		-0.133	
11. % Basic skills deficient				47.0		-0.037	
12. % Individual with a disability				8.1		-0.096	
13. % Lacks significant work history				32.4		-0.055	
14. % Homeless				1.7		-0.043	
15. % Vietnam-era veteran				2.2		-0.081	
16. % Not in the labor force				32.2		-0.108	
17. % Unemployed 15 or more weeks				31.9		-0.073	
18. % UI claimant or exhaustee				13.2		0.022	
19. Unemployment rate				5.7		-0.608	
20. Three year growth in earnings in trade				0.0		0.245	
21. Annual earnings in retail and wholesale trade				17.3		-0.539	
22. % of families with income below poverty level				10.6		-0.211	
			L. Total				
			M. NATIONAL DEPARTURE POINT				60.0
			N. Model-Adjusted Performance Level (L + M)				
8/21/98			O. Governor's Adjustment				
			P. SDA Performance Standard				

Instructions for Completing the Performance Standards Worksheets

F. Local Factors	Column F identifies the local factors included in the model. Characteristics of terminees are listed first and are followed by local economic conditions. The local factors included are different for each performance standard because different factors have a significant relationship with each outcome.
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G. SDA Factor Values	<p>Enter the SDA's own values for each of the local factors in the appropriate row in Column G. At the beginning of the program year, these entries may be based on planning values. However, <i>final standards must be recalculated</i> using actual terminnee characteristics.</p> <p>For the adult follow-up employment rate and for adult follow-up weekly earnings, the terminnee characteristics are based on the percentage of all adults who have the given characteristic. For the welfare outcomes, the terminnee characteristics are based on a percentage of all welfare adults. For the youth outcomes, they are based on all youth.</p> <p>Participants in special 5% projects exempted from performance standards by the Governor, terminees receiving only objective assessment, and individuals terminated as institutionalized or health/medical are excluded from the calculations.</p>
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H. National Averages	The national average of the local factors is preprinted in the appropriate row in Column H. These values may not be changed.
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I. Difference (G MINUS H)	<p>For each row, subtract the entry in Column H from the entry in Column G. Enter the results in Column I.</p> <p>If the entry in Column G is larger than the entry in Column H, then this difference is entered as a positive number. If the entry in Column G is smaller, the difference is entered as a negative (minus) number. These values show how different the SDA is from a typical SDA (i.e., the national average).</p>
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J. Weights	The adjustment weights for each local factor are preprinted in Column J. These adjustment weights represent the influence of a unit change (e.g., a one percentage point change) in the local factor on the performance outcome. These preprinted values may not be altered.
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**Instructions for Completing the Performance Standards Worksheets
(Concluded)**

K. Effects of Local Factors on Performance Expectations (I TIMES J)	For each row, calculate the product of the entry in Column I and the entry in Column J. Remember to be careful about negative numbers. If both entries are positive numbers or both are negative numbers, then the product is a positive number. However, if one entry is positive and the other is negative, then the product is a negative number. These values represent the expected effect of the local factor on the outcome in the SDA.
---	--

L. Total	Sum the entries in Column K. This total represents the combined effect of all the local factors in the SDA on the outcome. Remember that, when adding a negative number to a positive number, the absolute value of the negative number is subtracted from the positive number. For example, $4.1 + (-3.5) = 4.1 - 3.5 = +0.6, \text{ and}$ $5.3 + (-6.5) = 5.3 - 6.5 = -1.2.$
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M. National Departure Point	The national departure point for the performance outcome is preprinted in Block M. This is the value from which adjustments are made. The national departure point is the same as the national standard. This value may not be altered.
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N. Model-Adjusted Performance Level (L + M)	The model-adjusted performance level is calculated by adding the entry in Block L to the national departure point in Block M. If the entry in Block L is negative, then the model-adjusted performance level is below the national standard.
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O. Governor's Adjustment	Any additional adjustment to the standard by the Governor is entered in Block O. Governor's adjustments must conform to the Secretary's parameters.
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P. SDA Performance Standard	The SDA performance standard is calculated by combining the Governor's adjustment in Block O with the model-adjusted performance standard in Block N. If there is no Governor's adjustment, the SDA performance standard equals the model-adjusted performance level.
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Example III-1
Using the Performance Standards Worksheet

Presented below is an example of a filled-out worksheet for the adult follow-up employment rate. This worksheet is based on the following data:

	<u>Number of Terminees</u>	<u>Percentage of Terminees</u>
Total adult terminees	350	--
Objective assessment only	54	--
Entered employment	10	--
Did not enter employment	44	--
Among those receiving more than objective assessment:	296	100
Female	163	55.1
Age 30 to 54	183	61.8
Age 55 or more	19	6.4
Not a high school graduate	117	39.5
Post-high school attendee	25	8.4
...
UC claimant or exhaustee	46	15.5
		<u>Value</u>
Unemployment rate		10.4
3-year growth rate of earnings in retail and wholesale trade	- -	0.5
Annual earnings in retail and wholesale trade		18.2

To simplify the computation, only a few of the local factors are shown; the remaining local factors are assumed below to equal the national averages.

The first step is to determine the percentage of adult terminees who received training and/or services beyond objective assessment and possess each of the terminee characteristics included in the model. The percentage is calculated by taking the number of adult terminees who received more than objective assessment and have the characteristic (e.g., the number of females), dividing by the number of adult terminees who received more than objective assessment, and multiplying the result by 100 to obtain a percentage. Thus, in this example, the percent female is calculated as

$$\% \text{ Female} = (163/296) \times 100 = 55.1\%.$$

Example III-1 (Continued)

The next step is to enter the terminnee characteristics and local economic conditions for the SDA in Column G of the worksheet, as shown below:

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Follow-Up Employment Rate (Adult)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1.	% Female	55.1	71.3	-16.2	-0.050	-0.81
2.	% Age 55 or more	6.4	1.9	4.5	-0.130	-0.58
3.	% Not a high school graduate	39.5	17.8	21.7	-0.066	-1.43
4.	% Post-high school (including college)	8.4	26.1	-17.7	0.008	-0.14
5.	% Dropout under age 30	8.1	8.1	0	-0.015	0
6.	% Black (not Hispanic)	26.4	26.4	0	-0.027	0
7.	% Minority male	11.6	11.6	0	-0.026	0
8.	% Cash Welfare recipient	40.9	40.9	0	-0.031	0
9.	% Long term TANF recipient	15.3	15.3	0	-0.018	0
10.	% SSI recipient	3.3	3.3	0	-0.133	0
11.	% Basic skills deficient	47.0	47.0	0	-0.037	0
12.	% Individual with a disability	8.1	8.1	0	-0.096	0
13.	% Lacks significant work history	32.4	32.4	0	-0.055	0
14.	% Homeless	1.7	1.7	0	-0.043	0
15.	% Vietnam-era veteran	2.2	2.2	0	-0.081	0
16.	% Not in the labor force	32.2	32.2	0	-0.108	0
17.	% Unemployed 15 or more weeks	31.9	31.9	0	-0.073	0
18.	% UI claimant or exhaustee	15.5	13.2	2.3	0.022	0.05
19.	Unemployment rate	10.4	5.7	4.7	-0.608	-2.86
20.	Three year growth in earnings in trade	0.5	0.0	0.5	0.245	0.12
21.	Annual earnings in retail and wholesale trade	18.2	17.3	0.9	-0.539	-0.49
22.	% of families with income below poverty level	10.6	10.6	0	-0.211	0
		L. Total				-4.52
		M. NATIONAL DEPARTURE POINT				60.0
		N. Model-Adjusted Performance Level (L + M)				55.5
		O. Governor's Adjustment				0
		P. SDA Performance Standard				55.5

Example III-1 (Continued)

The information that is entered on the worksheet for a specific SDA is shown in boldface.

Next, the column computations are performed for each row to determine the influence of each factor on performance. The National Average Factor Value in Column H is subtracted from the SDA Factor Value in Column G. The result is entered in Column I and shows how the SDA differs from the nation in the factor listed in Column F. In Row 1 (% Female), 71.3 is subtracted from 55.1 to provide the entry in Column I, which is -16.2 (negative because Column H is larger than Column G).

The entry in Column I is then multiplied by the weight in Column J to determine the expected influence of that factor on the SDA's performance. The result is entered in Column K. Note that, for female, both the difference in Column I (-16.2) and the adjustment weight in Column J (-.050) are negative and, therefore, their product in Column K, 0.81, is *positive* (the product of two negative numbers is a positive number). Thus, the SDA's standard is *increased* because it serves a smaller percentage of females than the typical SDA. For not a high school graduate, the difference is positive and weight negative; therefore, the product is negative. The SDA's standard is *reduced* because it serves a greater percentage of school dropouts than the typical SDA.

In the example, the entries have been rounded to two digits to the right of the decimal point. The degree of rounding is up to the State. It is recommended that at least one more digit be kept in Column K than will be kept in the standard itself in Box P.

The entries in Column K are then added together to determine the total influence on performance of all the local factors combined. The result is entered in Box L, Total. In the example, the entries sum to -4.52. Therefore, the local factors are expected to reduce the SDA's measured follow-up employment rate by 4.52 percentage points, compared to the typical SDA.

Therefore, to determine the Model-Adjusted Performance Level, the entry in Box L is added to the National Departure Point in Box N. The result is entered in Box N. Thus, in the example, the SDA's Model-adjusted Performance Level is 55.5%, 4.5 percentage points below the National Departure Point. Note that the entry in Box N has been rounded to one digit right of the decimal point. The degree of rounding to be used is up to the State.

Example III-1 (Concluded)

The adjustments for local factors can be either positive or negative. About one-half of SDAs will have model-adjusted performance levels lower than the national departure point, and one half will have model-adjusted performance levels higher than the national departure point.

If a Governor's Adjustment is made, it should be entered in Box O. The standard is then computed by adding the entry in Box O to the Model-Adjusted Performance Level in Box N. In the example, there is no Governor's adjustment, so the SDA's standard is the same as the Model-Adjusted Performance Level and is well below the National Departure Point.

Mathematics of the DOL Adjustment Model

The DOL model calculates model-adjusted standards as a *linear* combination of local factors. Specifically, the model-adjusted standard (S) can be expressed as:

$$S = D + w_1(X_1 - \bar{X}_1) + w_2(X_2 - \bar{X}_2) + \dots + w_n(X_n - \bar{X}_n)$$

Where:

- S is the model-adjusted performance level (Block N in the performance standards worksheet).
- D is the national standard or departure point (Block M).
- X_1, X_2, \dots, X_n are the SDA's values for the n local factors included in the model (Column G).
- $\bar{X}_1, \bar{X}_2, \dots, \bar{X}_n$ are the national averages of the local factors (Column H).
- w_1, w_2, \dots, w_n are the adjustment weights for each of the local factors (Column J).

Thus, for each local factor, the model takes the difference between the value for the SDA and the national average (e.g., $X_1 - \bar{X}_1$) and multiplies that difference by the factor's adjustment weight (e.g., w_1). These products represent the influence of each local factor on the outcome. The products are then summed over all the local factors in the model and added to the national standard or departure point to determine the model-adjusted performance level.

Exhibit III-4
Calculation of Factors on PY 98 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Female	Item 6 = 2	Gender = female
Age categories	Base on Item 5 and Item 11	Calculate the age on the date of participation based on the date of birth.
Full-time student (high school or less) (Title II-C) (An adult or youth who has not received a high school diploma or GED certificate and is attending school full-time)	Item 17 < 12 and Item 17a = 1 or 2 and Item 17b = 1 or 2	Highest grade completed less than 12 (not a high school graduate) and Attending school and Attending school full-time
School dropout (high school or less) (Title II-C) (An adult or youth who is not attending school full-time and has not received a high school diploma or GED certificate)	Item 17 < 12 and { Item 17a = 3 or Item 17b = 3 }	Highest grade completed less than 12 (not a high school graduate) and { Not attending school or Attending school, but not full-time }
Not a high school graduate	Item 17 < 12	Highest grade completed less than 12
Post-high school (including college) (Title II)	{ Item 17 > 12 and Item 17 ≠ 99 } or { Item 17 = 12 and Item 17a = 1 or 2 }	Completed at least one year of school beyond high school or { A high school graduate and Currently attending school }

Exhibit III-4 (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Post-high school (not a college graduate) (Title III)	{ Item 17 > 12 and Item 17 < 16 and Item 17 ≠ 99 } or { Item 17 = 12 and Item 17a = 1 or 2 }	Completed at least one year of school beyond high school, but not a college graduate, or { A high school graduate and Currently attending school }
College graduate (and above)	Item 17 ≥ 16 and Item 17 ≠ 99	Highest grade completed greater than or equal to 16 (bachelor's degree or equivalent)
Dropout under age 30 (Title II-A)	Item 17 < 12 and age < 30	Highest grade completed less than 12 and age less than 30
Black	Item 7 = 2	Ethnicity = Black (not Hispanic)
Other minority	Item 7 = 3, 4, 5, or 6	Ethnicity = Hispanic, American Indian or Alaskan Native, Asian, Hawaiian Native, or Pacific Islander
Minority male	Item 6 = 1 and Item 7 = 2, 3, 4, 5, or 6	Gender = male and Ethnicity = Black, Hispanic, American Indian or Alaskan Native, Asian, Hawaiian Native, or Pacific Islander
Cash welfare recipient	Item 14a = 1 or Item 14b = 1 or Item 14c = 1 or Item 14d = 1	TANF recipient General Assistance recipient or Refugee Cash Assistance recipient or SSI recipient
Long-term welfare (TANF) dependency	Item 26f = 1	Long-term welfare (TANF) dependency
SSI recipient	Item 14d = 1	SSI recipient

Exhibit III-4 (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Welfare recipient (TANF, GA, or RCA)	Item 14a = 1 or Item 14b = 1 or Item 14c = 1	TANF recipient or General Assistance recipient or Refugee Cash Assistance recipient
Welfare-to-work program participant	Item 25 = 1	Welfare-to-work program participant
Youth parent	Item 26g = 1	Pregnant or parenting youth
Basic skills deficient (reading or math skills at or below the 8th grade level)	Item 23 < 9 or Item 24 < 9 or Item 23 = 87 or Item 24 = 87	Reading skills grade level less than 9 or math skills grade level less than 9. Items 23 and 24 must first be converted to grade-level equivalents.
Individual with a disability	Item 8 = 1	Individual with a disability that is a substantial barrier to employment
Limited English-language proficiency	Item 26a = 1	Limited English-language proficiency
Lacks significant (poor) work history	Item 26e = 1	Lacks significant work history
Displaced homemaker	Item 26c = 1	Displaced homemaker
Offender	Item 26b = 1 or 2	Offender, excluding and including misdemeanors only
Vietnam-era veteran	Item 18a = 1	Vietnam-era veteran
Homeless	Item 26d = 1 or 2 or 3	Homeless adult or homeless and a runaway youth or homeless, but not a runaway youth or not homeless, but a runaway youth
UI claimant (not profiled and referred) (Title III)	Item 21 = 1, 4, or 6	UI claimant (not an exhaustee) not profiled and referred (or profiling referral status unknown)
UI exhaustee	Item 21 = 2	UI exhaustee

Exhibit III-4 (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
UI claimant or exhaustee	Item 21 = 1, 2, 4, 5, or 6	UI claimant or UI exhaustee (regardless of profiling status)
Unemployed 15 or more weeks	Item 19 = 2 and Item 20 ≥ 15	Unemployed and Unemployed for at least 15 of previous 26 weeks
Not in the labor force	Item 19 = 3	Not in labor force
Preprogram wage	Item 22	Preprogram wage. Average should include zeros for persons without a preprogram wage.
No preprogram wage	Item 22 is missing or zero	
Average dislocation wage rate	Item 22a (PY 97 SPIR) Item 22 (PY 98 SPIR)	Wage of the job of dislocation. Average should include zeros for persons without a dislocation wage.
No dislocation wage	Item 22a (or 22) is missing or zero	

Exhibit III-5

Calculation of Economic Factors Included in the PY 98 Adjustment Models

The calculation of the SDA-level economic conditions included in the PY 98 adjustment models is described below.

Annual earnings in retail and wholesale trade is calculated using calendar year 1996 data from the Bureau of Labor Statistics' ES202 program. These data are available only for counties (and independent cities) and not for smaller geographic components. It is calculated by first summing, over all counties served by the SDA, both aggregate earnings in retail and wholesale trade and employment in retail and wholesale trade. Average earnings in retail and wholesale trade in the SDA is then calculated by dividing aggregate earnings in retail and wholesale trade by total employment in retail and wholesale trade.

The **percent of employment in manufacturing, mining and agriculture** (including fisheries and forestry) is also based on the CY 1996 ES202 data for the counties served by the SDA. It is calculated by summing employment in manufacturing, mining and agriculture (including fisheries and forestry) as well as employment in all industries over all counties served by the SDA. The factor is then calculated by dividing total employment in manufacturing, mining and agriculture in the SDA by total employment in all industries. The result is then converted to a percentage change multiplying by 100.

The **unemployment rate** is based on monthly data for the program year (PY 96) provided by the BLS Local Area Unemployment Statistics (LAUS) program for counties, cities, and places (e.g., townships in CT, RI, MA). Data on the number of unemployed and the number in the labor force are summed over all months in the program year and divided by 12 to provide program-year averages for each local area. These program-year averages are then summed over all local areas in the SDA. For SDAs that have a "balance of county" component, the number of unemployed and the number in the labor force for that component are calculated by taking the values for the full county and subtracting the values for each local area excluded from the SDA. The unemployment rate is then calculated by dividing total unemployed in the SDA by total labor force and multiplying by 100.

Exhibit III-5 (Concluded)

Calculation of Economic Factors Included in the PY 98 Adjustment Models

The **percent of families with income below the poverty level** in 1989 is also based on data from 1990 Census Summary Tape File 3C. Data on the number of poor families and the total number of families are summed over each local area in the SDA. For SDAs that have a "balance of county" component, the number of poor families and the number of families for that component are calculated by taking the values for the full county and subtracting the values for each local area excluded from the SDA. The percent poor is then calculated by dividing the total number of poor families in the SDA by the total number of families and multiplying by 100.

The **county-level employee/resident-worker ratio** (1990) is based on the 1990 Census Summary Tape File Supplements Series 5 (Number of workers by county of residence, by county of work). The factor is calculated by dividing the total number employed whose place of employment is in the county(ies) served by the SDA, by the total number of employed persons living in the county(ies) served by the SDA. The result is then multiplied by 100 to convert to a percentage.⁶

The **three-year growth rate in real annual earnings in retail and wholesale trade** is based on the ES202 data and the Consumer Price Index for all Urban Consumers (CPI). It is calculated by first dividing average annual earnings in retail and wholesale trade in the SDA in 1996 by the earnings in 1993. This ratio is then inflation-adjusted by multiplying by .922 (the ratio of the 1993 CPI (144.4) to the 1996 CPR (156.7)). The result is converted to a percentage by subtracting one and multiplying by 100.

⁶Note that the current factor measure is based only on county data. The previous factor used in the PY 92/93 models was based on subcounty data for 1980, however subcounty data for 1990 were not available when the economic factors were developed.

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IV. ADJUSTMENTS BEYOND THE MODEL

INTRODUCTION

Section 106(e) of JTPA provides that each Governor shall prescribe, within parameters established by the Secretary, variations in the performance standards based upon specific economic, geographic and demographic factors in the State and in service delivery areas and substate areas within the State, the characteristics of the population to be served, and the type of services to be provided.

Each DOL model describes a minimally acceptable level of performance at which about 75% of the SDA/SSAs would be expected to exceed the standard. Actual performance varies above and below the model-derived standard for a number of reasons. Variation in performance can result not only from factors within the SDA/SSA's control that do not merit adjustments, but also from additional factors outside an SDA/SSA's control that are not included in the model, but could be. Factors within the SDA/SSA's control for which adjustments should not be made include differences in management practices. Some factors outside the SDA/SSA's control for which adjustments could be made are listed later in this section. In addition, the model can be adjusted within a prescribed tolerance range to account for variations arising from statistical imprecision.

Governors should develop a policy for permissible adjustments. This policy should specify the nature of the problem, the required evidence of the mitigating circumstances, and the probable effects of adjustments to the SDA/SSA's expected performance. The relationship between the remedy and the problem should be clear. Similar remedies should be available to any SDA/SSA in the same situation.

Adjustments that are not recommended include changes to the national departure points or the factor weights. In particular, changing the factor weights may violate the Secretary's parameters because some standards for some SDA/SSAs would be overadjusted and standards for others underadjusted on that factor.

Several circumstances in which variations from one or more of the model-adjusted levels for an SDA/SSA may be desirable are indicated below. The list is not all inclusive, but merely provides examples of unique local conditions or events over which an SDA/SSA has no control, yet may have a significant positive or negative effect on performance:

- Imprecision in the adjustment models.
- Extreme local factor values and/or extreme model-adjusted performance levels.
- Service to hard-to-serve participant groups not included in the models.
- The type of services to be provided.
- Problems relating to program design, including:
 - Local constraints regarding program mix.
 - Especially long or intensive programs.
- Further differences in local economic conditions, such as:
 - Regional variations.
 - Other mitigating factors including plant openings or closings and natural disasters.

GOVERNOR'S ADJUSTMENT WITHIN TOLERANCE RANGES

The tolerance range for each performance measure represents the average amount of imprecision in the models. The size of the tolerance level is related to how much SDA/SSAs' performance varies from the averages in the sample used to estimate the models. The greater the variation among SDA/SSAs, the larger the average tolerance range will be for that measure. Hence, for those measures with large tolerance ranges relative to average performance, the model provides less accurate predictions of SDA/SSA performance. Exhibit IV-1 provides the tolerance ranges for the Title II and Title III measures.

**Exhibit IV-1
PY 98 Tolerance Range Adjustments**

	<u>Tolerance Range</u>	<u>Optional Wider Tolerance Range for SDAs/SSAs with Two or More Extreme Values</u>
Title II-A Adults		
Adult follow-up employment rate	± 3.2%	± 4.6%
Adult follow-up weekly earnings	± \$12	± \$17
Welfare follow-up employment rate	± 4.1%	± 5.8%
Welfare follow-up weekly earnings	± \$13	± \$21
Title II-C Youth		
Youth entered employment rate	± 4.9%	± 7.2%
Youth employability enhancement rate	± 4.7%	± 6.4%
Youth positive termination rate	± 3.8%	± 5.6%
Section 204(d) Older Workers		
Entered employment rate	± 5.5%	—
Wage at placement	± \$0.35	—
Title III Dislocated Workers		
Entered employment rate	± 3.9%	± 6.7%
Wage at placement	± \$0.28	± \$0.49

NOTE: Tolerance ranges have not been changed from the PY 94 values. Updated tolerance ranges would generally have been 1/3 to 1/5 the size of historical tolerance ranges because of the increased accuracy of models estimated with SPIR data. Because such small tolerance ranges would have serious impacts on States' performance standards policies, it was decided to leave the tolerance ranges at their PY 94 values.

In addition to accounting for statistical imprecision, tolerance range adjustments are used in two other ways. First, they can be used to provide an additional lenient adjustment for SDA/SSAs facing extreme service conditions. Second, they provide a range of acceptable performance within which Governors can adjust SDA/SSA standards for factors not included in the model without providing complete documentation for the additional adjustment. This range of acceptable performance may also be used to establish the bounds for defining meeting the performance standard, as discussed in Section V.

Performance standards set anywhere within the specified tolerance range are acceptable model-derived performance expectations and, as such, meet the Secretary's parameters. Because complete documentation is not required for adjusting within this range, a Governor may prefer using the tolerance range itself rather than a point estimate in setting an SDA/SSA's performance standard.

EXTREME FACTOR VALUES

Although the adjustment models produce meaningful performance standards for a large majority of SDA/SSAs, under some circumstances the results may be unacceptably extreme. Governors should examine each SDA/SSA's model-adjusted performance levels for reasonableness. Extreme model-adjusted performance levels usually occur when SDA/SSAs have combinations of very high or low proportions of terminee characteristics and very favorable or unfavorable local economic conditions.

Exhibit IV-2 identifies extreme performance expectations. These values indicate the range within which at least 98% of the SDA/SSAs' model-derived performance level would fall given the distribution of the SDA/SSA factor values that prevailed in PY 1995 and PY 1996.

Exhibit IV-2
Extreme Model-Adjusted Performance Standards (PY 98)

	<u>Extremely Low</u>	<u>Extremely High</u>
Title II-A Adults		
Adult follow-up employment rate	< 42%	> 73%
Adult follow-up weekly earnings	< \$221	> \$348
Welfare follow-up employment rate	< 32%	> 69%
Welfare follow-up weekly earnings	< \$193	> \$318
Title II-C Youth		
Youth entered employment rate	< 22%	> 69%
Youth employability enhancement rate	< 17%	> 62%
Youth positive termination rate	< 65%	> 79%
Section 204(d) Older Workers		
Entered employment rate	< 48%	> 64%
Wage at placement	< \$5.15	> \$8.04
Title III Dislocated Workers		
Entered employment rate	< 59%	> 83%
Follow-up employment rate	< 57%	> 83%
Wage at placement	< \$5.15	> \$14.74
Average wage replacement rate at follow-up	< 73%	> 128%
Average wage replacement rate at termination	< 73%	> 124%

Extreme terminnee characteristics and local conditions are presented in Exhibit IV-3 for Title II-A adults, in Exhibit IV-4 for Title II-A welfare adults, in Exhibit IV-5 for Title II-C youth, in Exhibit IV-6 for Section 204(d) older workers, and in Exhibit IV-7 for EDWAA dislocated workers. These Exhibits identify the high and low extreme values, representing the lowest 1% and the highest 1% of factor values that prevailed in PY 1995 and PY 1996.

If the model-predicted performance level is extreme or if two or more of the local factors are extreme, the Governor may consider applying a wider tolerance range adjustment to make the standard more lenient. The wider tolerance ranges are also presented in Exhibit IV-1. Unlike the regular tolerance ranges listed in the Exhibit, which represent model imprecision for the average SDA/SSA, the optional wider tolerance ranges represent the average imprecision of the model for SDA/SSAs with two or more extreme local factors. *These expanded tolerance range adjustments should not be used as an addition to the usual tolerance range adjustments—they replace them!*

The adjustments for extreme characteristics can be entered on Line A of the worksheet for "Adjustments Beyond the Model," presented below.

After reviewing the local factors and performance outcomes for extremes, compare each SDA/SSA's job training plan with the PY 1998 worksheets to determine if the models adequately account for:

- Specific groups the SDA/SSA intends to serve.
- Local economic conditions.

If the characteristics of hard-to-serve groups that an SDA plans to serve are missing from the worksheets, additional adjustments for such groups may be warranted. These adjustments are described below. If there are local economic conditions that are not adequately explained by the economic factors contained on the worksheet, adjustments can be made using the procedures described below.

Exhibit IV-3
Extreme Values for Local Factors Title II-A Adults (PY 98)

	<u>Extremely Low</u>	<u>Extremely High</u>
% Female	< 44	> 93
% Age 55 or more	C	> 14
% Not a high school graduate	< 3	> 44
% Post-high school (including college)	< 6	> 59
% Dropout under age 30	C	> 23
% Black (not Hispanic)	C	> 91
% Other minority	C	> 93
% Minority male	C	> 41
% Cash welfare recipient	< 14	> 80
% Long-term TANF recipient	< 2	> 39
% SSI recipient	C	> 13
% Basic skills deficient	C	> 81
% Individual with a disability	C	> 31
% Limited English-language proficiency	C	> 28
% Lacks significant (poor) work history	< 2	> 79
% Offender	< 1	> 41
% Homeless	C	> 13
% Vietnam-era veteran	C	> 8
% Not in the labor force	C	> 83
% Unemployed 15 or more weeks	< 3	> 70
% UI claimant or exhaustee	< 1	> 41
Preprogram wage	C	> 7.07
% No preprogram wage	< 5	> 92
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34

Exhibit IV-4
Extreme Values for Local Factors—Title II-A Welfare Adults (PY 98)

	Extremely Low	Extremely High
% Female	< 57	—
% Age 55 or more	—	> 5
% Not a high school graduate	—	> 53
% Post-high school (including college)	—	> 60
% Dropout under age 30	—	> 29
% Black (not Hispanic)	—	> 95
% Other minority	—	> 96
% Minority male	—	> 27
% Long-term TANF recipient	< 4	> 75
% SSI recipient	—	> 13
% Basic skills deficient	—	> 84
% Individual with a disability	—	> 26
% Limited English-language proficiency	—	> 26
% Lacks significant (poor) work history	< 2	> 93
% Offender	—	> 32
% Homeless	—	> 11
% Not in the labor force	—	> 94
% Unemployed 15 or more weeks	—	> 84
Preprogram wage	—	> \$6.70
% No preprogram wage	< 5	> 98
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident-worker ratio (%)	< 63	> 177

Exhibit IV-5
Extreme Values for Local Factors--Title II-C Youth (PY 98)

	Extremely Low	Extremely High
% Female	< 37	> 89
% Age 14 to 15	—	> 50
% Age 16 to 17	—	> 67
% Student (high school or less)	—	> 83
% School dropout (high school or less)	< 2	> 83
% Post-high school (including college)	—	> 38
% Black (not Hispanic)	—	> 96
% Minority male	—	> 48
% Cash welfare recipient	< 8	> 64
% SSI recipient	—	> 15
% Welfare-to-Work program recipient	—	> 44
% Youth parent	< 8	> 75
% Basic skills deficient	< 1	> 92
% Lacks significant (poor) work history	< 1	> 95
% Offender	—	> 44
% Homeless	—	> 14
% Not in the labor force	< 5	> 96
% Unemployed 15 or more weeks	—	> 58
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident-worker ratio (%)	< 63	> 177

Exhibit IV-6
Extreme Values for Local Factors—Section 204(d) Older Workers (PY 98)

	Extremely Low	Extremely High
% Female	< 48	> 86
% Age 62 to 64	< 5	> 27
% Age 65 plus	< 4	> 39
% Not a high school graduate	< 4	> 49
% Post-high school (including college)	< 14	> 51
% Minority male	—	> 48
% Cash welfare recipient	—	> 23
% Basic skills deficient	—	> 90
% Individual with a disability	—	> 32
% Limited English-language proficiency	—	> 42
% Lacks significant (poor) work history	< 2	> 56
% Not in the labor force	—	> 63
% Unemployed 15 or more weeks	< 13	> 75
% UI claimant or exhaustee	< 5	> 73
Preprogram wage	—	> 9.32
% No preprogram wage	< 12	—
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34

Exhibit IV-7
Extreme Values for Local Factors—Title III Dislocated Workers (PY 98)

	Extremely Low	Extremely High
% Female	< 24	> 84
% Age 55 or more	C	> 23
% Not a high school graduate	C	> 32
% Post-high school (including college)	< 8	> 60
% College graduate	C	> 44
% Black (not Hispanic)	C	> 81
% Other minority	C	> 86
% Minority male	C	> 48
% Cash welfare recipient	C	> 18
% Basic skills deficient	C	> 79
% Individual with a disability	C	> 18
% Limited English-language proficiency	C	> 19
% Offender	C	> 22
% Vietnam-era veteran	C	> 19
% Displaced homemaker	C	> 16
% Unemployed 15 or more weeks	< 9	> 75
% UI claimant	< 20	> 95
% UI exhaustee	C	> 23
Dislocation wage	C	> 18.64
% No dislocation wage	C	C
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident-worker ratio (%)	< 63	> 177

ADDITIONAL ADJUSTMENTS FOR FACTORS NOT INCLUDED IN THE DOL MODELS

As mentioned above, Section 106(e) of JTPA mandates that each Governor adjust standards for the characteristics of clients served, the types of services provided, and local economic conditions. The DOL models do not include all such factors that might warrant adjustments for several reasons. First, the data used to develop the adjustment models do not contain information about all the client characteristics and local economic conditions that may warrant adjustments for specific local areas. Second, information on the types of activities provided was not used for model development. Third, some of the client characteristics included in the database were not examined during the model-development process or were excluded from the final models to keep them relatively simple. Finally, events such as natural disasters, large plant closings in relatively small communities, and other rare circumstances do not lend themselves to the development of adjustment weights through statistical procedures on national databases.

Governors may want to adjust SDA/SSA standards for such local factors that are not included in the models. Adjustments to the model are not recommended when factors are redundant with those already in the model. Additional adjustments to any factors redundant with those already in the model could double the appropriate adjustment.

The remainder of this section presents information on methods that Governors can use to make adjustments beyond the model. First, optional adjustment weights developed using available data are presented. Second, an approach for deriving factor weights using State MIS data is presented. Third, an approach for making adjustments when only limited data are available is described.

Optional Weights for Further Adjustments

Adjustments for Minority Groups Not Included in the PY 1998 Models

A continuing problem with the statistical analyses undertaken to develop the adjustment models is that the individual racial/ethnic groups often have either small or counterintuitive estimated adjustment weights. These small and/or counterintuitive

weights arise because some racial/ethnic groups are relatively uncommon and tend to be concentrated in specific regions. As a result, it is difficult to distinguish the effects of the relatively uncommon ethnic groups from the effects of regional economic conditions not included in the models.

Because of these problems, some individual racial/ethnic groups have often been excluded from many of the adjustment models. For example, “other minority” was excluded from several of the PY 1998 models because the estimated weights for the “other minority” factor were small and occasionally counterintuitive. As a result, SDA/SSAs do not receive any adjustment to their standards for serving this group—that is other minorities are treated like whites when calculating performance standards.

A previous Technical Workgroup reviewed alternative models that contained a single adjustment weight for "all minority" groups combined (Black, Hispanic, Asian and Pacific Islander, and American Indian and Alaskan Native). Models with a single "all minority" factor are comparable statistically to the models that were chosen for PY 1998. The "all minority" factor generally has a somewhat smaller adjustment weight than the weight for Black. Estimated adjustment weights for the other local factors are not substantially affected by whether or not the individual ethnic groups or a combined minority group are included in the model.

Adjustment weights for a single "all minority" factor are provided so that Governors can choose this alternative if appropriate for their States. Using this weight would provide the same adjustment for service to each minority group. Exhibit IV-8 presents national averages and weights to determine the amount of the additional adjustments needed when the "all minority" factor is used. This adjustment replaces the adjustments for “black” and “other minority.”

Again, if the Governor elects to adjust for racial/ethnic characteristics, every SDA/SSA planning to serve these groups must have the opportunity to receive an adjustment.

Exhibit IV-8
National Averages and Suggested Weights for
Adjustments for Combined Minority Group

	National Average	Adjustment Weight
Title II-A Adults	39.7	
Follow-up employment rate		-0.013
Follow-up weekly earnings		-0.180
Entered employment rate		-0.007
Wage at placement		-0.0040
Follow-up weeks worked		-0.247
Title II-A Welfare Adults	43.2	
Follow-up employment rate		-0.015
Follow-up weekly earnings		-0.181
Entered employment rate		-0.005
Title II-C Youth	48.6	
Entered employment rate		-0.039
Employability enhancement rate		--
Positive-termination rate		-0.003
Section 204(d) Older Workers	30.2	
Entered employment rate		-0.017
Wage at placement		-0.0016
Title III Dislocated Workers	24.4	
Entered employment rate		-0.025
Wage at placement		-0.0044
Average wage replacement rate at termination		-0.039
Average wage replacement rate at follow-up		-0.043
Follow-up employment rate		-0.018

Adjustments for Other Terminee Characteristics

Model-derived performance levels will not adequately adjust for service to all groups that have special employment impediments, sometimes resulting in unreasonably high performance expectations. Not all terminee characteristics available on the SPIR were investigated for inclusion in the PY 1998 models and some factors with small but significant adjustment weights were left out of the models to keep the DOL models relatively simple. Therefore, SPIR data were also used to develop weights for some additional characteristics.

National averages and weights that can be used to determine the amount of the additional adjustments needed are presented in Exhibit IV-9 for adults, in Exhibit IV-10 for adults receiving welfare, and in Exhibit IV-11 for youth and in Exhibit IV-12 for older workers and dislocated workers. This information can be entered into the worksheet for "Adjustments Beyond the Model," which is provided at the end of this section.

Adjustments for Program Activity

Program activities have been excluded from the DOL models so that SDA/SSAs are accountable for their choice of program activities. However, the Governor may decide that adjustments for program activity are appropriate. One reason that adjustments for activity may be appropriate is that the types of activities provided may be proxies for the skills deficiencies of clients. For example, SDAs providing a lot of basic skills training are likely to be serving many clients with basic skills deficiencies. Similarly, SDAs providing a lot of long-term training may be serving many clients needing intensive training. Adjustments for activity may be particularly appropriate when SDA/SSAs use the model to develop performance goals for their subcontractors.

Before implementing adjustments for program activity the Governor should determine that the incentives such adjustments provide to SDAs would further national and state JTPA goals.

Exhibit IV-9
National Averages and Suggested Weights for
Adjustments for Additional Characteristics: Adults

	Adjustment Weight					
	PY 95/96 National Average	Follow-up Employment Rate	Follow-up Earnings	Entered Employment Rate	Wage at Placement	Follow-up Weeks Worked
Individual with a disability (not a substantial barrier)	3.5	-0.075	-0.297	-0.043	-0.0032	-0.939
Reading skills at or below 8th grade level	22.7	-0.011	-0.040	--	-0.0012	-0.174
Age 45 to 54	8.5	-0.045	-0.160	-0.028	-0.0010	-0.560
Not a parent	31.5	-0.028	-0.099	-0.021	-0.0022	-0.346
Offender (excluding misdemeanors only)	6.8	--	-0.046	--	-0.0033	--
Substance abuse	5.1	--	-0.077	--	-0.0023	--

Exhibit IV-10
National Averages and Suggested Weights for
Adjustments for Additional Characteristics: Adults Receiving Welfare

	Adjustment Weight			
	PY 95/96 National Average	Follow-up Employment Rate	Follow-up Earnings	Entered Employment Rate
Individual with a disability (not a substantial barrier)	2.6	-0.080	-0.275	-0.031
Reading skills 8th grade level	23.3	-0.008	-0.029	-0.012
Age 45 to 54	4.3	-0.080	-0.200	-0.048
Not a parent	6.6	-0.035	-0.180	-0.049
Offender (excluding misdemeanors only)	4.4	--	--	--
Substance abuse	4.0	--	--	--

Exhibit IV-11
National Averages and Suggested Weights for
Adjustments for Additional Characteristics: Youth

	Adjustment Weight			
	PY 95/96 National Average	Entered Employment Rate	Employability Enhancement Rate	Positive Termination Rate
Reading skills at or below the 8th grade level	44.0	-0.007	--	-0.004
Not a parent	71.1	-0.012	--	--
Substance Abuse	3.0	-0.007	--	--

Exhibit IV-12
National Averages and Suggested Weights for
Adjustments for Additional Characteristics:
Section 204(d) Older Workers and Title III Dislocated Workers

	Adjustment Weight					
	PY 95/96 National Average	Entered Employment Rate	Wage at Placement	Average Wage Replacement Rate at FU	Average Wage Replacement Rate-Term	Follow-up Employment Rate
Section 204(d) Older Workers:						
Individual with a disability (not a substantial barrier)	6.3	-0.057	-0.0044			
Substance abuse	1.5	-0.013	--			
Offender, excluding misdemeanors only	1.8	--	-0.0038			
Title III Dislocated Workers:						
Individual with a disability (not a substantial barrier)	2.7	-0.042	-0.0025	-0.039	-0.125	-0.095
Age 45 to 54	24.4	-0.012	-0.0017	-0.034	-0.024	-0.035
Not a parent	50.8	-0.009	-0.0016	-0.019	-0.008	-0.019
Offender (excluding misdemeanors only)	1.9	-0.024	-0.0013	--	--	--
Reading skills at or below the 8 th grade level	15.5	-0.016	--	-0.008	--	-0.018
Substance abuse	1.1	-0.030	-0.0047	--	--	-0.052

Factor weights to adjust for program activity have been estimated using the PY 1996 SPIR data. The program activities represent the proportion of terminees who ever participated in an activity. Thus, individuals who *received more than one service* are *counted in more than one* category. Weights are presented for the following categories of training received:

- Received classroom training—basic education.
- Received classroom training—occupational skills.
- Received on-the-job training.
- Received work experience.
- Received other activities (youth only).

In addition one category of longer term training has been defined:

- Training for 26 or more weeks.

Also defined are three categories of training intensity:

- Received any training.
- Received training for 500 to 999 hours.
- Received training for 1000 or more hours.

Models have been estimated for several methods of adjusting for program activity:

- Adjustments for all the different program activities.
- Adjustments for all the different program activities and a further adjustment for longer term training.
- An adjustment only for classroom training in basic education.
- An adjustment for classroom training in basic education and a further adjustment for longer term training.
- Adjustments for receipt of any training and receipt of longer term training.
- Adjustments for receipt of any training, 500 to 999 hours of training and 1000 or more hours of training.

The national averages and weights needed to make these adjustments are provided in Exhibit IV-13 for adults, Exhibit IV-14 for welfare adults, Exhibit IV-15 for youth, Exhibit IV-16 for older workers, and Exhibit IV-17 for dislocated workers.

Exhibit IV-13
National Averages and Suggested Weights for
Adjustments for Program Activity: Adults

	Adjustment Weight					
	PY 95/96 National Average	Follow-up Employment Rate	Follow-up Earnings	Entered Employment Rate	Wage at Placement	Follow-up Weeks Worked
With all five factors included:						
Basic skills training	16.8	-0.014	-0.081	--	-0.0027	-0.254
Occupation skills training (non-OJT)	69.9	0.042	0.309	0.090	0.0068	0.467
On-the-job training	9.8	0.098	-0.041	0.196	-0.0037	1.269
Work experience	4.2	--	-0.131	0.034	-0.0016	-0.117
Other employment skills training	10.1	0.011	-0.173	0.043	-0.0018	0.135
The following factor may be included in addition to the above five factors:						
Training 26 weeks or longer	44.1	-0.090	0.120	-0.066	0.039	-0.199
As the only program factor:						
Basic skills training	16.8	-0.028	-0.149	-0.028	-0.0039	-0.429
The following factor may be included in addition to the above single factor:						
Training 26 weeks or longer	44.1	-0.005	0.234	-0.056	0.0066	-0.192
As the only program factors included:						
Received any training	90.5	0.038	0.073	0.155	0.0011	0.503
Training 26 weeks or longer	44.1	-0.011	0.221	-0.078	0.0064	-0.281
As the only program factors included:						
Received any training	90.5	0.017	0.114	0.117	0.0019	0.222
Training of 500 to 999 hours	15.7	0.037	0.015	0.028	0.0023	0.273
Training of 1000 hours or more	13.8	0.079	0.346	0.027	0.0100	0.796

Exhibit IV-14
National Averages and Suggested Weights for
Adjustments for Program Activity: Adults Receiving Welfare

	PY 95/96 National Average	Adjustment Weight		
		Follow-up Employment Rate	Follow-up Earnings	Entered Employment Rate
With all five factors included:				
Basic skills training	18.5	-0.047	-0.052	-0.029
Occupation skills training (non-OJT)	71.5	0.048	0.306	0.089
On-the-job training	8.4	0.126	--	0.212
Work experience	5.2	0.025	--	0.069
Other employment skills training	10.5	0.031	-0.104	0.028
The following factor may be included in addition to the above five factors:				
Training 26 weeks or longer	48.8	--	0.139	-0.54
As the only program factor:				
Basic skills training	18.5	-0.059	-0.102	-0.054
The following factor may be included in addition to the above single factor:				
Training 26 weeks or longer	48.8	0.008	0.246	-0.043
As the only program factors included:				
Received any training	91.1	0.035	0.038	0.089
Training 26 weeks or longer	48.8	--	0.236	-0.058
As the only program factors included:				
Received any training	91.1	0.011	0.055	0.049
Training of 500 to 999 hours	17.0	0.050	0.136	0.043
Training of 1000 hours or more	15.6	0.099	0.401	0.047

Exhibit IV-15
National Averages and Suggested Weights for
Adjustments for Program Activity: Youth

	Adjustment Weight			
	PY 95/96 National Average	Positive Termination Rate	Employability Enhancement Rate	Entered Employment Rate
With all five factors included:				
Basic skills training	43.2	0.061	0.139	--
Occupation skills training (non-OJT)	37.0	0.078	0.721	0.084
On-the-job training	3.3	--	-0.103	0.070
Work experience	26.2	0.074	0.110	0.035
Other employment skills training	32.0	0.072	0.123	0.031
The following factor may be included in addition to the above five factors:				
Training 26 weeks or longer	46.2	0.022	0.049	-0.024
As the only program factor:				
Basic skills training	43.2	0.041	0.118	-0.018
The following factor may be included in addition to the above single factor:				
Training 26 weeks or longer	46.1	0.031	0.057	-0.011
As the only program factors included:				
Received any training	93.1	0.146	0.119	0.134
Training 26 weeks or longer	46.1	0.020	0.056	-0.026
As the only program factors included:				
Received any training	93.1	0.142	0.129	0.113
Training of 500 to 999 hours	12.6	0.061	0.073	0.030
Training of 1000 hours or more	10.3	0.061	0.063	0.074

Exhibit IV-16
National Averages and Suggested Weights for
Adjustments for Program Activities:
Section 204(d) Older Workers

	PY 95/96 National Average	Adjustment Weight	
		Entered Employment Rate	Wage at Placement
With all five factors included:			
Basic skills training	9.1	-0.026	--
Occupation skills training (non-OJT)	52.8	--	-0.0050
On-the-job training	6.8	0.185	-0.0046
Work experience	8.8	-0.038	-0.0042
Other employment skills training	15.1	--	--
The following factor may be included in addition to the above five factors:			
Training 26 weeks or longer	23.5	-0.170	0.0013
As the only program factor:			
Basic skills training	9.1	-0.031	-0.0011
The following factor may be included in addition to the above single factors:			
Training 26 weeks or longer	23.5	-0.179	0.0024
As the only program factors included:			
Received any training	75.9	0.063	0.0018
Training 26 weeks or longer	23.5	-0.204	0.0017
As the only program factors included:			
Received any training	75.9	0.016	0.0019
Training of 500 to 999 hours	7.1	-0.069	0.0018
Training of 1000 hours or more	2.6	-0.058	0.0036

Exhibit IV-17
National Averages and Suggested Weights for
Adjustments for Program Activities:
Title III Dislocated Workers

	<u>Adjustment Weight</u>					
	<u>PY 95/96 National Average</u>	<u>Entered Employment Rate</u>	<u>Wage at Placement</u>	<u>Average Wage Replacement Rate at Termination</u>	<u>Average Wage Replacement Rate at Follow-up</u>	<u>Follow-Up Employment Rate</u>
With all three factors included:						
Basic skills training	11.5	0.017	-0.0034	-0.033	-0.037	-0.005
Occupation skills training (non-OJT)	65.0	0.097	0.0007	0.038	0.029	0.022
On-the-job training	6.6	0.208	-0.0048	-0.030	-0.028	0.085
The following factor may be included in addition to the above three factors:						
Training 26 weeks or longer	38.6	-0.044	--	0.005	0.013	-0.020
As the only program factor:						
Basic skills training	11.5	0.016	-0.0036	-0.036	-0.040	-0.005
The following factor may be included in addition to the above single factor:						
Training 26 weeks or longer	38.6	--	--	0.025	0.028	-0.011
As the only program factors included:						
Received any training	75.0	0.148	-0.0007	0.018	--	0.042
Training 26 weeks or longer	38.6	-0.072	--	0.014	0.022	-0.031
As the only program factors included:						
Received any training	75.0	0.109	-0.0004	0.023	0.012	0.022
Training of 500 to 999 hours	13.5	0.019	-0.0023	-0.021	-0.021	0.012
Training of 1000 hours or more	11.5	0.009	0.0013	0.038	0.054	0.023

Worksheet for Adjustments Beyond the Model

A worksheet to make these additional adjustments is presented below. To complete this worksheet, enter:

- The percentage of JTPA terminées in the target group (or program activity) for each SDA/SSA in Column G as the SDA/SSA Factor Value.
- The National Average in Column H.
- The Factor Weight in Column J on this worksheet.

Follow the usual procedures for completing Columns F through K of the Performance Standards Worksheets, as described in Section III. Enter any other additional adjustments in the section so labeled (Lines A through E). Sum all additional adjustments in Column K and enter the total on Line O, "Governor's Adjustment" on both this form and the Performance Standards Worksheet B.

Using State MIS Data to Make Adjustments

Certain target groups are not identified in the SPIR. Hence, alternate sources of performance information are needed for considering additional adjustments. If the State collects information on these target groups in its MIS system, that system can be a valuable source of information for making adjustments to account for group or subgroup characteristics not included in the model and unavailable from other national data sources.

The MIS system can provide the following information on the target group for both deriving the factor weights and completing the worksheet for "Adjustments Beyond the Model":

- Information for Deriving Factor Weights:
 - State Factor Values on all the local factors included in the model for those terminées in the target group based on historical data; and
 - An actual performance level for the target group. This should be estimated from historical data for the same group of terminées used for calculating the State Factor Values.

JTPA Performance Standards Worksheet For Adjustments Beyond the Model			A. Service Delivery Area's Name	B. SDA Number
C. Performance Period PY 98	D. Type of Standard [] Plan [] Recalculated	Date Calculated ____	E. Performance Measure	

F. LOCAL FACTORS	G. SDA FACTOR VALUES	H. ESTIMATES OF NATIONAL AVERAGES	I. DIFFERENCE (G MINUS H)	J. WEIGHTS	K. EFFECT OF LOCAL FACTORS ON PERFORMANCE EXPECTATIONS, (I TIMES J)
% Target Group No. 1					
% Target Group No. 2					
% Target Group No. 3					

OTHER ADDITIONAL ADJUSTMENTS	A. Extreme Factor Values	
	B. Target Group or Terminee Characteristic with No Derived Weight	
	C. Local Economic Condition	
	D. Program Design	
	E. Productivity Improvement	
TOTAL	O. GOVERNOR'S ADJUSTMENT	

- Information for Calculating Adjustments Beyond the Model:
 - A national or statewide percentage of JTPA terminees in the target group; and
 - The percentage of JTPA terminees in the target group for each SDA/SSA.

In considering additional adjustments, the Governor should first determine if the target group service levels or local economic conditions vary from one SDA/SSA to another. Even though the statewide local factors differ from national factors, additional adjustments may not be necessary unless differences among SDA/SSAs occur within the State. When the State differs from the national average but no intrastate differences occur, applying an additional adjustment will raise or lower all SDA/SSAs' standards without differentiating between SDA/SSAs.

The Governor should also examine whether the actual performance level for the target group is lower than model-predicted average performance for at least some SDA/SSAs in the State. Further, at least 50, and preferably more than 100, target group members are needed (statewide) to derive a factor weight.

The recommended method for calculating an adjustment weight compares the actual statewide performance for the target group with the model predicted average performance for the target group (based on the characteristics of the group that are included in the model).

A sample "Worksheet for Deriving Factor Weights" illustrates how to use this methodology to derive the factor weight. Similar worksheets for the measures can be constructed using this sample as a format. Instructions for developing and completing such worksheets are given below.

The worksheet and instructions are illustrated using the model for the Youth Entered Employment Rate. Depending on the specific measure being adjusted, substitute the appropriate Performance Standards Worksheet (e.g., AFER, AFWE, WFER, WFWE, etc.) for Blocks F through N of the sample worksheet for "Deriving Factor Weights."

After the adjustment weight is derived, then the "Worksheet for Adjustments Beyond the Model" can be used to adjust each SDA/SSA's performance standard for serving the target group. On that worksheet, the factor weight should be entered in Column J. Enter the other information obtained from the MIS system on the worksheet—the statewide percentage of JTPA terminees in the target group in Column H, and the percentage of JTPA terminees in the target group for each SDA/SSA in Column G.

Deriving Factor Weights PY 98 JTPA Performance Standards Worksheet		A. Target Group	B. State
C. Performance Period PY 98	D. Date Calculated	E. Performance Measure: Entered Employment Rate (Youth)	

F. Local Factors	G. State Factor Values For Target Group Only	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors On Performance (I Times J)
1. % Female		61.2		-0.059	
2. % Age 14 to 15		8.9		-0.286	
3. % Age 16 to 17		31.6		-0.052	
4. % Student (high school or less)		34.8		-0.183	
5. % School dropout (high school or less)		32.4		-0.145	
6. % Black (not Hispanic)		30.9		-0.057	
7. % Minority male		18.4		-0.027	
8. % Cash welfare recipient		31.5		-0.034	
9. % SSI recipient		3.7		-0.052	
10. % Basic skills deficient		60.7		-0.036	
11. % Lacks significant work history		61.4		-0.022	
12. % Offender		11.6		-0.036	
13. % Not in the labor force		56.3		-0.097	
14. % Unemployed 15 or more weeks		18.4		-0.056	
15. Unemployment rate		5.7		-0.657	
16. % of families with income below poverty level		10.6		-0.376	
L. Total					
M. NATIONAL DEPARTURE POINT					45.0
N. Model-Adjusted Performance Level (L + M)					
Q. Rescaling Departure Point to National Average Performance					
R. Model-Derived AVERAGE Performance for the Target Group (N + Q)					
S. Actual Target Group Performance Level, Statewide					
T. DIFFERENCE between Expected and Actual Performance (R - S)					
U. Weight for Target Group (- T/100)					

Instructions for the Performance Standards Worksheet for Deriving a Factor Weight for a Target Group

After the worksheet has been developed it should be filled out according to the following instructions:

Step 1 In Column G, enter the State Factor Values for the target group only (i.e., not for all SDA/SSA terminees as is usually done in calculating SDA/SSA standards).

Step 2 Complete Blocks H through N as usual.

Step 3 Complete Blocks Q through U using the following specific instructions:

Step 4 Block Q—Rescaling

Enter the value indicated below for the performance measure:

- Adults
 - Follow-up employment rate 6.1%
 - Follow-up weekly earnings \$17
- Welfare Adults
 - Follow-up employment rate 9.5%
 - Follow-up weekly earnings \$28
- Youth
 - Entered employment rate 8.1%
 - Employability enhancement rate 11.3%
 - Positive termination rate 6.3%
- Section 204(d) Older Workers
 - Entered employment rate 6.7%
 - Wage at placement \$0.64
- Dislocated Worker Workers
 - Entered employment rate 5.1%
 - Follow-up employment rate 3.9%
 - Average wage at placement \$0.42
 - Wage replacement rate at termination 4.6%
 - Wage replacement rate at follow-up 5.5%

Instructions for the Performance Standards Worksheet for Deriving a Factor Weight for a Target Group (Concluded)

These values represent the difference between the PY 1995 and PY 1996 national average performance and the departure points in the PY 1998 models. They, therefore, rescale the performance level from minimally acceptable performance, e.g., the lowest quartile, to average performance.

Step 5 Block R—Model-Derived AVERAGE Performance

Add Block N (the target group's model-adjusted performance at a minimally acceptable level) and Block Q to obtain the average expected performance based on model-included characteristics of the target group.

Step 6 Block S—Actual Target Group Performance Level

Enter the estimate, preferably statewide, of the target group's actual average performance level in Block S.

Step 7 Block T—Difference

Find the difference between the target group actual performance and model-derived average performance (Block R minus Block S).

Step 8 Block U—Factor Weights

To obtain the adjustment weight, change the sign of the value in Block T and divide by 100. Enter the result in Block U and in Column J of the worksheet for "Adjustments Beyond the Model."

This worksheet need be completed only once for each State. However, one such worksheet must be completed for each target group and for each performance measure.

<p>NOTE: If additional adjustments are to be made using terminnee characteristics or program activities, those adjustments should also be included on the worksheet for "Deriving Factor Weights." If adjustments are to be made for more than one target group where the factor is derived using the method below, the adjustments must be derived sequentially. That is, after deriving the weight for the first target group, add the first target group and its derived weight to the list of local factors and proceed to derive the weight of the second target group.)</p>
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Making Adjustments Using the Weighted Average Approach

In the absence of any State MIS data or national historical data, a weighted average approach may be used to adjust performance standards for serving special groups. The previous method is much preferred to this one, however, because other terminnee characteristics are taken into account before the target group adjustment is made. Thus, the following method should only be applied when information about the target group's other characteristics is not available.

Instructions for Using the Weighted Average Approach

If the State and SDA/SSA can agree on a standard for the target group, whether suggested by special surveys or another State's experience, then the total standard for the whole population of terminees can be calculated using the following weighted average formula:

$$\left[\frac{(NT-NG)}{NT} \times (PO) \right] + \left[\frac{NG}{NT} \times (PG) \right] = PT$$

where,

NT = Total expected number of terminees.

NG = Expected number of terminees in special group.

PO = Performance Standard for all terminees other than members of special group (e.g., from regular performance standards worksheet using planned characteristics of regular terminees.)

PG = Expected performance for terminees in special group.

PT= Performance standard for all terminees, including the target group.

The adjustment to be entered on Line B of the worksheet for "Adjustments Beyond the Model" is *PT - PO*.

After the end of the program year the standard should be recalculated based on actual service levels for the target group and on the actual characteristics of the regular terminees.

Example IV-1
Example of Using the Weighted Average Approach

What would the effect of operating a program for 50 Vietnam veterans be if the expected follow-up employment rate for Vietnam veterans were 40% and the expected rate for all other terminees were 70%, given a total of 400 terminees?

$$\left[\frac{350}{400} \times 70.0\% \right] + \left[\frac{50}{400} \times 40.0\% \right] = PT$$

$$61.2\% + 5.0\% = PT$$

$$66.2\% = PT$$

The adjusted expected EER performance is 66.2%. Therefore, the adjustment for this target group to be entered on Line B of the "Worksheet for Adjustments Beyond the Model" is:

$$66.2 \quad - \quad 70.0 \quad = \quad -3.8$$

Local Economic Conditions

Additional Local Economic Factors

Many different measures of local economic conditions were tested in developing the model. However, few of these were useful for inclusion in the model. Because most local economic factors are likely to be highly correlated with the local economic factors already included in the model, and hence redundant, further adjustments based on local economic conditions should be carefully scrutinized.

Instructions for the Residual Method for Adjusting for Local Economic Factors

In the absence of any DOL information on factor weights for local economic conditions, the following method that distinguishes between SDA/SSAs that have or do not have the particular local economic condition may be used to adjust performance:

- 1) Divide the SDA/SSAs into groups according to whether they have or do not have the specific local condition or according to the severity of the specific condition. To use this method, it is recommended that each group have at least ten SDA/SSAs in it. To achieve this minimum, more than one State's SDA/SSAs can be included in the groupings. Specific SDA/SSAs should not, however, be included or excluded arbitrarily from the analysis.
- 2) Obtain both actual performance and the model-derived performance level for each SDA/SSA. Rescale the model-derived performance level to account for the difference between the national average and the national departure points using the rescaling factors on page IV-29.
- 3) Subtract the rescaled model-derived performance from actual performance for each SDA/SSA. Call the differences "residuals".
- 4) Take the average of the residuals within each group of SDA/SSAs.
- 5) Enter, for each SDA/SSA, the average residual of the appropriate group on Line C at the bottom of the "Worksheet for Adjustments Beyond the Model."

Example IV-2
Example of Adjustment for Local Economic Condition

A State has 5 SDAs. Two SDAs are located in metropolitan areas with mass transit systems. Three SDAs are located in suburban to rural areas with nominal or no public transportation available. Program experience and evaluation show that the availability of public transportation increases the likelihood that JTPA participants will remain in jobs after placement. The State, therefore, has decided to adjust adult follow-up employment standards for this factor.

SDA	Mass Transit Availability	Actual FER	Model-Derived FER	FER Rescaling Factor	Rescaled Model-Derived FER	Residual
A	No	54.8	58.3	+ 2.4	60.7	-5.9
B	Partial (No)	69.1	60.0	+ 2.4	62.4	+ 6.7
C	Yes	71.7	55.5	+ 2.4	57.9	+ 13.8
D	No	54.8	60.2	+ 2.4	62.6	-7.8
E	Yes	66.0	59.2	+ 2.4	61.6	+ 4.4

The availability of mass transit systems within the SDAs, and the SDAs' actual and predicted follow-up employment rates are based on historical data.

The State obtained similar information for all SDAs in two other States yielding 8 additional SDAs with mass transportation systems and 17 additional SDAs without mass transportation. The Governor calculated rescaled model-derived performance levels for each SDA by adding the rescaling factor, 2.4, to the model-derived AFER level. Rescaled model-derived performance levels were subtracted from the actual performance to obtain residuals. By averaging the residuals for SDAs in each group, the Governor found the following adjustments:

Group A (with transit system):

$$(13.8 + 4.4 + \dots)/10 = + 2.1$$

Group B (without or partial transit system):

$$(-5.9 + 6.7 - 7.8 + \dots)/20 = -4.7$$

Example IV-2 (Concluded)

These adjustments are entered for each SDA in the State, on Line C at the bottom of the worksheet for "Adjustments Beyond the Model." The adjusted follow-up employment standards for the SDAs are as follows:

<u>SDA</u>	<u>Adjustment</u>	<u>Adjusted FER</u>
A	58.3 - 4.7	53.6
B	60.0 - 4.7	55.3
C	55.5 + 2.1	57.6
D	60.2 - 4.7	55.5
E	59.2 + 2.1	61.3

Regional Variations

Performance varies depending on the region in which the SDA/SSA is located. For example, an SDA/SSA in Region 7 is likely to have a higher follow-up employment rate than an SDA/SSA in another region. Because the regional variable minimizes the individual SDA/SSA differences within regions, it was excluded from the models. If the Governor chooses to make performance standards more stringent or lenient to account for regional differences in outcomes, the adjustments in Exhibits IV-18, IV-19, and IV-20 can be made directly to each SDA/SSA's model-derived standards. If a regional adjustment is made to one SDA/SSA's standards, all other SDA/SSAs within the State must be similarly adjusted.

To make a regional adjustment find the value in the Exhibits for the appropriate region and performance measure and enter it on the worksheet for "Adjustments Beyond the Model" on Line C.

Exhibit IV-18
Regional Effects for PY 98 Models
Title II-A and II-C Core Standards

ETA Region	Adults		Adults Receiving Welfare		Youth		
	Follow-up Employment Rate	Follow-up Weekly Earnings	Follow-up Employment Rate	Follow-up Weekly Earnings	Entered Employment Rate	Employability Enhancement Rate	Positive Termination Rate
1	--	--	--	4.651	-4.278	4.115	-0.938
2	-0.787	-16.347	--	-6.973	-1.044	-6.623	-2.652
3	-1.594	-15.381	-2.099	-10.380	--	--	-1.618
4	-0.567	-4.782	-1.975	-8.284	1.056	-2.018	-1.428
5	0.744	4.222	1.800	10.560	--	-2.839	-1.437
6	3.289	25.500	3.388	9.028	1.130	2.869	3.143
7	2.811	-10.055	4.950	-5.837	--	-8.986	-1.488
8	--	--	--	--	1.886	-0.172	-1.368
9	-1.502	--	-1.516	-0.312	-2.289	3.853	1.622
10	0.874	06.129	--	7.658	6.524	4.990	3.586

Exhibit IV-19
Regional Effects for PY 98 Models
Title II-A Noncore Standards

ETA Region	Adults			
	Entered Employment Rate	Follow-up Weeks Worked	Wage at Placement	Welfare Entered Employment Rate
1	1.698	--	0.181	--
2	-2.325	18.966	0.181	-2.682
3	-2.044	--	0.281	--
4	--	-16.345	0.122	--
5	0.852	12.400	0.130	0.567
6	-1.724	13.346	0.294	-2.355
7	0.958	17.052	0.051	--
8	--	--	0.220	-0.623
9	1.756	-49.124	0.199	1.933
10	3.754	39.237	0.019	2.694

Exhibit IV-20
Regional Effects for PY 98 Models
for Section 204(d) and Title III

ETA Region	Section 204 (d)		Title III Dislocated Workers				
	Entered Employment Rate	Wage at Placement	Entered Employment Rate	Wage at Placement	Average Wage Replacement Rate at Termination	Average Wage Replacement at Follow-Up	Follow-Up Employment Rate
1	0.128	0.846	0.723	0.212	0.538	--	-1.807
2	-1.709	-0.393	-1.261	-0.088	-1.476	-2.216	1.548
3	-3.993	--	--	0.084	-1.565	-1.950	0.643
4	6.244	-0.132	-1.147	-0.158	0.558	--	-2.463
5	--	-0.088	-3.626	-0.102	-2.035	--	-2.355
6	-1.525	0.099	5.540	0.276	5.545	5.839	5.463
7	-6.030	-0.621	3.855	-0.415	3.863	-3.213	2.074
8	-4.605	--	3.745	0.277	0.886	--	3.969
9	1.825	0.215	-0.524	-0.058	--	--	-1.183
10	-2.435	--	3.166	0.177	--	2.097	--

PRODUCTIVITY IMPROVEMENT ADJUSTMENT

Governors may wish to examine SDA/SSAs' past performance and set reasonable productivity improvement factors for each measure. These factors may be added to the worksheet as an additional adjustment.

IMPORTANCE OF NEGOTIATION IN ADJUSTMENT PROCESS

States are encouraged to negotiate specific adjustments to model-adjusted performance levels with their SDA/SSAs. Requests for adjustments should be reviewed based on their merits and to establish policy precedents.

State staff should develop formulas to quantify problems and their relationship to performance, and to identify/provide SDA/SSAs with acceptable sources of documentation. For example, the State MIS may provide useful performance estimates for a target group not included in the model.

A statewide SDA/SSA may also need to assess and document the effects of additional circumstances in different parts of the State. The approach to determining the effects of this situation on the overall Statewide SDA/SSA performance is similar to that suggested for multiple-SDA/SSA States.

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Exhibit V-1
Section 106(b)(7) of the Job Training Partnership Act

- 106(b)(7) INCENTIVE GRANTS.-From funds available under section 202(c)(1)(B), and under section 262(c)(1)(B), for providing incentive grants under this paragraph, each Governor shall award incentive grants for programs under parts A and C of title II, other than programs under section 204(d), to service delivery areas that-
- (A) exceed the performance standards established by the Secretary under this subsection (except for the standards established under paragraph (8)) with respect to services to all participants;
 - (B) exceed the performance standards established by the Secretary under this subsection (except for the standards established under paragraph (8)) with respect to services to populations of hard-to-serve individuals;
 - (C) serve more than the minimum percentage of out-of-school youth required by section 263(f);
 - (D) place participants in employment that-
 - (i) provides post-program earnings exceeding the applicable performance criteria; and
 - (ii) includes employer-assisted employment benefits, including health benefits, consistent with the requirements of section 143(a)(4) relating to subsidized employment; and
 - (E) exceed the performance standards established by the Governor under subsection (e) for programs under title II, except that not more than 25 percent of the incentive grants shall be awarded on performance standards established under subsection (e).

V. INCENTIVE POLICIES

INTRODUCTION

Incentive policies are intended to reward high performing SDAs by providing them with incentives to fulfill the goals of JTPA. The legislative mandate and requirements for incentive policies are contained in Section 106(b)(7) of JTPA (Exhibit V-1). These provisions for incentives based on performance pertain only to Title II-A adult programs and Title II-C youth programs. They do not apply to older worker programs (Section 204(d)) or to Title III dislocated worker programs (EDWAA). Therefore, the discussion in this section is limited to incentives based on Title II-A and Title II-C performance.

GPRA and Incentive Policies

The Government Performance and Results Act (GPRA) requires federal programs to develop quantifiable measures of outcomes, which JTPA has been doing for many years. But it also requires a commitment to continuous performance improvement in measured outcomes. Although continuous improvement is a new challenge for some programs in the JTPA system, it is a challenge that JTPA is well-positioned to accomplish through its performance standards system.

The Employment and Training Administration (ETA) challenges all States to design their State's JTPA incentive policies to promote higher levels of performance and performance improvement. For many years, JTPA performance standards have marked the dividing line between minimally acceptable levels of performance and unsatisfactory performance. State policy can also use performance standards to set a different, higher dividing line between rewardable levels of performance and merely satisfactory levels that do not fully contribute to the system's accomplishment of its performance goals. Policies that set higher levels of performance and performance improvement to qualify for incentive funds than the lower levels required to avoid sanctions have already been adopted by some states. The

monetary incentives provided under JTPA have been and will continue to be strong motivators of organizational performance. Incentive funds can be used to motivate the system to meet the new requirements posed by GPRA while affording States continued flexibility in developing policies to meet these new challenges.

Criteria to Be Included in Incentive Policies

Funds available under Sections 202(c)(1)(B) and 262(c)(1)(B) are to be used by States to provide incentive grants, although up to 33% of such funds may be used for capacity building and technical assistance to SDAs and service providers.

For PYs 1998 and 1999, Governors are to provide incentive grants to reward SDAs for:

- Exceeding the Secretary's core standards (required).
- Attaining levels of performance and performance improvement that assist the JTPA system to attain its annual and strategic performance goals under the GPRA (encouraged).
- Programs serving out-of-school youth successfully (encouraged, but not required).¹
- Placing participants in employment with employer-assisted benefits, including health benefits (encouraged, but not required). Although Governors have considerable latitude in rewarding benefits, the definitions used must be consistent with the definitions used in the SPIR.
- Exceeding State performance standards (optional).

The first and last criteria (Secretary's core standards and State standards) have been the basis of incentive policies since the onset of JTPA. The criteria for out-of-school youth programs and employer-assisted benefits were introduced by DOL in PY 1994 to meet the requirements of the JTPA Amendments of 1992.

¹In previous years, Governors were encouraged to provide incentives for "model programs for out of school youth either identified by DOL or recognized by the State as having a demonstrated record of success."

DOL Guidelines

States have considerable flexibility in developing incentive award policies based on these factors. There are, however, some limitations placed on State policies by the legislation and by DOL policy as explained in the performance standards issuance²

- Incentive awards may *not* be given to an SDA that fails the Secretary's standard for service to the hard to serve. Thus, the requirement that 65% of adult participants and 65% of youth participants who receive post-objective-assessment services be hard to serve is a *gate* to receipt of incentive awards. In assessing compliance with this requirement, in-school and out-of-school youth are combined (i.e., 65% of all youth are hard to serve), but adults and youth are considered separately (i.e., 65% of adults and 65% of youth are hard to serve). A complete discussion of the determination of compliance with the 65% requirement is given in Section I.
- The Secretary's core standards must not be "zero-weighted" in determining incentive awards. At least *some* portion of incentive awards must be based on *each* of the 6 core standards (or 5 core standards if youth positive termination rates is used in lieu of the two youth performance standards.)
- Incentive awards *must* be given to SDAs that *exceed all* of the Secretary's core standards for all participants (and meet the Secretary's standard for service to the hard to serve).
- For PY 98 and PY 99, Governor's are *encouraged* to reward successful programs for out-of-school youth and placement into employment with employer-assisted benefits. Rewards for successful out-of-school youth programs are limited to SDAs that exceed the 50% minimum level of service to out-of-school youth.
- No more than 25% of the funds used for incentive awards may be based on State standards. Thus, at least 75% must be based on the core standards and on the criteria for high performance and improved performance, successful out-of-school youth programs, and employer-assisted benefits.
- Incentive awards may *not* be given to an SDA that fails standards by the Secretary's definition of failure. Rewarding SDAs that were at risk of sanctions for underperformance would be inconsistent with the intent of incentives. Meeting standards by the Secretary's definition does not guarantee receipt of an incentive award; such SDAs may or may not be given an incentive award.

²Training and Employment Guidance Letter, 12-97

- Incentive policies may include adjustment to the incentive award amount based upon such additional factors as grant size, additional services to the hard-to-serve, intensity of service and expenditure level.
- Cost standards cannot be used for incentive award purposes. States, however, are reminded that financial reviews in program management play an integral role. States are, therefore, encouraged to explore ways of relating overall costs of job training to more direct measures of long-term employment and earnings, and reductions in welfare.

Another change resulting from the JTPA Amendments of 1992 is that there is no longer specific language stating that incentives be based on "the degree by which" performance standards are exceeded. Although SDAs must exceed (rather than just meet) a standard to receive an award, it is up to the State to define what levels of performance constitute meeting, exceeding, and failing each individual standard and to determine whether and by what amount the incentive award increases with additional performance.

State Decisions

In developing an incentive policy based on these guidelines, the State must make a variety of decisions, including:

- What portion of 5% funds to use for incentive awards (at least 67%) and what portion to use for capacity building and technical assistance (not more than 33%).
- Whether and how to identify and reward successful programs for out-of-school youth.
- Whether and how to measure and reward placement in jobs with employer-assisted benefits.
- Whether and how to reward higher levels of performance and performance improvement.
- How to determine the levels of performance that constitute meeting, exceeding and failing each of the Secretary's core standards. As discussed in detail below, States may define these concepts so that an SDA either exceeds or fails a standard, with no middle ground where it merely meets the standard, or it may define them so that there is a range of performance where an SDA meets the standard, but neither exceeds nor fails the standard.
- How to determine which SDAs qualify for awards.

- How much emphasis to place on each of the various standards and other criteria in determining awards.
- How to calculate awards. States need to determine how much award is given for just exceeding a standard and whether and how the award increases with performance beyond the standard.

Each of these State decisions is discussed in the sections below, which discuss the new incentive criteria, qualifying for incentive awards, and calculating incentive awards.

MEASURING INCENTIVE CRITERIA AND SETTING ACHIEVEMENT LEVELS

In this section, we discuss rewarding the additional incentive criteria, including higher performance and performance improvement, successful programs for out-of-school youth, and placement in jobs with employer-assisted benefits. States are encouraged to reward these new criteria in their PY 98 and PY 99 incentive policies.

Rewarding Higher Performance and Performance Improvement

The biggest challenge that States face in developing their incentive policies for PYs 1998 and 1999 is developing ways to meet ETA's challenge to design incentive policies to promote higher levels of performance and performance improvement.

There are many methods of setting incentive targets that would promote performance improvement each year under ETA's Strategic Plan as required by the Government Performance and Results Act (GPRA). Among these methods are: 1) States substitute a new, higher departure point in the performance standards worksheets, and 2) States set a challenging State performance target and reward according to the extent to which SDAs meet target or make progress toward meeting it.

States adopting either of these methods would be adopting a definition of "exceeding a performance standard" that requires performance above the level of performance specified as minimally acceptable and non-sanctionable. Thus, SDAs with performance at or above the performance standard, but below the incentive target (or rewardable level), would be considered as "meeting performance standards." All SDAs with performance in the range between the standard (the sanctionable level) and

the rewardable level would be treated as merely meeting the performance standard. Only SDAs with performance above the rewardable level would be considered as "exceeding" performance standards.

Because only SDAs exceeding the rewardable level are defined as "exceeding" standards, the State is not required to provide incentives to SDAs with performance above the standard but below the rewardable level, even if that level of performance is achieved for all of the Secretary's core standards. Incentives are required only for SDAs that exceed all core standards by the Governor's definition of exceeding, which for these methods requires performance above the rewardable level.

States can set separate levels of rewardable performance in several ways.

Method A: Adopting a Higher Departure Point

In the first method, a higher departure point is substituted for the national departure point in the performance standards worksheets just for the purpose of determining which local areas merit performance rewards on each measure (while continuing to use the lower national departure point for sanctions purposes). The higher departure point for incentives could be set at: 1) the GPRA goal level for the appropriate measure, or 2) a percentile of national performance higher than that used for establishing the national departure points (percentiles of national performance are provided later in this section).

To illustrate the first method using the GPRA goal level for the Adult Follow-Up Employment Rate: in the performance standards worksheet, the national departure point of 60% would be replaced by 64% (the GPRA goal level) for PY 1998, and by 65% for PY 1999. The effect would be to raise the local area's standard calculated by the worksheet to a higher, rewardable level. If the local area achieved the higher level, it would qualify for incentives attached to this measure in the State's policy (all other conditions being met).

Method B: Setting State Performance Improvement Targets

The second method of using incentives to encourage performance improvement would be for the State to set a target performance improvement level for the State. It would then allocate various levels of performance or performance improvements calculated to achieve the State's target among the local areas. States with average performance at or above the national average could set a performance improvement target equivalent to the national rate of performance improvement implicit in the GPRA goal. States with performance below the national average should aim for a higher rate of performance improvement than the rate implicit in the GPRA goals.

For example, a State with average performance on the Adult Follow-Up Employment Rate of 65% in PY 1996 could say its PY 1998 target is 67%, an increase equivalent to the increase in the national average from 62% in PY 1996 to the GPRA goal of 64% in PY 1998. The State could then say that high-performing SDAs need achieve a lesser rate of performance improvement, and low-performing SDAs must achieve a higher rate of performance improvement, so that the overall effect statewide would be to achieve a 67% rate.

Method C: Rewards for Performance Improvement

A third alternative is for the state to include explicit awards for performance improvement in its incentive policy. For example, SDAs improving on past performance by a specified amount could be given an award that depends on the amount of performance improvement.

More information on developing incentive policies that reward performance at separate, higher levels than sanctionable levels is presented later in this chapter.

Rewarding Successful Programs for Out-of-School Youth

One of DOL's high priorities is to improve the effectiveness of JTPA programs for out-of-school youth. Results from the National JTPA Study show that outcomes achieved by out-of-school youth 30 months after entering the program are disappointing. To implement Section 106(b)(7)(C), DOL has initiated incentive awards

for successful programs for out-of-school youth. Governors are encouraged, but not required, to provide such incentives for PY 98 and PY 99. States, therefore, may need to develop ways to identify such successful programs. Possible approaches include:

- Using outcomes achieved to identify successful programs. The outcomes examined could include not only the youth performance measures, but also other outcomes, such as learning gains, skill attainment, high school completion, earnings, and retention in full-time employment.
- Offering "seed money" from incentive funds to plan or operate programs that provide innovative or high-quality training to out-of-school youth based on criteria established by the Governor. Examples of such criteria include training that integrates occupational and basic skills training and training that emphasizes acquiring job-skills in demand in the emerging workplace. Note that seed money from PY 98 incentive funds cannot be awarded until after the program year to assure that the SDA is eligible for incentives (i.e., exceeds the 65% requirement, does not fail standards by the Secretary's definition of failure, etc.)

Governor's are encouraged to design their incentive policy to reward exceptional and innovative programs for out-of-school youth.

Note: Whatever method is used to reward successful out-of-school youth programs, access to such incentives must be limited to SDAs that serve in excess of 50% out-of-school youth in their overall Title II-C program.

Rewarding Employer-Assisted Benefits, Including Health Benefits

For PY 98 and PY 99 Governors are encouraged, but not required, to reward SDAs for placements in jobs with employer-assisted benefits, including health benefits. Rewarding such placements in jobs with employer-assisted benefits is intended to increase the focus on overall job quality. The follow-up earnings standards do not account for employer-assisted benefits; they treat two jobs with the same wage, but with very different benefits, as equivalent. Consequently, because employer-assisted benefits may be a substantial portion of total compensation, follow-up earnings may not fully reflect job quality. Congress considered this in adopting employer-assisted benefits as a separate criterion for use in incentive policies.

To include placement in jobs with employer-assisted benefits in their incentive policies, States will need to:

- Specify how placement in jobs with employer-assisted benefits will be measured. This definition must be consistent with the SPIR item for employer-assisted benefits (Item 35c).
- Determine how to reward placement in jobs with employer-assisted benefits. One approach would be to treat employer-assisted benefits in a way similar to the core and Governor's standards. Such treatment would require the State to:
 - Determine a departure point to use in setting reward levels for benefits. This departure point would serve the same function served by the numerical national standards for the Secretary's performance standards. It would be the level of performance that, before adjustment for local factors, identifies rewardable performance.
 - Determine whether and how the departure point should be adjusted for the clientele and economic conditions when setting reward levels for each SDA.

Each of these issues is discussed below.

Measurement

States are free to choose how to measure placement in employment that provides employer-assisted benefits (including health benefits). However, DOL requires that the measure be based on the SPIR reporting item for benefits (Item 35c). The SPIR item records information about the availability of health benefits and either Social Security or an equivalent retirement plan on the placement job. It is not necessary for the individual to actually receive these benefits when employment begins, as long as they are an acknowledged component of employment conditions. For example, health benefits available after a waiting period count as employer-assisted benefits, as do benefits that are turned down by the employee because of availability from another source (e.g., spouse's health insurance). Because Social Security or an alternative are nearly universal, this measure amounts to a measure of health benefits alone.

There are several ways to measure placement in jobs that provide benefits at the SDA level using the individual-level SPIR item, including:

- Among terminees who enter employment, the percent who are eligible for benefits.
- Among all terminees (whether or not they enter employment), the percent who enter employment *and* are eligible for benefits.

The first measure is a pure measure of the availability of health benefits, but it penalizes SDAs for placements that do not provide benefits. For example, suppose two SDAs (A and B), each with 100 terminees, placed 50 terminees in jobs with health benefits, but SDA B also placed an additional 10 terminees in jobs without health benefits. The first measure would give a score of 100% to SDA A (all terminees who entered employment were eligible for benefits). SDA B would have a score of 83% (50 out of 60), even though both SDAs placed the same number in jobs with benefits. Presumably, however, the SDA with more placements would get some credit in the follow-up employment rate. The second measure gives both SDAs a score of 50% because they both place half of all terminees (50 out of 100) in jobs with health benefits.

An advantage of the first measure is that it is unlikely to be redundant with employment measures because it could be either low or high for an SDA with a high follow-up employment rate. The second measure is more likely to be redundant with the follow-up employment rate, because both measures are low when many individuals do not find employment.

Setting a Departure Point

States can decide to reward placement in jobs providing employer-assisted benefits in a manner similar to that used for the core standards. To do so, the State must set a *departure point* to identify the average level of performance that is rewardable, before any adjustments for local factors. This departure point serves the same function that the national numerical standard serves for the core standards.

Exhibit V-2 provides information on the distribution of the percent with fringe benefits among SDAs as reported in the PY 96 SPIR data. These data could be used by the state to set a departure point for fringe benefits. For example, states could set the

departure point at the 25th percentile as is used for the national standards for the core measure.

Setting SDA Reward Levels for Benefits

Adjusting the departure point to set reward levels for SDAs is important because the availability of health benefits varies tremendously among industries. For example, health plans are relatively common in manufacturing jobs (75% of employees participate), but much less common in retail trade (34%) and rare in agricultural jobs (22%).³

One possibility is to develop an adjustment based on Census data about the incidence of group health plans by industry. These data could be used to estimate the availability of health benefits in an SDA based on the SDA's industrial mix, as determined from ES202 data or from the industry mix of the SDA's placements. Although such an estimate does not account for other factors that affect the availability of health benefits, it could provide a useful adjustment.

Exhibit V-3 presents a worksheet that could be used to implement this adjustment approach.⁴ Instructions for using this worksheet are presented below. The worksheet is designed for use when the State's outcome measure is the percentage of placements with employer-assisted benefits among those terminees who enter employment.

³U.S. Bureau of the Census, *Statistical Abstract of the United States: 1991*, p. 419.

⁴This estimate is calculated as follows. First, employment in the SDA in each industry is multiplied by the national incidence of health benefits in that industry. These products are then summed over all industries to estimate the total number of employees with health benefits. The result is divided by total employees to calculate an estimated proportion of employees in the SDA that have health benefits.

Exhibit V-2
Percentiles of Performance for Fringe Benefits
Based on PY 94 SPIR Data

Percentile	Percent Entering Employment with Fringe Benefits		Percent of Those Entering Employment with Fringe Benefits	
	Title II-A	Title II-C	Title II-A	Title II-C
95th	66.7	46.0	89.7	81.4
90th	60.0	40.1	82.7	74.1
85th	56.7	34.7	79.6	68.7
80th	54.1	31.5	76.9	63.6
75th	51.8	28.5	74.0	58.6
70th	49.4	25.3	72.0	55.0
65th	46.8	23.3	70.3	52.1
60th	45.6	21.7	68.4	50.0
55th	44.0	19.8	66.4	46.1
50th	42.4	17.2	64.2	43.1
45th	40.5	15.5	61.8	40.9
40th	39.1	13.7	60.0	38.4
35th	37.2	12.3	57.8	35.5
30th	35.0	11.0	55.3	32.7
25th	32.6	9.6	52.9	29.4
20th	30.5	8.3	50.0	25.4
15th	28.3	7.1	47.8	21.6
10th	25.2	5.5	44.2	16.6
5th	18.2	4.0	36.8	12.9

Exhibit V-3
Optional Worksheet for Adjusting Reward Levels for Employer-Assisted Benefits

A. Industry group	B. Percent of employment in SDA	C. Percent with group health nationally	D. Product of B and C divided by 100
Agriculture, forestry & fisheries		22.0	
Mining		80.2	
Construction		50.6	
Manufacturing		75.0	
Transportation & public utilities		74.5	
Wholesale trade		67.2	
Retail trade		34.1	
Finance, insurance & real estate		65.9	
Services ⁵		51.3	
Public Administration		74.9	
E. Sum of Column D. Estimated percentage of employees with group health plans in the SDA.			
F. National Average			56.6%
G. Adjustment (E - F) ⁶			
H. State Departure Point			
I. SDA Reward Level (G + H)			

Note: Shaded boxes will have the same value for all SDAs in a State. The values in the unshaded boxes may vary by SDA.

⁵The Census data divide this category into 4 subcategories: business services (45.8% with group health plans), personal services (23.5%), entertainment and recreation (32.8%) and professional and related (59.2%). If data are available to break down employment in the SDA by these more detailed subcategories, it would be desirable to do so because of the wide variation in the incidence of group health plans among these groups.

⁶This adjustment should be used only if the State measures employer-assisted benefits by the percentage of placements that have benefits.

Instructions for the Optional Worksheet for Adjusting Reward Levels for Employer-Assisted Benefits

The Optional Worksheet for Adjusting Reward Levels for Employer-Assisted Benefits (Exhibit V-3) is appropriate for use when the State measures employer-assisted benefits as the percentage of placements that provide health benefits (and Social Security or an equivalent retirement plan). To use the worksheet the State will need:

- Information about the industry mix of employment in each SDA's area. This information could be derived from Census data, ES202 data, or the industry mix of placements.
 - Using Census or ES202 data holds the SDA accountable for placing participants in jobs with health benefits according to the types of industries in the local area. Thus, an SDA in a local area dominated by manufacturing would receive high reward levels for benefits regardless of the industries in which placements occurred.
 - Using the industry of *placements* in the SDA holds the SDA harmless for the industries in which participants are placed, but holds them accountable for placing participants in jobs with health benefits typical nationally for those industries. Thus, an SDA placing most participants in service jobs would receive a low reward level for benefits, even if the local area was dominated by manufacturing or other industries that typically provide benefits.
- Information about levels of employer-provided health benefits to use as a departure point for the State. The departure point could be based on information about the prevalence of employer-assisted benefits in JTPA placements or about employer-assisted benefits in the general population, either in the State or nation. For example, the information presented in Exhibit V-2 indicated that the 25th percentile for the Title II-A program was 52.9%. This value could be used as the departure point for the State.

Caution: Although this adjustment procedure appears reasonable on its face (i.e., it has face validity) the appropriateness of the adjustments it provides has *not* been tested against actual JTPA data on employer-assisted benefits.

**Instructions for the Optional Worksheet for Adjusting Reward Levels for
Employer-Assisted Benefits (Concluded)**

The worksheet indicates the industry groups used in Column A. Column C indicates the national percentage of employees in the industry who participate in group health plans.⁷ To use the worksheet the State would go through the following steps for each SDA:

Step 1: Enter in Column B the percent of employment in the SDA that is in each industry group. This industry mix may be based on Census data, ES202 data, or the industry mix of the SDA's placements. Although this industry mix must be based on the same source for each SDA, the values will be different for each SDA in the State.

Step 2: Multiply the values in Column B by the values in Column C (the national percent of employment in the industry that receives group health benefits) and divide by 100. Enter the result in Column D. Each of these values is the estimated percentage of employment in the SDA that is *both* in the given industry *and* has group health benefits.

Step 3: Sum the values in Column D and enter the result in Box E. This value is the estimated percentage of employment across all industries in the SDA that has group health benefits.

Step 4: Subtract the value in Box F (the national incidence of group health benefits) from the value in Box E and enter the result in Box G. This value represents the adjustment for the SDA.

Step 5: Enter in Box H the departure point in the State for employer-assisted benefits. This value should be the same for all SDAs in the State.

Step 6: Add Box G to Box H and enter the result in Box I. This value is the adjusted reward level for the SDA.

⁷U.S. Bureau of the Census, *Statistical Abstract of the United States: 1991*, p. 419.

Note: If the State's outcome measure is the percentage of *all* terminees placed in jobs *with* benefits, the procedure must be modified. One way to develop a reward level for such a measure would be to use the DOL adjustment model for the entered employment rate to provide a performance level for the SDA for the placement rate. That value could then be multiplied by the ratio of Box E to Box F on the worksheet to determine a minimally acceptable performance level for the percentage of terminees that are placed in jobs with health benefits. Although the model-adjusted performance level for the entered employment rate could be set at the 25th percentile, the resulting reward level for benefits would probably be somewhat above the 25th percentile, but below the 50th percentile.

An Alternative Approach to Rewarding SDAs for Placements in Jobs with Benefits.

Although the above discussion shows how to develop an acceptable performance level for employer-assisted benefits, it is clear that the quality of the departure point and of the SDA adjustments is limited by data deficiencies. Rather than setting reward levels for employer-assisted benefits using a process akin to setting standards for the Secretary's standards, States may choose a simpler approach. Because there are no sanctions based on this criterion, it is not absolutely necessary to set a minimally acceptable performance level. Indeed, it is possible to reward SDAs at all levels of performance on employer-assisted benefits.

One way to do this would be to set aside a portion of incentive funds to reward placements in employer-assisted benefits. This reward pool could be divided among SDAs based on their proportionate share of all placements in jobs with employer-assisted benefits. This procedure is equivalent to giving a fixed amount for each placement (i.e., the amount is the value of the pool divided by the total number of placements into jobs with benefits in the State).

Although this procedure has the benefit of simplicity, it implicitly holds each SDA to the same standard without adjusting for the local prevalence of health benefits. SDAs in areas where employer-assisted health benefits are prevalent would tend to receive larger awards regardless of the quality of their programs. States, therefore,

should consider such an approach as an interim procedure to be used until better data on employer-assisted benefits are available.

QUALIFYING FOR INCENTIVE AWARDS⁸

A major element in the State's incentive policy is to determine when an SDA's performance is sufficient to qualify for incentives. The legislation (Section 106(b)(7)) requires that incentives be given to SDAs exceeding performance standards and other criteria. Further, sanctions are to be applied to SDAs failing the Secretary's standards (Section 106(j)).

Although the Secretary has defined *failing* performance standards and *meeting* performance standards, SDAs qualify for incentives based on *exceeding* performance standards. The development of operational definitions of exceeding standards has been left to the States, as long as some general DOL guidelines are met. These guidelines place limits on which SDAs qualify for incentives:

- To receive *any* incentive award an SDA must meet the Secretary's standard for service to the hard to serve: at least 65% of participants receiving training and/or services beyond objective assessment must be in the legislatively defined hard-to-serve categories for both adults and youths, considered separately. Thus, this hard-to-serve requirement is a *gate* to incentive awards.
- An SDA failing standards according to the Secretary's definition of failure may not receive incentive awards. Thus, to receive any incentive an SDA must meet or exceed more than half of the core standards.
- An SDA that *exceeds all 6* (or 5 if youth positive termination rate is used instead of the two youth performance standards) of the core standards (and passes through the hard-to-serve gate) *must* receive an incentive award.

Within these guidelines States have considerable latitude in designing their incentive policies.

⁸This and the following sections include some material originally contained in a previous guide: *Developing Effective JTPA Performance Standards Incentive Policies: A Technical Assistance Guide*, National Commission for Employment Policy, Washington, DC, 1990.

In establishing criteria about when SDAs qualify for incentives, States must develop two separate policies:

- How to define meeting, exceeding and failing *individual standards*.
- How to define *exceeding performance standards overall*, usually based on the number of standards exceeded.

The Secretary is responsible for defining meeting performance standards overall and failing performance standards overall. Governors are responsible for defining meeting individual standards and failing individual standards.

Many States have felt a tension between the two uses of performance standards, rewards and sanctions. On the one hand, they do not want to set the criteria for failing so high that SDAs performing at an adequate level fail; on the other hand, they do not want to set the criteria for exceeding standards so low that SDAs performing at a marginally adequate level get substantial rewards for "good" performance. Further, beginning with PY 98 DOL is encouraging states to design incentive policies that promote higher performance and improved performance. One way to accomplish this objective is to set more stringent criteria for exceeding individual standards than for meeting those standards. Several options to distinguish between exceeding and failing to meet standards are described in this section.

With the JTPA Amendments, two new criteria are to be incorporated into incentive policies: placement in jobs with employer-assisted benefits and successful programs for out-of-school youth.⁹ However, for incentive purposes these criteria can be treated much like standards. The following discussion, therefore, does not distinguish between standards per se and other criteria to be used for incentives except when they are treated differently.

⁹As discussed earlier, Governors are encouraged to incorporate these incentives in their incentive policies for PY 98 and PY 99. Such rewards were required for PY 95.

Defining Meeting, Exceeding and Failing Individual Standards and Criteria

States have used two basic options in defining whether an SDA's performance exceeds or fails to meet an individual standard:

- A. Use a *single* performance level to separate exceeding the standard from failing to meet the standard.
- B. Use a *higher* performance level to define exceeding the standard and a *lower* level to define failing the standard. Performance between the two levels constitutes meeting the standard.

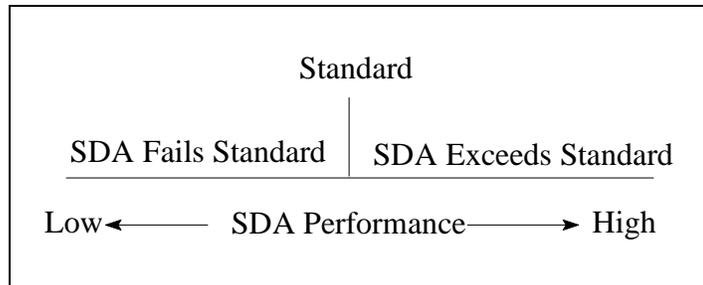
Each option is discussed below.

A: Use a Single Performance Level to Separate Exceeding from Failing the Standard

With a single level separating exceeding the standard from failing the standard, an SDA either fails or exceeds. With this "knife edge" approach, there is no middle ground where an SDA merely meets the standard (except in the rare event that the actual performance exactly equals the standard). Consequently, the difference in performance between an exceeding SDA and a failing SDA might be very small. With this policy, SDAs must exceed more than half of the core standards to avoid failure according to the Secretary's definition.

States that want all their SDAs to receive some 5% funding, often as a buffer against declining allocations, tend to use this "knife edge" approach. With the level for

receiving any incentives set at a relatively low level, most SDAs exceed standards and, thus qualify for incentive awards.



States that use a single performance level to separate exceeding from failing the standard use a variety of procedures to set that level, including:

- Using the model-adjusted performance level.

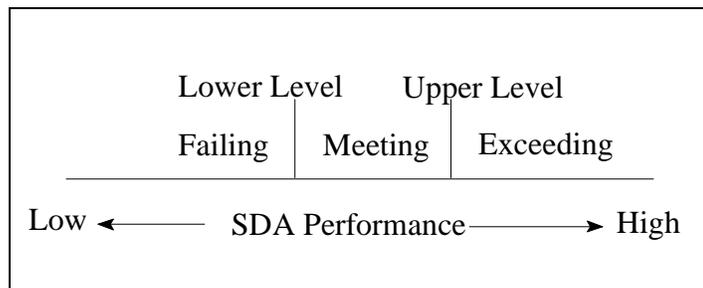
- Using the model-adjusted performance level with a Governor's adjustment.

Another alternative, using the model-adjusted performance level reduced by a tolerance range adjustment, is now discouraged by DOL. States that want to reduce the standard across the board for all SDAs, are strongly encouraged to set a separate, higher level to determine the level that deserves incentive awards and can be considered as exceeding the standard.

B: Use a Lower Level to Define Failing and a Higher Level to Define Exceeding the Standard

Defining separate levels for exceeding and failing to meet a standard establishes three levels of performance. SDAs with performance below the lower level have failed the standard. SDAs with performance above the higher level have exceeded the standard. In between, SDAs have met the standard, but they have not exceeded the standard and, thus, do not qualify for incentives based on their performance on that standard. With this policy, SDAs must meet (or exceed) more than half of the standards to meet standards according to the Secretary's definition. But SDAs that merely meet, but not exceed, their standards would not qualify for incentives.

Some States use this policy to ensure that there is substantial difference in performance between SDAs exceeding a standard and those failing to meet it. Some of



these States want to reserve incentive awards for high performance. For example, one State that established a pronounced middle ground between failing to meet and exceeding a standard explained its intent as encouraging high overall performance without setting up the expectation that any single SDA was likely to receive the highest possible award on every standard. In this State, every SDA was expected to *meet* every standard, and every SDA typically received something in the way of incentive awards by exceeding the upper level on one or more standards.

States that define meeting the standard by a range of performance can determine the range in several ways:

- By using the model-adjusted performance level plus or minus the tolerance range.
- By using information provided on alternative percentiles of performance to set a range around the model-adjusted performance level. For example, the range from the 20th percentile of performance to the 40th percentile could be defined as meeting the standard. See Example V-1.
- By using a given percentage of the standard. For example, performance within plus or minus ten percent of the model-adjusted standard could be defined as meeting the standard.
- By using the model-adjusted standard as the low end of the range and the model-adjusted GPRA goal as the high end of the range. The model-adjusted GPRA goal can be calculated by adding the difference between the GPRA goal and the departure point to the model-adjusted standard. The relevant GPRA goals are presented in Section 1.

States that choose Option A—a single performance level to separate failing from exceeding—are still faced with the problem of distinguishing marginally adequate performance from exemplary performance. As a result, these States are more likely to place substantial emphasis on exceeding standards in their formula for calculating the incentive amounts. Policies that emphasize exceeding standards have been shown to have the unintended effect of reducing service to the hard to serve and reducing provision of basic skills training.

States that set up ranges for meeting, exceeding and failing standards often are less likely to adopt formulas that continuously reward increasingly higher performance with increasingly higher incentive payments. Thus, this mechanism can be viewed as an alternative way to distinguish marginally adequate from exemplary performance that does not lead to strong emphasis on exceeding standards.

Example V-1 Using Performance Ranges to Define Meeting Individual Standards

The Governor might decide that any performance from the 20th percentile to the 40th percentile should constitute meeting an individual standard. Because the model-adjusted performance level is generally set at the 25th percentile, such a range would extend from below to above the model-adjusted performance level.

Values that can be added to or subtracted from the model-adjusted performance level to determine alternative percentiles of performance are distributed along with the adjustment models and included in Appendix A (Tables VIII, IX, X and XI). The **PY 94** version of the table that provides alternative performance ranges for Title II-A adult standards, is reproduced below as an example.

The Governor can use the information in the table to develop performance ranges for each SDA.

For example, suppose an SDA's model-adjusted performance level for the adult follow-up employment rate is 65.0. Looking at the column in the table for the adult follow-up employment rate and the row for the 20th percentile, we find the number -1.1 (shaded). Adding this number to the SDA's model-adjusted performance level, 65.0, gives the 20th percentile of performance for that SDA, which is 63.9%.

Similarly, the 40th percentile can be determined by adding 2.4 (shaded) to the model-adjusted performance level. Thus the 40th percentile for the SDA is 67.4%.

The SDA would be performing between the 20th and 40th percentiles on the adult follow-up employment rate if its performance is anywhere between 63.9% and 67.4%. Thus, performance anywhere in this range would be considered as meeting the standard. Only performance below 63.9% would be considered as failing the standard and only performance above 67.4% would be considered as exceeding the standard.

Table VII
Alternative Performance Ranges for PY 94 Title II-A Adult Measures

Percentile	Adult Follow-Up Employment Rate	Adult Follow-Up Weekly Earnings	Welfare Follow-Up Employment Rate	Welfare Follow-Up Weekly Earnings
95th	+ 15.5	+ 46.9	+ 20.7	+ 55.0
90th	+ 12.7	+ 36.5	+ 17.8	+ 43.8
85th	+ 11.3	+ 31.4	+ 16.0	+ 36.8
80th	+ 9.9	+ 25.9	+ 14.3	+ 30.3
75th	+ 8.8	+ 22.8	+ 12.9	+ 25.9
70th	+ 7.9	+ 17.8	+ 11.0	+ 20.8
65th	+ 6.9	+ 14.1	+ 9.5	+ 16.1
60th	+ 5.8	+ 12.0	+ 8.6	+ 14.2
55th	+ 5.1	+ 8.5	+ 7.5	+ 10.1
50th	+ 4.3	+ 5.6	+ 6.2	+ 6.7
45th	+ 3.4	+ 2.7	+ 4.9	+ 4.1
40th	+ 2.4	0.0	+ 3.9	0.0
35th	+ 1.7	-3.1	+ 2.7	-3.0
30th	+ 0.9	-5.9	+ 1.3	-6.2
25th	0.0	-8.5	0.0	-9.8
20th	-1.1	-13.4	-1.7	-14.1
15th	-1.8	-17.1	-3.8	-19.0
10th	-3.4	-23.1	-5.2	-23.8
5th	-6.1	-31.8	-8.8	-30.4

NOTE: To obtain the desired percentile of performance, add or subtract the value in the table to the model-adjusted performance level.

Defining Exceeding Standards Overall

After determining whether SDAs have exceeded *individual standards*, the next step is to determine whether SDAs' performance *over all standards* is sufficient to be rewarded. Because of the new Federal requirements, many States will need to revise their criteria for determining eligibility for incentives. Although States continue to have considerable flexibility in implementing a definition of qualifying for incentives based on performance over all standards, the definition of qualifying for incentives must incorporate two Federal requirements: (1) SDAs failing standards by the Secretary's definition of failure may not be given any incentive award and (2) SDAs not meeting the Secretary's standard for service to the hard to serve (the 65%-requirement) may not be given any incentive award. Thus, States *must, at a minimum, limit qualification* for incentives to SDAs that:

- *Meet (or exceed)* more than half of the Secretary's core standards, and
- Meet the requirement that at least 65% of Title II-A adult participants and at least 65% of Title II-C youth participants receiving services beyond objective assessment be in one of the legislated hard-to-serve groups. This requirement must be met for adults and also for youth (in-school and out-of-school youth combined).

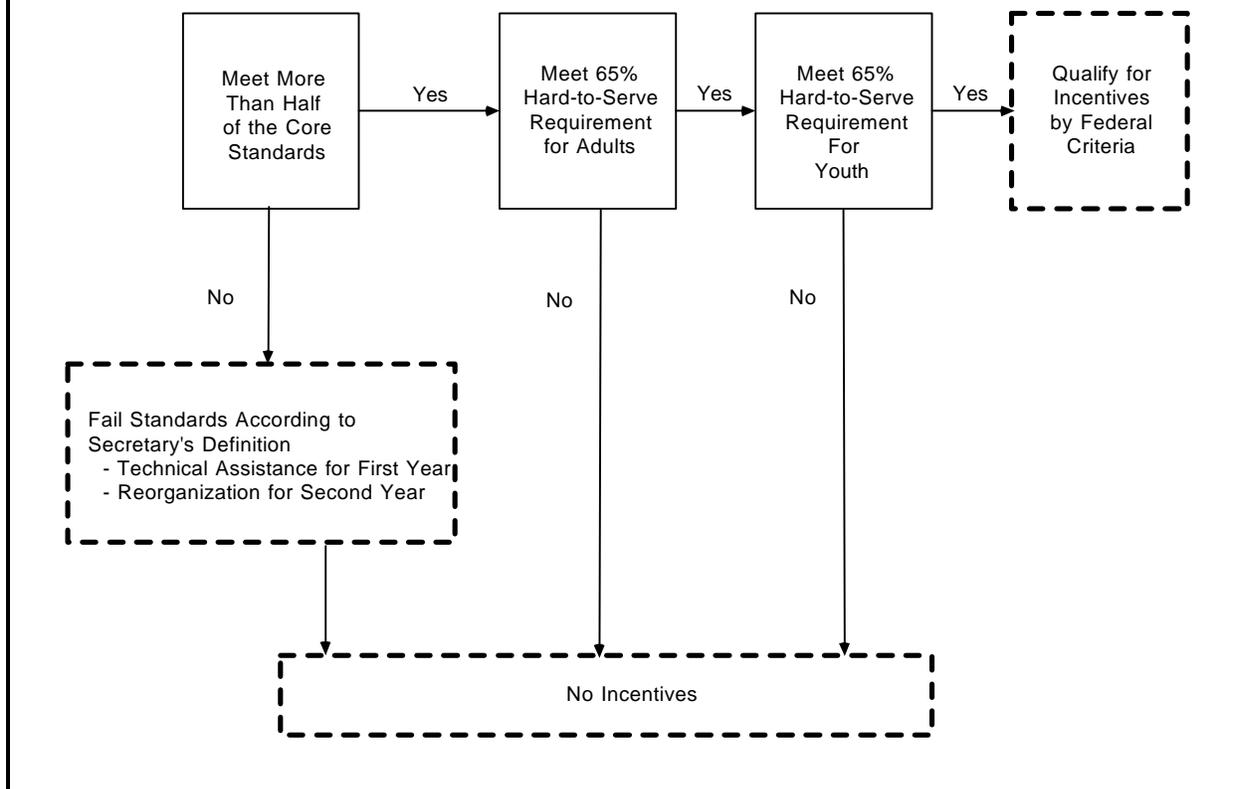
Exhibit V-4 illustrates how these Federal criteria limit eligibility for incentives.

States may use these Federal criteria to determine whether SDAs qualify for incentives or they may supplement them with additional conditions. If States use additional conditions, their overall policy must meet one additional Federal criterion:

- SDAs exceeding *all 6* (or 5 if the youth positive termination rate is used instead of the two youth performance standards) of the core standards *must* receive an incentive award.

Exhibit V-5 illustrates how this requirement interacts with the minimum Federal criteria and with additional State conditions to determine qualification for incentives.

Exhibit V-4
Qualification for Incentives - Federal Criteria

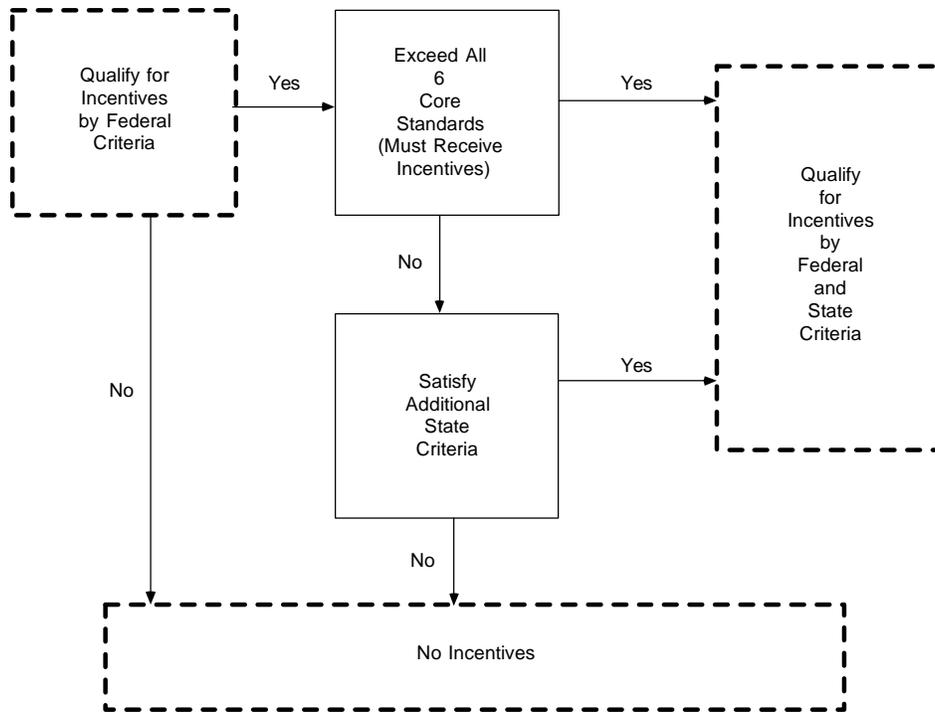


Examples of additional conditions that States might require for an SDA to qualify for incentives include:

- Increasing the number of standards that must be met.
- Requiring that specific standards be met.
- Requiring that standards be exceeded, rather than just met, to qualify for incentives.
- Incorporating additional criteria such as State standards or placement in jobs with employer-assisted benefits.
- Requiring that a given level be achieved on a composite index of performance.

Below we briefly discuss these alternatives and describe how they can be integrated with the Federal criteria.

**Exhibit V-5
Qualification for Incentives - State Criteria**



Increasing the number of standards that must be met. States may require that more than 4 standards be met to obtain incentives. For example, the State might require that 5 or 6 of the core standards be met.

Requiring that specific standards be met. The State may require that specific standards be met to obtain incentives. For example, the State might require that the adult follow-up employment rate standard be met. Or it might require that at least one of the youth standards be met (or that the youth positive termination rate be met.)

Requiring that standards be exceeded, rather than just met, to qualify for incentives. States that distinguish between meeting and exceeding individual standards have the additional option of requiring that a specific number of standards be exceeded to qualify for incentives. For example, a State might require that at least 4 of the core

standards be exceeded. Or the State might require that at least 4 of the core standards be met, including at least 2 that are exceeded.

Incorporating additional criteria. Keeping in mind that incentives cannot be denied to SDAs that exceed all 6 (or 5 if the positive termination rate is used) of the core standards, States can incorporate performance on State standards or employer-assisted benefits into their conditions to qualifying for incentives. For example, a State could require that SDAs meet or exceed 6 of 8 standards (e.g., the Secretary's 6 core standards and two State standards). They could not, however, require that 7 of the 8 be exceeded because SDAs exceeding all 6 of the core standards must qualify for incentives. Thus, the minimum number must be no more than 6. Further, to prevent SDAs that do not meet more than half of the core standards from qualifying for incentives, the minimum number of standards to be met or exceeded cannot be less than 4 (3 if the positive termination rate is used) plus the number of additional criteria.¹⁰

Requiring that a given level be achieved on a composite index of performance. Many States have required that a minimum score on a composite index of performance be achieved to qualify for incentives. While States may use such a requirement, it does not conform easily with the Federal qualification criteria. Therefore, States must be careful in describing their policy to incorporate both the composite index and the Federal criteria.

In adding additional qualification conditions to the Federal qualification criteria, States should be careful to develop a unified qualification policy that is simple to understand.

¹⁰For example, if the State required that 5 of 8 standards be met (the 6 core standards and 2 State standards), then an SDA meeting 3 core standards and 2 State standards could qualify for incentives, which is not allowed because the SDA has failed standards according to the Secretary's definition of failure.

CALCULATING INCENTIVE AWARDS

Another major element of incentive policies is the procedure used to calculate incentives for those SDAs that qualify for awards. Simplicity is the key. Incentive systems are most effective in motivating SDA behavior when they can be easily understood by SDA staff. Complicated policies are subject to unintended effects, both because they do not clearly convey State goals to SDAs and because they may contain hidden incentives not intended by the State.

States generally make tradeoffs among three goals in choosing their policies for calculating incentive payments. First, some States want to distinguish marginally adequate performance from superior performance in awarding incentives. Second, some States view incentive payments as funds to help buffer against declining funding and so generally want to maximize the amount of incentive funds that SDAs receive. Third, some States want SDAs to be able to predict how much incentive funding they would receive so that the SDAs can better plan how to use those funds. These considerations lead to a wide diversity in procedures for calculating incentive awards.

States must make choices about several elements in their incentive calculation policies:

- Calculation approach.
- Amount that SDAs receive for marginally exceeding their standards.
- Procedures for rewarding performance beyond the standard.
- Whether there is a cap on rewarded performance beyond which no additional incentives are received.
- Whether SDAs compete for the size of the incentive award.
- Whether adjustments to the incentive award are made for other factors, such as additional services to the hard to serve, intensity of services, the size of the SDA's grant, expenditure rate or response rate.

In general, however, options that overemphasize exceeding standards have substantial unintended effects, as discussed at the end of this section.

Calculation Approach

Options for the Calculation Approach

States have used two basic approaches to calculate incentive awards:

- A. Separate reward pool for each standard.
- B. Composite measure of performance across all standards.

Most States use one of these procedures, although a few use both separate pools and a composite measure for different portions of their incentive funds. These basic approaches are discussed below.

Option A: Separate Reward Pool for Each Standard

Many States create a separate pool of incentive funds for each Federal and State standard. Rewards for the additional incentive criteria can be incorporated into this option by creating separate reward pools for placement in jobs with employer-assisted health benefits, successful programs for out-of-school youth, and attaining higher levels of performance and performance improvement. By rewarding performance on each standard separately, the incentive formula becomes relatively easy for both State and SDA staff to understand.

Having a separate pool of incentive funds for each standard also makes explicit the weight that is placed on each standard. That is, standards can be weighted by setting aside an appropriate percentage of incentive funding for each standard. Some States have chosen separate pools of incentive funds to highlight the different weights placed on different standards. States that view incentive funds as supplementary funding for all SDAs are also more likely to use separate pools so that SDAs will be able to predict more easily how much in incentive funds they will receive.

Option B: Composite Measure of Performance

An alternative is to award incentives based on a composite measure of performance across all the standards. Composite measures tend to be more complicated to develop, and the implied incentives can be difficult to understand. Consequently, a number of States have developed formulas that do not truly reflect the

intended State goals.

Many States have made an explicit decision to weight standards equally and have used the unweighted sum of the percentages by which each standard is exceeded as the composite performance measure. Although intuitively appealing, this procedure has the unintended effect of emphasizing standards that are easy to meet by a large percentage.

To show these differences, the percentage above standard was calculated for an SDA performing at the 75th percentile on every standard. These are the percentages above the standard that are

achieved or exceeded by 25% of all SDAs. These data show that it is much easier to exceed the youth employability enhancement rate by a large percentage than any of the other measures. A quarter of SDAs are able to exceed

Percentage Above Standard Achieved by 25% of SDAs	
	% Above Standard
Adult follow-up employment rate	15%
Adult follow-up weekly earnings	13%
Welfare follow-up employment rate	27%
Welfare follow-up weekly earnings	16%
Youth entered-employment rate	20%
Youth employability enhancement rate	44%

that standard by 44%; no other standard is exceeded by such a wide margin by a quarter of all SDAs. Thus, the employability enhancement rate is the standard that is easiest to exceed by a given percentage amount. The two adult measures are the most difficult to exceed by a given percentage. Less than a quarter of SDAs exceed these measures by even 15%. States using a composite measure that does not *explicitly* weight standards differently should recognize, therefore, that they are *implicitly* placing high weight on the youth employability enhancement rate and low weight on the adult outcomes.

Some States that view incentive funds primarily as rewards for exemplary performance have chosen a composite-index approach. Others use this approach because they intended to treat each standard equally and allow SDAs to trade off

performance among the different standards.

Amount Received for Marginally Exceeding Standards

States next must decide how the amount of incentive awards will be tied to the degree by which performance standards are exceeded. This is a very important policy decision because a strong emphasis on exceeding standards can result in substantial unintended effects on the types of participants enrolled and on the intensity of services provided in JTPA.

An important consideration is whether SDAs will receive any incentive awards for marginally exceeding their standards, that is, for performing at a level slightly above the level defined as exceeding standards. Before the 1992 amendments, the JTPA legislation stated that incentives must be based on the degree by which the standards are exceeded. Now the legislation states only that awards are to be given to SDAs exceeding standards. Thus, the Act no longer can be read to imply that the reward must be proportionate to performance beyond the standard. States that desire to place little emphasis on exceeding standards, therefore, could award all incentive funds for marginally exceeding standards. Alternatively, they could award a portion of incentive funds for marginally exceeding standards ("base" awards) and an additional portion for higher levels of performance ("bonus" awards).

The portion of incentive funds awarded for marginally exceeding standards reflects the State's emphasis on meeting standards relative to exceeding standards. Some States have chosen to award at least a portion of incentives for marginally exceeding standards to reduce the risk to SDAs of not receiving incentive funds because they are serving hard-to-serve groups. If SDAs only just exceed standards, they will still receive incentive awards. Other States have chosen this policy to make sure that SDAs receive maximum incentive funds to supplement their allocated funds.

Rewarding Performance Beyond the Standard

States have chosen two approaches to awarding incentives for performance beyond the standard:

- A. Tiered systems.
- B. Continuous systems.

Each of these approaches is discussed below.

A: Tiered Systems

Some States use a step function or tiered system for rewarding performance beyond the standard. Performance in the lowest tier results in the SDA's earning a certain proportion of its total potential reward. Performance at one or more intermediate levels increases the SDA's share of its total potential reward. Performance in a final tier gives the SDA the maximum incentive award for that standard.

The tiered system is often used in combination with a separate pool of incentive funds for each standard, but it can also be used with a composite measure of performance as well. For example, one way to use a tiered system with a composite index is to award "points" for each standard based on the tier achieved and sum those points over all standards. Incentive awards would then be based on total points.

The boundaries between the tiers can be set using several approaches:

- The performance ranges provided for the DOL models. For example, the lowest tier could range from the standard to the 50th percentile of performance, the second from the 50th to 75th percentiles, and the upper tier could be the 75th percentile and above.
- A given percentage above the standard. For example, one State awarded 50% of the possible incentive award on each standard to SDAs with performance between 100% and 110% of their standard. SDAs with performance between 110% and 120% of their standard received 80% of their possible incentive award. The incentive award formula was capped at 120%, so that SDAs that performed at or above 120% of their standard earned 100% of their possible incentive award.
- Tiers based on the tolerance ranges.¹¹

States choose a tiered approach for several reasons. First, this approach makes it

¹¹ Both performance ranges and the tolerance ranges are presented in Appendix A.

easier for SDAs to predict how much in incentive funds they would receive because they could estimate in which range their performance would be likely to fall. Second, States that want to make it easier for SDAs to earn their maximum incentives use the tiered approach and set relatively low levels of performance for the upper tier.

B: Continuous Systems

The second approach to rewarding performance beyond the standard is to use a continuous measure of performance. Common measures include:

- The percentage by which the standard is exceeded.
- The amount by which the standard is exceeded.
- The percentage relative to the best-performing SDA.

Effects of Alternative Calculation Procedures

Tiered systems are easy to understand and lend themselves to designing incentive award systems that do not overemphasize exceeding standards. The extent of emphasis on performance depends on where the tier boundaries are set and how the award increases as performance steps from one tier to the next. The disadvantage of the tiered approach is that two SDAs can receive very different awards with similar performance if they perform just above or just below a tier boundary.

The problem with using a continuous system is that *by itself* it provides no incentive payments to SDAs just marginally exceeding a standard, and it places substantial emphasis on exceeding standards by providing increasingly higher incentive awards for increasingly higher performance. Both rewards for marginally exceeding standards and capping of rewarded performance can be added to continuous formulas, however. For example, SDAs could be awarded 10 points for just exceeding the standards plus one point for every percent the standard was exceeded. Alternatively, a separate pool of incentive funds can be used to reward SDAs marginally exceeding standards. Capping can be accomplished by, for example, giving no additional incentives for performance above the 80th percentile.

Caps on Rewarded Performance

Another important element in calculating incentives is whether there is some maximum amount of performance above the standard that will be rewarded. Performance above that amount would not result in any additional incentives. Some States place a cap on rewarded performance to reduce the unintended effects of emphasizing overperformance.

Competition Among SDAs

Formulas for calculating incentive awards can be structured to incorporate varying degrees of competition among SDAs. In a *noncompetitive* policy, an SDA's award is not affected by the performance of other SDAs in the State. Thus, the SDA can calculate its award without knowing the performance of other SDAs. In a noncompetitive system, the portion of an SDA's maximum incentive awards not earned by the SDA is used for purposes other than incentive awards (e.g., capacity building and technical assistance). States developing noncompetitive incentive policies must be careful to meet the requirement in Sections 202(c)(3)(B) and 262(c)(3)(B) that no more than 33% of 5% funds may be used for capacity building and technical assistance and that the remainder can only be used for incentive awards.

In a *moderately competitive* system, awards not earned by SDAs are distributed to SDAs based on performance. In this case, the SDA can determine its base award without knowing the performance of other SDAs, but not its secondary award.

In a *highly competitive* system, even the base award depends on the performance of other SDAs. Policies that distribute funds based on the SDA's share of total scores on a composite index and policies that compute performance relative to the best SDA are highly competitive.

Some States have intentionally emphasized competition among SDAs so that the awards represent exemplary performance among SDAs in the State. Other States have chosen a noncompetitive process so that SDAs can better predict how much in incentive funds they will receive and thus can better plan for the use of those funds.

Competitive incentive formulas increase the emphasis on exceeding standards.

Adjustments to Incentive Awards for Other Factors

States are allowed to adjust incentive awards for other factors, including additional services to the hard to serve, the size of the SDA's grant, expenditure levels and follow-up response rates. These factors can be used to adjust the incentive awards based on performance, but awards cannot be given directly for outcomes on these factors. Thus, SDAs not earning awards based on performance on the standards (both the Secretary's and the State's) or on the other criteria listed in the legislation cannot be given an award based on these additional factors. For example, incentive awards based on the Secretary's and State's standards can be reduced for SDAs with low expenditure rates. Awards, however, cannot be made to SDAs solely for achieving high expenditure rates.

In adjusting incentive awards based on these factors, States should ensure that their overall policy falls within DOL guidelines. In particular, these factors cannot be used to reduce an SDA's incentive award to zero if the result would violate the requirement that SDAs exceeding all 6 (or 5) of the Secretary's standards be given an incentive. One way to adjust the incentive award would be to multiply the award calculated on performance by a percentage determined by these other factors.

Additional Services to the Hard to Serve. States may develop policies that adjust incentive awards based on service to the hard to serve. Factors that may be considered might include:

- The level of service to the hard to serve. States may adjust incentives based on the degree by which SDAs exceed the 65% hard-to-serve requirement or on a sliding scale of continuous improvement.
- The quality of service to the hard to serve.
- Outcomes achieved by the hard to serve.

States may also set State standards for "successful service to hard-to-serve individuals," as authorized in Section 106(e), and give awards based directly on such performance.

Size of SDA. States that adjust for SDA size usually want to make the incentive awards of equal importance to SDAs of varying size in the State, with larger SDAs receiving larger awards than smaller SDAs who perform at the same level. States that do not adjust the incentive awards for SDA size usually want to make the absolute size of the potential 5% award for small SDAs large enough to be attractive to them. Several of these States cap the size of the maximum possible award an SDA could earn (e.g., at 50% of formula funding), so that a small SDA would not receive a 5% award totally out of proportion to its allocation.

Adjustments for SDA size make performance equally important for all SDAs, although very small SDAs may find potential awards too small to use effectively. Using no adjustment for SDA size can make performance incentives essentially irrelevant for the largest SDAs in the State.

Expenditure Rates. Some States reduce incentive awards for SDAs with low expenditure rates. For example, if an SDA spends 90% of its formula funds, its incentive award might be reduced by 10%. Such reductions can be justified by the view that SDAs that have not been able to spend their regular allocation are unlikely to spend incentive funds effectively. Adjustments for expenditure rates can give an added incentive for SDAs to make full use of their allocations, especially for high performing SDAs.

Follow-Up Response Rates. SDAs are required to achieve response rates of at least 70% on the follow-up survey used to measure the adult performance measures. Achieving high response rates is critical to maintaining the reliability of measured performance. Some States reduce the incentive awards earned based on follow-up outcomes for SDAs that do not meet the response rate requirements. For example, if an SDA's response rate is 55% rather than the required 70%, it might be given only 55/70 of the award earned for its Title II-A performance. Such policies are intended to give SDAs an incentive to achieve high response rates and to avoid giving an advantage to SDAs that meet or exceed standards but obtain low response rates.

In adjusting awards based on response rates, States should consider where the responsibility for the low response rates lies. In States where the SDA is responsible for follow-up, such responsibility clearly lies with the SDA. In States with centralized follow-up, responsibility is split between the SDA and the entity conducting follow-up. Therefore, States with centralized follow-up should consider the cause of the low response rate. The most likely cause of low response rates is the quality of the contact information provided by the SDA. However, it is possible that the procedures used for follow-up may be ineffective for some SDAs. Although identifying the exact cause of low response rates can be difficult, the State might compare follow-up experience among SDAs. For example, the follow-up contractor can typically identify how many nonrespondents could not be contacted for each of several reasons, such as invalid phone numbers, refusals, etc. Comparison of such information among SDAs could allow the State to assess whether the SDA is responsible for a low response rate.

Effects of Emphasizing Exceeding Standards

Several options available to distribute incentive awards place an emphasis on exceeding performance standards. States often have chosen several of these options and, as a result, may have unintentionally placed an undue emphasis on exceeding standards at the expense of other program goals. Further, as states move to revise their incentive policies to promote higher performance and improved performance, they risk developing policies that focus too much on exceeding standards.

Policies that place a strong emphasis on exceeding standards include:

- Requiring that a large number of standards be exceeded to qualify for incentive awards.
- Not awarding any incentives for marginally exceeding standards.
- Rewarding higher performance with greater incentives without any cap on rewarded performance.
- Using a competitive system to reward performance so that an SDA's incentive award depends on the performance of other SDAs in the State.

Emphasizing exceeding standards does increase performance on employment-related

outcomes. Emphasizing exceeding standards has no significant effect on the earnings measures. Thus, there is evidence that these policies *increase the quantity, but not the quality of placements*.

Emphasis on exceeding standards also has substantial unintended effects on the types of individuals participating in JTPA and the services provided. Strong emphasis on exceeding performance standards reduces services to welfare recipients and minorities for both adults and youth and reduces services to older adults and to in-school youth. Further, these policies increase the employment focus of training, reducing the number of adults and youth who receive basic skills remediation through JTPA.¹² Some of the provisions of the JTPA Amendments, including minimum levels of service to hard-to-serve individuals and the provision of objective assessment, are intended to offset these unintended consequences of an emphasis on exceeding standards.

A hypothetical example of an incentive policy that would place the *maximum* emphasis on *exceeding* standards would be one in which:

- SDAs must exceed all 6 (or 5) core standards to qualify for incentives.
- A composite measure is used that computes the percentage by which the SDA exceeds each standard and sums across all standards. The amount of incentive received is based on the score on this index. SDAs that marginally exceed a standard, therefore, receive little if any incentive funds for that standard.
- There is no cap on rewarded performance. SDAs that score increasingly higher on this index receive increasingly more incentive funds.
- The amount of incentive funds each SDA receives is determined competitively. The proportion of incentives an SDA receives is determined by dividing its index score by the sum of all scores for SDAs in the State. Thus, even if an SDA exceeded all standards by a wide margin, if other SDAs perform at an even higher level, that SDA's incentive funds are reduced.

¹² These results are derived from Katherine Dickinson, et. al., *Evaluation of the Effects of JTPA Performance Standards on Clients, Services and Costs*, National Commission for Employment Policy, Washington, D.C., 1988.

The above example represents an extreme case, not an actual State policy. However, States with incentive policies closely resembling this example should carefully consider the unintended effects that could result by placing such a strong emphasis on exceeding performance standards.

As States revise their incentive policies to promote higher performance and improved performance, they need to carefully consider the tradeoffs between promoting performance and the achievement of other program goals. While many states have considerable room in which to change their incentive policies to promote higher performance, they need to make sure that they do not change their policies so much that they introduce an excessive emphasis on performance.

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Exhibit VI-1
Section 106(j) of the Job Training Partnership Act

- 106 (j) FAILURE TO MEET STANDARDS.-
- (1) UNIFORM CRITERIA.-The Secretary shall establish uniform criteria for determining whether-
 - (A) a service delivery area fails to meet performance standards under this section; and
 - (B) the circumstances under which remedial action authorized under this subsection shall be taken.
 - (2) TECHNICAL ASSISTANCE.-Each Governor shall provide technical assistance to service delivery areas failing to meet performance standards under the uniform criteria established under paragraph (1)(A).
 - (3) PROCESS FOR CORRECTION.-Not later than 90 days after the end of each program year, each Governor shall report to the Secretary the final performance standards and performance for each service delivery area within the State, along with the plans of the Governor for providing the technical assistance required under paragraph (2).
 - (4) REORGANIZATION PLAN.-
 - (A) PLAN REQUIRED FOR CONTINUED FAILURE.-If a service delivery area continues to fail to meet such performance standards for 2 consecutive program years, the Governor shall notify the Secretary and the service delivery area of the continued failure, and shall develop and impose a reorganization plan.
 - (B) ELEMENTS.-Such plan may restructure the private industry council, prohibit the use of designated service providers, merge the service delivery area into one or more other existing service delivery areas, or make other changes as the Governor determines to be necessary to improve performance, including the selection of an alternative administrative entity to administer the program for the service delivery area.
 - (C) ALTERNATIVE ADMINISTRATIVE ENTITY SELECTION.-The alternative administrative entity described in subparagraph (B) may be a newly formed private industry council or an agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area or substate area.
 - (5) SECRETARIAL ACTION.-
 - (A) PLAN.-If the Governor has not imposed a reorganization plan as required by paragraph (4) within 90 days of the end of the second program year in which a service delivery area has failed to meet its performance standards, the Secretary shall develop and impose such a plan.
 - (B) RECAPTURE OR WITHHOLDING.-The Secretary shall recapture or withhold an amount not to exceed one-fifth of the State administration set-aside allocated under section 202(c)(1)(A) and under section 262(c)(1)(A), for the purposes of providing technical assistance under a reorganization plan imposed pursuant to subparagraph (A).
 - (6) APPEAL BY SERVICE DELIVERY AREA.-
 - (A) TIMING.-A service delivery area that is the subject of a reorganization plan under paragraph (4) may, within 30 days after receiving notice thereof, appeal to the Secretary to rescind or revise such plan.
 - (B) RECAPTURE OR WITHHOLDING.-
 - (i) DETERMINATION.-If the Secretary determines, upon appeal under subparagraph (A), that the Governor has not provided appropriate technical assistance as required under paragraph (2), the Secretary shall recapture or withhold an amount not to exceed one-fifth of the State administration set-aside allotted under section 202(c)(1)(A) and under section 262(c)(1)(A). The Secretary shall use funds recaptured or withheld under this subparagraph to provide appropriate technical assistance.
 - (ii) BASIS.-If the Secretary approved the technical assistance plan provided by the Governor under paragraph (2), a determination under this subparagraph shall only be based on failure to effectively implement such plan and shall not be based on the plan itself.
 - (7) APPEAL BY THE GOVERNOR.-A Governor of a State that is subject to recapture or withholding under paragraph (5) or (6)(B) may, within 30 days of receiving notice thereof, appeal such withholding to the Secretary.

VI. TECHNICAL ASSISTANCE AND SANCTION POLICIES

Technical assistance and sanction policies are intended to help SDAs overcome performance deficiencies by providing technical assistance to poor-performing SDAs and by reorganizing SDAs where underperformance persists. The legislative mandate and requirements for technical assistance and sanction policies are contained in Section 106(j) of JTPA (Exhibit VI-1), which outlines the roles and responsibilities of the Secretary and the Governors. These provisions for initiating technical assistance and imposing sanctions based on performance pertain only to Title II-A and Title II-C programs. They do not apply to older worker programs (Section 204(d)) or to dislocated worker programs (Title III). However, Section 627.470(g)(5) of the JTPA regulations allows the Governor to use similar procedures for Title III substate grantees that fail standards for two consecutive years. The discussion in this Section is limited to technical assistance and sanctions based on Title II-A and Title II-C performance.

THE ROLE OF THE SECRETARY

Uniform Criteria for Failure to Meet Standards

The primary role of the Secretary of Labor in developing technical assistance and sanction policies is to establish *uniform criteria* for determining failure to meet standards. In response to this mandate DOL has promulgated the following definitions of meeting and failing performance standards:

- *Meeting performance standards* is defined as meeting more than half of the Secretary's core standards.
- *Failure* is defined as failing half or more core standards.

If the State continues to implement both youth standards, there are six core standards and SDAs must meet at least 4 standards to qualify as meeting performance standards. If the State replaces the youth entered employment rate and employability

enhancement rate with the positive termination rate, there are five core standards and SDAs must meet at least 3 standards to qualify as meeting performance standards.

In either case, SDAs that fail 3 or more standards, fail performance standards overall. Such failure triggers both technical assistance and potential sanctions:

- Failure for a first year precludes an SDA from receiving any incentive awards and *requires the Governor to provide technical assistance.*
- Failure for a second year precludes an SDA from receiving any incentive awards and *requires the Governor to impose a reorganization plan.*

Technical assistance is required only for SDAs failing standards according to the Secretary's definition for a first year; technical assistance may, however, be provided to other SDAs. Only SDAs failing standards according to the Secretary's definition for a second year are subject to reorganization under Section 106(j)(4).

Note: Failure for a second year means failing by the Secretary's definition for a second year. It is not necessary to fail the same standards for two years in a row. Failing *any* three core standards for two consecutive years triggers the requirement for reorganization. For example, an SDA that fails three adult standards one year and fails three different standards the next year fails standards for two consecutive years and is subject to reorganization.

Other Responsibilities of the Secretary

The Secretary is also responsible for:

- Developing and imposing reorganization plans when the Governor fails to impose a required reorganization plan.
- Considering appeals of reorganization plans from SDAs.

The guidelines under which the Secretary will carry out these functions are not discussed in this Guide, but are described in Sections 627.470 and 627.471 of the JTPA Regulations.

THE ROLE OF THE GOVERNOR

It is the role of the Governor to:

- Define failure of individual standards.
- Implement the Secretary's definition of overall failure of performance standards.
- Provide technical assistance to SDAs failing standards according to the Secretary's definition for a first year.
- Impose reorganization plans on SDAs that fail performance standards for two consecutive years.
- Report to the Secretary within 90 days of the end of the Program Year:¹
 - The standards and performance of each SDA.
 - Plans for providing technical assistance to SDAs that failed standards in the program year.
 - Plans for reorganizing SDAs that failed standards for two consecutive years.

Below we discuss in detail each of these Gubernatorial roles in developing and implementing policies regarding the failure to meet performance standards.

Defining Failure of Individual Standards

The levels that define acceptable performance of an individual standard are critical elements of States' sanction policies because they determine which SDAs fail individual standards. As the level of acceptable performance increases, so does the number of SDAs failing individual standards and the number failing standards overall.

As discussed in Section I, the Secretary has set the level of the national standards at the 25th percentile so that approximately 75% of SDAs can be expected to exceed standards calculated by applying the DOL model without a Governor's adjustment.² Based on past performance, about 25% of SDAs can be expected to *fail standards*

¹Specific procedures for the formal performance standards report and required state action are provided in Training and Employment Guidance Letter 2-95, dated August 10, 1995.

²The national standards were based on performance in PYs 1995 and 1996. If performance in PY 1998 is improved, then more SDAs would be expected to exceed each standard.

overall in a given program year if standards are set using the DOL adjustment model, without additional adjustments by the Governor, and if performance does not improve from the PY 95/96 levels. About 10% would fail for two consecutive years.³

The Governor, however, can influence the number of SDAs failing or exceeding standards by setting acceptable performance levels for individual standards. Exhibit VI-2 presents estimates, based on past performance, of the percentage of SDAs failing standards when the level of acceptable performance is set at alternate percentiles of performance. For example, if the Governor adjusts standards so that SDAs performing above the 20th percentile meet their standards, then only 17% of SDAs would fail standards overall in a single year and 6% would fail standards for two consecutive years, noticeable reductions from the values given for the 25th percentile.

Exhibit VI-2		
Percent of SDAs Failing Standards at Various Levels Defining Failure for Individual Standards		
Level of Acceptable Performance (Percentile)	Percent of SDAs Failing Standards Overall	
	In a Single Year	For Two Consecutive Years
15th	11%	3%
20th	17%	6%
25th	25%	10%
30th	33%	15%
35th	43%	22%

³The estimates presented assume that all standards are set at the 25th percentile of performance.

The Governor can influence the number of SDAs expected to exceed or fail standards by setting acceptable levels of performance for each standard. Approaches to setting levels and ranges of acceptable performance include:

- Reducing or increasing the standard by applying a Governor's adjustment. For example, some States reduce the standard by the amount of the tolerance range. This procedure is being discouraged by DOL because it rewards relatively low performance.
- Defining a range of performance around the model-adjusted standard that constitutes *meeting* the standard so that only performance below the lower bound of the range constitutes failure (and performance above the upper bound constitutes exceeding). Such a range can be developed in several ways, including basing the range on:
 - *The tolerance range.* For example, performance within the model-adjusted standard plus or minus the tolerance range might constitute meeting the standard.
 - *Percentiles of performance.* For example, the range around the model-adjusted standard that represents the 20th to 35th percentiles of performance could be used to define meeting the standard.
 - *A percentage of the standard.* For example, performance within 5% of the standard could be defined as meeting the standard.

These procedures are discussed in more detail in Section V, "Incentive Policies."

As discussed earlier, Governors that reduce the level required to qualify as meeting a performance standard are strongly encouraged to set higher levels that must be achieved before an SDA is considered as exceeding the standard and qualifying for an incentive award.

Implementing the Secretary's Definition of Failure

States must adopt the Secretary's definition of failure. This means that:

- Technical assistance is *required* for SDAs failing standards in a given year according to the Secretary's definition. However, technical assistance provided from 5% funds is not limited to SDAs failing standards. Capacity-building technical assistance may be provided to SDAs that meet or even exceed standards.

- The Governor *must* impose a reorganization plan on SDAs that fail standards for two consecutive years according to the Secretary's definition.⁴
- Reorganization plans for underperformance *may not* be imposed on SDAs that do not fail standards according to the Secretary's definition. This limitation does not preclude the Governor from taking appropriate action regarding other issues, such as compliance with the regulations.

Failure of State standards does not trigger a requirement for technical assistance and cannot be used to identify SDAs subject to reorganization.

Providing Technical Assistance

States must provide technical assistance to SDAs that fail performance standards for a given program year and, thus, should develop policies governing how this technical assistance will be provided. The policy might include procedures for:

- Diagnosing problems in underperforming SDAs.
- Designing and delivering technical assistance to overcome identified problems.

The State's policy for providing this required technical assistance, as well as capacity-building technical assistance, must be described in the Governor's Coordination and Special Services Plan (GCSSP).

Technical assistance should be provided promptly to allow SDAs to overcome their performance problems in the next program year so that they can avoid sanctions. Waiting until final performance for the year is reported to begin developing technical assistance plans may be too late. For example, suppose performance is assessed on August 15, when the SPIR is submitted to DOL; two months are needed to diagnose problems and develop a detailed technical assistance plan; and two and one-half months are needed to provide technical assistance. Then half the program year would be over when technical assistance is completed. Consequently, the SDA would have only

⁴Two consecutive years means any two years in a row. The two years need not be in the same two-year planning cycle.

limited opportunities to improve performance during the program year and avoid reorganization.⁵

States should consider, therefore, planning technical assistance before final performance is assessed. For example, the State might diagnosis problems in SDAs at risk of failure based on preliminary performance outcomes. Even if an SDA ultimately does not fail its standards, this process may help the SDA improve its performance and help the State identify needs for capacity-building technical assistance.

The diagnosis of specific performance problems is critical to the development of an effective technical assistance plan. Procedures that States can use to diagnose the causes of failure include:

- Self-assessment by the SDA. In some situations the SDA itself may be in the best position to determine its technical assistance needs and to begin the development of a technical assistance plan.
- Diagnosis by a joint team of SDA staff and outside experts. This approach can access outside expertise while giving the SDA ownership of the process.
- Diagnosis by an outside team of knowledgeable individuals. Team members might be State staff, staff from other SDAs or independent experts.
- Customer feedback. Obtaining customer feedback through surveys or focus groups can be a very effective tool for diagnosing problems.

The diagnosis procedures should allow for the wide variety of problems that might lead to failure of performance standards, ranging from program design deficiencies to reporting problems. Once performance problems in an SDA are diagnosed, it then becomes possible to prepare a technical assistance plan to address the deficiencies found.

⁵After January 1, for example, there are only three additional months of terminees that will be used in measuring performance on the Title II-A follow-up standards.

Imposing Reorganization Plans

When SDAs fail performance standards for two consecutive years, the Governor *must notify both the Secretary and the SDA* about the continued failure⁶ and develop and impose a reorganization plan. The legislation outlines a wide range of measures that can be included in the reorganization plan, including:

- Restructuring the Private Industry Council.
- Prohibiting the use of specific service providers.
- Merging the SDA into one or more existing SDAs.
- Selecting an alternative administrative entity to administer the program in the service delivery area.

The Governor is not limited to these specific actions, but may *make other changes as the Governor determines to be necessary to improve performance*. Thus, the Governor has wide latitude in designing the reorganization plan to be appropriate to the situation in the SDA. As with technical assistance plans, the reorganization plan should provide a remedy to the SDA's specific performance problems.

Note: The imposition of a reorganization plan triggers a new two-year clock. Thus, a second reorganization plan need not be imposed if failure persists for a third consecutive year.

Reporting to the Secretary

Within 90 days after the end of each program year (i.e., by September 30), States must report to DOL on the performance of SDAs. This report must include:

- The final performance standards and performance for each SDA in the State.
- Identification of SDAs failing performance standards for the program year and those failing standards for two consecutive program years.
- Plans for providing technical assistance to SDAs that failed standards in a given program year. Technical assistance plans shall describe:

⁶Notification to the Secretary would be included in the performance report discussed below.

- Analyses done to determine causes of failure.
- Steps taken (or to be taken) to address the problems.
- A plan for tracking implementation of technical assistance and corrective action.
- Reorganization plans for SDAs that failed standards for two consecutive program years. Governors shall describe the following actions to impose a reorganization plan:
 - Identification of the persisting problem/deficiency.
 - Communication of the problem to the SDA.
 - Provision, to the SDA, of an initial statement of the actions or steps required and the timeframe within which they are to be implemented.

A final statement of reorganization steps shall be issued by the Governor not later than October 30 after the end of the relevant program year.

Procedures for reporting this information are described in TEGL 2-95. However, the format to be used is at the discretion of the State.

Because the State's report is due shortly after final performance for the year is known, it may not be practical to provide detailed technical assistance or reorganization plans for failing SDAs. The absence of such detailed plans should not delay the submission of the report; rather, it may be submitted with general technical assistance and reorganization plans. States should, however, amend the report to include detailed technical assistance plans when they are available. Otherwise, States could not rely on the "safe harbor" in Section 106(j)(6)(ii) should an SDA appeal a subsequent reorganization plan.

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VII. PILOTING PERFORMANCE MEASURES BASED ON WAGE RECORDS

Beginning with PY 98, States have the option of replacing the Secretary's core measures for Title II-A with pilot sustained employment measures based on employer wage records, provided that the State adheres to guidelines established by DOL. The pilot measures are based on program year terminees (not the April-to-March follow-up year used for the Secretary's core measures.) Similar to the core measures, Title II-A terminees who do not receive services beyond objective assessment or are exempt from performance standards are excluded from the calculation of the pilot measures, as are individuals who, at termination, are institutionalized, deceased, or receiving medical treatment that precludes entry into unsubsidized employment or continued participation in the JTPA program.

DEFINITIONS OF THE PILOT WAGE-RECORD MEASURES

Adult Pilot Sustained Employment Rate (APSER). The percentage of terminees in the program year with wage-record earnings (in the second full calendar quarter after termination) of at least 13 weeks x 20 hours x the minimum wage (currently \$5.15), or \$1,339. This measure treats a person as employed only if he or she meets this minimum earnings threshold. Persons who earn a lesser amount are treated the same as those with no earnings at all.

Adult Pilot Sustained Quarterly Earnings (APSQE). The average earnings in the quarter for those employed as defined in the APSER. Thus, individuals who earn less than \$1,339 in the quarter are excluded from the computation of average earnings. This treatment avoids reducing earnings for persons who are treated as not employed in the employment measure.

Welfare Pilot Sustained Employment Rate (WPSER). The percentage of welfare terminees in the program year with wage-record earnings (in the second full calendar quarter after termination) of at least 13 weeks x 20 hours x the minimum

wage, or \$1,339. As for the Secretary's core measures, welfare terminées include individuals receiving TANF, RCA, or GA at application or during participation.

Welfare Pilot Sustained Quarterly Earnings (WPSQE). The average earnings in the quarter for welfare terminées who are employed as defined in the WPSER.

States choosing to pilot these measures based on wage records may substitute them for the Secretary's measures for Title II-A, which include the adult and welfare follow-up employment rates and adult and welfare follow-up weekly earnings. Thus, the measures based on wage records may be used as the basis for awarding incentives and determining which SDAs require technical assistance or reorganization.

BASELINE DEPARTURE POINTS

DOL has selected baseline departure points for wage-record measures that are comparable to the national standards for the existing follow-up measures. The phrase "baseline departure points" is intended to recognize that the estimates of appropriate levels for standards based on wage records are derived from data with serious limitations and can be expected to be revised over time as better data become available. Consequently, states piloting these should take account of these limitations in developing their incentive and sanction policies. In particular, states should be cautious about imposing stringent reorganization plans based on the pilot measures.

The baseline departure points were developed using data obtained from states that received demonstration grants to examine the Use of Wage-record Data for JTPA Performance Standards. These data provided information on wage records and demographic characteristics in PY 91. Wage record departure points for PY 91 were determined using the same percentiles of performance used to determine the PY 98 standards for the regular Title II-A measures. The calculated departure points for the employment measures were then adjusted for out-of-state employment and for the performance improvement in the corresponding regular measure between PY 91 and PY 95/96 (the time period used to determine the national standards for the regular measures). The resulting estimated departure points were 49% for adults and 43% for

welfare adults. Computation of estimated departure points incorporating the performance improvement yielded estimates of \$4,023 for adult quarterly earnings and \$3,500 for welfare quarterly earnings. After reviewing this information and considering the recommendations of a technical workgroup comprised of state and local JTPA staff, DOL decided to set the baseline departure points for the employment measures at 50% to encourage obtaining successful outcomes for at least half of terminees. The baseline departure points for the earnings measures were based on the PY 91 values plus an inflation adjustment, but were not adjusted for the full performance improvement since PY 91.

The baseline departure points selected by DOL are:

- Adult pilot sustained employment rate (optional), 50%.
- Adult pilot sustained quarterly earnings (optional), \$3,566.
- Welfare pilot sustained employment rate (optional), 50%.
- Welfare pilot sustained quarterly earnings (optional), \$3,079.

ADJUSTMENTS FOR LOCAL FACTORS

Adjustment models have been developed that states can use to adjust standards based on wage records for SDA characteristics, including client demographic characteristics and local economic conditions. These models are similar to the adjustment models developed for the Secretary's core standards, except that, like the baseline departure points, they were developed using PY 91 data provided by states participating in demonstrations on using wage records for performance measurement funded by DOL. Worksheets for these models are included in Appendix A. Because different data sets were used for these models, the local factors included in the models differ somewhat from those included in the regular models.

TOLERANCE RANGES

Tolerance ranges for the PY 1998 pilot measures were calculated to give Governors the same flexibility in adjusting departure points for wage record measures

as they have for the regular follow-up measures. The calculated tolerance ranges are the same percentage of the departure point as are the tolerance ranges for the corresponding Secretary's measure:

- Adult pilot sustained employment rate, \pm 2.7%.
- Adult pilot sustained quarterly earnings, \pm \$148.
- Welfare pilot sustained employment rate, \pm 3.9%.
- Welfare pilot sustained quarterly earnings, \pm \$157.

ADVANTAGES AND DISADVANTAGES OF USING WAGE RECORDS FOR PERFORMANCE MEASUREMENT

As an alternative to the existing JTPA follow-up survey, use of wage records to collect information on postprogram outcomes has both advantages and disadvantages. To examine these advantages and disadvantages, we look at three issues:

- Cost.
- Reliability—the extent to which repeating the same procedure yields the same result.
- Validity—whether one is measuring, on average, what is intended.

A key advantage is that using wage records is expected to be less costly. Whereas survey costs may range from \$15 to \$30 per interview, costs of obtaining wage records range from pennies to just a few dollars per person. Thus, by using wage records, states may be able to devote much of the resources currently used for follow-up for other purposes.

The lower costs of obtaining wage records also allow states to obtain information on postprogram outcomes for the entire universe of JTPA trainees rather than for the samples currently used by most states. As a result, SDA outcome measures based on wage records are less subject to sampling error and are thus more reliable.

The effects on validity of using wage records are, however, mixed. First validity is increased because, unlike the survey, there are neither nonresponse biases nor recall errors. Validity is decreased because the structure of the wage record systems forces

one to assume that an individual is not employed when no wage record is found for the individual. As a result, the following issues introduce a bias and, hence, reduce validity:

- Out-of-state employment. Individuals who obtain employment out of state will not be found in the state's wage record system.
- Noncovered employment. Some jobs are not covered by UI and are excluded from the wage record system. Although coverage rules vary from state to state, the major exclusion from coverage is self-employment. Thus, individuals who become self-employed will not be found in the state's wage record system.
- Late employer reporting. Although late reporting is rare, if an employer is late reporting earnings information (or fails to report at all) the individual will be treated as not employed. Late reporting or failure to report may be more of a problem in some States than in others.
- Incorrect employer reporting. Incorrect employer reporting will typically result in an underestimate of employment.
- Incorrect Social Security numbers in the JTPA MIS. Although JTPA programs collect Social Security numbers for all participants, the accuracy of these numbers has not been important for most participants. When wage records are used to collect information on postprogram outcomes, incorrect Social Security numbers will typically lead to the conclusion that the individual is not employed postprogram. In some cases the incorrect number will, however, match an employed person in the state and the terminatee will be treated as employed, but with the wrong value for earnings.

Although the latter two problems have somewhat ambiguous effects, for the most part these problems with wage records tend to lead to a bias in the same direction: individuals who actually are employed are not found in the state's wage record system and are treated as not employed in performance measures based on wage records.

There are, however, a number of steps that states and SDAs can take to improve the validity of performance measures derived from wage records, including:

- Verify participant Social Security numbers so that wage records are obtained for the right individuals.
- Wait until wage records are complete before matching. If matches are conducted too early, employment measures will appear lower than they should

be.

- Address out-of-state employment:
 - Determine whether participant enters out-of-state employment.
 - Get wage records from other states where many JTPA terminees obtain employment.
 - Make adjustments for out-of-state employment for terminees who obtain employment in states from which wage records are not obtained.
- Address noncovered employment.
 - Determine whether the participant enters noncovered employment.
 - Make adjustments for noncovered employment.

Later in this chapter, we discuss procedures that states and SDAs can use to obtain wage records from other states and to adjust for both out-of-state and noncovered employment.

GUIDELINES FOR ADOPTING THE PILOT MEASURES

States choosing to adopt the pilot measures must meet guidelines established by DOL, several of which are intended to offset some of the validity problems inherent in the use of wage records. Some key guidelines for adopting the pilot measures include:

- To calculate the match, the State must compare all terminees to wage records. Sampling is not permitted.
- A supplemental SPIR submission containing the wage record data must be submitted by the August 15 after the end of the following program year. This supplemental submission will include quarterly earnings (regardless of whether it is above or below \$1,339) for both the first and second full calendar quarters after termination. For Title III it will also include quarterly earnings for the three full calendar quarters before application. It will also include additional information about the placement job and the five key identifying fields used in the SPIR.
- States must make good faith efforts to obtain and report earnings records for out-of-state placements by implementing data sharing agreements with a majority of contiguous states or with states known to account for a majority of out-of-state placements or by participating in an operational national data sharing arrangement, if one becomes a functional reality. When states do not obtain wage records from all relevant states, they should make adjustment for out-of-state employment.

- States must continue to conduct the current follow-up survey for a sample of 5% of terminees in the April-to-March follow-up year. These data will be used to develop national performance estimates in support of GPRA; they will not be sufficient to develop state estimates. A 70% response rate for all sample cohorts (i.e., adults employed, adults not employed) must be obtained.
- States must make adjustments for noncovered employment.
- States must develop for DOL approval an incentive and sanction policy that copes with the time lag in the availability of wage records to measure performance.
- States must ensure that they are able to manage adequately their local programs and comply fully with federal reporting requirements.

The complete guidelines are presented in TEGL 12-97 (see Appendix B). Additional information was provided in Training and Employment Information Notice 11-98. In the remainder of this chapter, ways to meet these requirements and to use wage records for performance standards are discussed in detail.

OBTAINING OUT-OF-STATE WAGE RECORDS

Obtaining out-of-state wage records may be the most difficult task that states using the pilot measures will need to undertake. As discussed above, the pilot guidelines require that states make a good-faith effort to obtain wage records from other states. States, however, do not need to obtain wage records for all states. Instead, they should focus their efforts obtaining wage records from states where a significant number of JTPA participants from some SDAs find employment. Typically these states will be adjacent states, particularly those that share an interstate labor market--the out-of-state employment problem will be particularly acute in SDAs where participants can easily commute to out-of-state jobs.

There are two basic ways that states can obtain wage records from other states. First, they can conduct bilateral negotiations with individual states that represent a substantial number of out-of-state placements. Second, they can participate in a multi-state data sharing arrangement.

Negotiating directly with adjacent and nearby states, is the most practical initial

approach for most states. These negotiations may be time consuming, especially since they will often need to deal with the thorny issues of data confidentiality and cost reimbursement. Thus, states should not wait until they need the data to commence negotiation; instead, they should treat negotiating with other states as one of the initial steps that must be taken when piloting wage measures.

In the longer term, multi-state data sharing arrangements, either national or regional will be the most cost-effective and least burdensome approach to obtaining out-of-state wage records. One such arrangement, the Wage Record Interchange System (WRIS) is expected to become operational in early 1999. A prototype WRIS was operated by the Information Technology Support Center (ITSC). Joining WRIS will be particularly effective for states that want data from other states that are already participating in WRIS. Information about the prototype WRIS can be obtained from ITSC. Substantial information is provided on the ITSC web site at www.itsc.state.md.us/WRIS_hom.html. A General Administrative Letter (GA) in WRIS will be issued in early 1999.

The design of WRIS includes some creative ways to minimize the burden of data sharing on participating states. The methodology has two advantages. First, wage record requests for an individual go only to states that have wage records for that individual. Second, wage record requests from participating states are combined so that each state has to respond to only a single request, rather than to individual requests from all participating states.

For many states it will not be enough to obtain data from other states, they may also need to obtain data from some of the other wage record systems that operate separately from the states' systems. These include wage records systems for:

- Federal employment.
- Military employment.
- Postal employment.
- Railroad Employment.

- State and/or local government employment (in some states).

ADJUSTING FOR OUT-OF-STATE AND NONCOVERED EMPLOYMENT

While obtaining wage records from other states is the best approach to dealing with the out-of-state employment issue, states will still need to address the issue of employment in states from which wage records are not obtained. They will also need to address the problems posed by noncovered employment—employment that does not appear in any wage record system.

To address these problems, states may use an adjustment approach that estimates outcomes for individuals placed at termination in either out-of-state or noncovered employment.

A worksheet and instructions for adjusting performance for out-of-state and noncovered employment are attached. In implementing the adjustment, individuals should be treated as placed out of state if they are placed in a state from which wage records are not obtained. Individuals placed in a state from which wage records are obtained should be treated as placed "in state." In addition, individuals placed in jobs that have separate wage record systems from which wage records are not obtained should be treated as out of state. Examples of separate wage records systems include federal employment, military employment, postal employment, railroad employment, and state and local government employment (in some states). Employers who do not report wage records (e.g., reimbursable employers such as nonprofit organizations and local governments in some states) should be treated as noncovered.

Worksheet for Adjusting Performance Measures Based on Wage Records for Out-of-State and Noncovered Employment

The attached worksheet provides a procedure that adjusts the pilot employment and earnings measures for out-of-state and noncovered employment. Since no information exists for those not covered or employed out-of-state under the wage record system, some assumptions are needed. The calculations in the worksheet assume that:

**Worksheet for Adjusting Performance Measures Based on Wage Records
for Out-of-State and Noncovered Employment**

	A. Number of Terminees	B. Number Employed (Wage Records)	C. Employment Ratio	D. Total Earnings of Employed (Wage Records)	E. Average Earnings
1. Employed at termination in state (or in states from which wage records are obtained) in covered employment	1.A	1.B	$= 1.B \div 1.A$	1.D	$= 1.D \div 1.B$
2. Employed at termination in state (or in states from which wage records are obtained) in noncovered employment	2.A	$= 1.C \times 2.A$		$= 1.E \times 2.B$	
3. Employed at termination out-of-state (wage records not obtained)	3.A	$= 1.C \times 3.A$		$= 1.E \times 3.B$	
4. Not employed at termination	4.A	4.B		4.D	
5. Total (Sum of Column Entries)	$= 1.A + 2.A + 3.A + 4.A$	$= 1.B + 2.B + 3.B + 4.B$		$= 1.D + 2.D + 3.D + 4.D$	
6. Adjusted Employment Rate			$= 5.B \div 5.A$		
7. Adjusted Average Earnings					$= 5.D \div 5.B$

- Individuals who entered employment (at termination) *out-of-state* have the *same* post-program employment rate and average earnings as those who entered covered employment in the state.
- Individuals who entered noncovered employment (at termination) have the same post-program employment rate and average earnings as those who entered in-state covered employment.
- Individuals who did not enter employment at termination are not employed postprogram in either out-of-state or noncovered employment.

These assumptions are expected to lead to an adjustment for out-of-state and noncovered employment that is likely to overstate the overall postprogram employment rate.

The worksheet is based on data from three sources:

- State or local JTPA MIS data that contains fields on whether a terminatee is employed at termination, whether the terminatee is covered by Unemployment Insurance, and which state the terminatee was employed in at termination.
- Wage records housed in the state Unemployment Insurance Offices. This information has earnings information if the job the terminatee is employed in is covered by the UI system (does not include those self-employed, for instance).
- Wage record information from other states, and from other wage record systems.

In implementing the worksheet, the state should be careful to properly treat the following conditions:

- Some types of employers participate in wage record systems that are distinct and separate from the state's wage record system. Examples include federal employment, military employment, postal service employment, railroad employment, and, in some states, state government employment. Each of these wage record systems should be treated as a different "state." So an individual who entered federal employment is treated as employed out of state.
- If the state obtains wage records from another state (or from another wage record system, such as federal employment), then individuals who entered employment in that state should be treated as in state in the worksheet.

Some types of employers are considered reimbursable employers and do not

submit wage records. Examples include nonprofit organizations and local governments in some states. Employment with reimbursable employers should be treated as noncovered employment in the worksheet even though the individual is in fact eligible for UI.

The worksheet contains seven rows based on employment status at termination:

- Row 1 includes data for individuals who entered in-state covered employment (or covered employment in another state from which wage records are obtained).
- Row 2 contains data and computations for individuals who entered in-state noncovered employment (or noncovered employment in another state from which wage records are obtained).
- Row 3 contains data and computation for individuals who entered employment out-of-state (excluding states from which wage records are obtained).
- Row 4 contains data for individuals who did not enter employment at termination.
- Row 5 contains computations for all terminees.
- Row 6 contains the Adjusted Post-program Employment Rate.
- Row 7 contains the Adjusted Post-program Average Earnings.

Each terminnee goes into *one and only one* of Rows 1 through 4. Row 5 is the sum of Rows 1 through 4. All persons who entered unsubsidized employment at termination should be counted as employed at termination, regardless of hours.

The worksheet contains 5 columns:

- Column A contains data on the number of terminees in the reporting period (program year).
- Column B contains data on and computed estimates of the number employed in the second full quarter following termination with earnings of at least \$1,339 (20 hours per week for 13 weeks at the minimum wage).¹
- Column C contains the computed employment ratio for individuals who

¹In rare circumstances it is possible for the calculated values for Column D rows 2 and 3 to be less than the values than would be obtained through a match with available wage records. If this anomaly occurs, the values obtained through the wage-record match should be used in place of the calculated values.

entered in-state covered employment.

- Column D contains data or computed estimates of aggregate earnings in the second full quarter after termination for all individuals counted as employed in column B.²
- Column E contains the average quarterly earnings in the second full quarter after termination for those who entered in-state covered employment.

The following instructions explain how to fill out the accompanying worksheet. Numbers and letters used in the instructions correspond to numbers and letters on the worksheet.

Note: The adjustment procedure depends on knowing whether the job held at termination is an out-of-state job or a noncovered job. If this information is not accurate, the adjustment will also not be accurate. SDA's may be able to determine whether a job is noncovered by finding out whether the employer submits wage records to the State.

²In rare circumstances it is possible for the calculated values for Column D rows 2 and 3 to be less than the values than would be obtained through a match with available wage records. If this anomaly occurs, the values obtained through the wage-record match should be used in place of the calculated values.

**Instructions for Completing the Worksheet
for Adjusting Performance Measures Based on Wage Records
for Out-of-State and Noncovered Employment**

Row 1		Employed at Termination in State in Covered Employment
	<i>Column A</i>	<p><i>Number of Terminees</i> Enter the number of terminees with <i>all</i> of the following into cell 1.A:</p> <ul style="list-style-type: none"> • Entered unsubsidized employment at termination. • Job covered by unemployment insurance (or missing). • Entered employment in the state or in another state (or military or federal employment, etc.) where wage records are obtained (or state of entered employment is missing).
	<i>Column B</i>	<p><i>Number Employed</i> Put into 1.B the total number of terminees from 1.A who also have wage records with:</p> <ul style="list-style-type: none"> • Earnings equivalent to at least 20 hours per week for 13 weeks (\$1,339) at the minimum wage in the second full quarter after termination (wage records can be obtained from either the state Unemployment Insurance Office, or from other states, a military, federal, or postal employment databases).
	<i>Column C</i>	<p><i>Employment Ratio</i> Divide 1.B by 1.A to get 1.C: the Employment Ratio (number employed/number of terminations). The employment ratio is the percent of those who are employed at termination who have earnings of at least \$1,339 in the second quarter past termination. This ratio is used to estimate the employment rates of those whose wage records cannot be obtained.</p>
	<i>Column D</i>	<p><i>Total Earnings</i> Enter the total earnings of those in 1.B in 1.D: Total Earnings. Total Earnings represents the total earnings of everyone who has wage records with earnings of at least \$1,339 (subject to the conditions for 1.A).</p>
	<i>Column E</i>	<p><i>Average Earnings</i> Divide 1.D by 1.B to get 1.E: Average Earnings. Average earnings is the sum of total earnings divided by the number of applicable terminees.</p>

Row 2		Employed at Termination in State in Noncovered Employment
	<i>Column A</i>	<p><i>Number of Terminees</i></p> <p>Enter the number of terminees with <i>all</i> of the following into cell 2.A:</p> <ul style="list-style-type: none"> • Entered unsubsidized employment at termination. • Job <i>not</i> covered by unemployment insurance (or with employers who do not submit wage records). • Entered employment in the state or in another state (or military or federal, etc.) where wage records are obtained (or state of entered employment is missing).
	<i>Column B</i>	<p><i>Number Employed (Estimated)</i></p> <p>Multiply 2.A by 1.C to get 2. B: the estimated number of people who are employed in the second quarter past termination. Since these people entered jobs not covered by the wage record system, the number has to be estimated. The estimate assumes that individuals who entered noncovered employment have the same post-program employment rate as those who entered covered employment within the state.</p>
	<i>Column D</i>	<p><i>Total Earnings (Estimated)</i></p> <p>Multiply 1.E by 2.B to get 2.D: the estimated total earnings of people who were employed in the second quarter past termination. Since these people entered jobs not covered by the wage record system, the number has to be estimated. The estimate assumes that individuals who entered noncovered employment have the same average earnings as those who entered covered employment within the state.</p>
Row 3		Employed at Termination Out-of-state
	<i>Column A</i>	<p><i>Number of Terminees</i></p> <p>Enter the number of terminees with all of the following into cell 3.A:</p> <ul style="list-style-type: none"> • Entered unsubsidized employment at termination. Employment can be either covered or noncovered by UI. • Entered employment out-of-state and not in another state where wage records are obtained.
	<i>Column B</i>	<p><i>Number Employed (Estimated)</i></p> <p>Multiply 3.A by 1.C to get 3. B: the estimated number of people who are employed in the second quarter past termination. Since these people entered employment in other states, the number has to be estimated. The estimate assumes that individuals who entered out-of-state employment have the same postprogram employment rate as those who entered covered employment within the state.</p>

	<i>Column D</i>	<i>Total Earnings (Estimated)</i> Multiply 1.E by 3.B to get 3.D: the estimated total earnings of people who were employed in the second quarter past termination. Since these people entered employment in other states, the number has to be estimated. The estimate assumes that individuals who entered out-of-state employment have the same average post-program earnings as those who entered covered employment within the state.
Row 4		Not Employed at Termination
	<i>Column A</i>	<i>Number of Terminees</i> Enter the number of people not employed at termination in 4.A.
	<i>Column B</i>	<i>Number Employed</i> Enter the number of people in 4.A that had earnings of at least \$1,339 in the second quarter after termination (based on wage records).
	<i>Column D</i>	<i>Total Earnings of Employed.</i> Enter the total earnings for those in 4.B into 4.D.
Row 5		Total
	<i>Column A</i>	<i>Number of Terminees</i>
		The total number of terminees is the sum of 1.A, 2.A, 3.A, and 4.A. Place this into 5.A.
	<i>Column B</i>	<i>Number Employed</i> The total number employed is the sum of 1.B, 2.B, 3.B, and 4.B. Place this into 5.B.
	<i>Column D</i>	<i>Total Earnings of Employed</i> The total earnings is the sum of 1.D, 2.D, 3.D and 4.D. Enter into 5.D.
Row 6		Adjusted Employment Rate The final Adjusted Employment Rate is 5.B (Number Employed) divided by 5.A (Number of Terminees). This figure represents the employment rate after adjustments for noncovered and out-of-state employment.
Row 7		Adjusted Average Earnings The final Adjusted Average Earnings is 5.D (Total Earnings of Employed) divided by 5.B (Number Employed). This figure represents average earnings after adjustments for noncovered and out-of-state employment.

**Example of Completing the Worksheet
for Adjusting Performance Measures Based on Wage Records
for Out-of-State and Noncovered Employment**

Suppose the following information was in the local JTPA database and the wage record system:

	Number of Terminees	Number with Earnings > \$1,339 in Wage records	Total Earnings
Total terminees	160		
Employed at termination			
In state in covered employment (or information missing)	100	80	\$236,250
Entered covered employment in another state and wage records were obtained.	20	10	
Not covered by UI	8	N/A	
Entered employment out-of-state and wage records not obtained.	12	N/A	
Not employed at termination	20	10	\$20,000

Row 1	Employed at Termination in State in Covered Employment	
<i>Column A</i>	<i>Number of Terminees</i>	From the information supplied in the local MIS database, 100 terminees were employed at termination in covered (in-state) employment. Let us also suppose that there were some 20 records with people coded as being employed in covered employment in another 5-6 states (or in railroad, postal, federal, or military employment) where it is possible to get wage records. In this case, enter 120 in 1.A (row 1, column A).
<i>Column B</i>	<i>Number Employed</i>	From the information supplied by the state UI office, 80 matches (above the minimum earnings threshold and in the second quarter past termination) were found. Another 10 came from other state UI offices or a military database where data sharing agreements are in place. Put 90 into 1.B.

	<i>Column C</i>	<i>Employment Ratio</i> The ratio of these terminatees to those employed at termination (employment ratio) would be $90 \div 120$ or 0.75. This number is put into 1.C. This is the proportion of those employed at termination who are recorded as still employed in the second quarter past termination by the wage record system.
	<i>Column D</i>	<i>Total Earnings</i> The sum of the earnings for the terminatees (with earnings of at least \$1,339) in 1.B goes into 1.D. Let's say it is \$236,250.
	<i>Column E</i>	<i>Average Earnings</i> Divide total earnings in 1.D by the total number of employed terminatees in 1.B to get the average earnings, $\$236,250 \div 90 = \$2,625$, which we put into 1.E.
Row 2		Employed at Termination in State in Noncovered Employment
	<i>Column A</i>	<i>Number of Terminatees</i> If 8 terminatees were recorded as entering in-state noncovered employment at termination, then enter 8 into 2.A.
	<i>Column B</i>	<i>Number Employed (Estimated)</i> Multiply this number of terminatees in 2.A by the employment ratio (75%) and put the result, $8 \times .75 = 6$, into 2.B. This is the estimated number of those employed (who had sufficient earnings) in the second quarter past termination who were not covered by the UI system.
	<i>Column D</i>	<i>Total Earnings (Estimated)</i> To get the total earnings of those employed (wage records) in state in noncovered employment, or 2.D, multiply the estimated number employed in 2.B times the average earnings in 1.E ($6 \times \$2,625 = \$15,750$). This gives an estimate of the total earnings for the group in row 2.
Row 3		Employed at Termination Out-of-state
	<i>Column A</i>	<i>Number of Terminatees</i> For those employed out-of-state at termination, if there were 12, put 12 into cell 3.A.
	<i>Column B</i>	<i>Number Employed (Estimated)</i> For the second column, multiply this number by the employment ratio (75%) and put $12 \times .75 = 9$ into 3.B. This is the estimated number of those employed (who had sufficient earnings) in the second quarter past termination who were not covered by the UI system because they were employed out of state at termination.

	<i>Column D</i>	<i>Total Earnings (Estimated)</i> Multiply the number of employed terminees in 3.B times the average earnings in 1.E, to get the total estimated earnings for this group, which is placed in 3.D ($9 \times \$2,625 = \$23,625$).
Row 4		Not Employed at Termination
	<i>Column A</i>	<i>Number of Terminees</i> Put the number who do not enter employment at termination, say 20, into 4.A.
	<i>Column B</i>	<i>Number Employed</i> The number with wage records (with earnings beyond the threshold) is put into B.4, say 10.
	<i>Column D</i>	<i>Total Earnings of Employed.</i> Add up all the earnings of those in 4.B to get 4.D, say \$20,000. This represents the total earnings of those employed in the second quarter past termination but not employed at termination.
Row 5		Total
	<i>Column A</i>	<i>Number of Terminees</i>
		Summing column A gives the total number of terminees, $120 + 8 + 12 + 20 = 160$.
	<i>Column B</i>	<i>Number Employed</i> Summing column B gives the estimated number employed, $90 + 6 + 9 + 10 = 115$.
	<i>Column D</i>	<i>Total Earnings of Employed</i> Summing column D gives total earnings of the employed, $\$236,250 + \$15,750 + \$23,625 + \$20,000 = \$295,625$.
Row 6		Adjusted Employment Rate The total employed (5.B, 115) divided by the total number of terminees, (5.A, 160) gives us the Adjusted Employment Rate, $(115 \div 160) \times 100 = 71.9\%$.
Row 7		Adjusted Average Earnings Total earnings (\$295,625, 5.D) divided by the total number employed (5.B) gives the Adjusted Average Earnings, (\$2,571).

**Worksheet for Adjusting Performance Measures Based on Wage Records
for Out-of-State and Noncovered Employment**

	A. Number of Terminees	B. Number Employed (Wage Records)	C. Employment Ratio	D. Total Earnings of Employed (Wage Records)	E. Average Earnings
1. Employed at termination in state (or in states from which wage records are obtained) in covered employment	120	90	0.75	\$236,250	\$2,625
2. Employed at termination in state (or in states from which wage records are obtained) in noncovered employment	8	6		\$15,750	
3. Employed at termination out-of-state (wage records not obtained)	12	9		\$23,625	
4. Not employed at termination	20	10		\$20,000	
5. Total (Sum of Column Entries)	160	115		\$295,625	
6. Adjusted Employment Rate			71.9%		
7. Adjusted Average Earnings					\$2,571

REPORTING ISSUES FOR PILOT STATES

Supplemental SPIR Submission

States substituting the pilot performance measures for the Secretary's measures are required to submit wage record data to DOL in a supplemental SPIR submission. This submission will contain:

- Data for all program year terminees.
- Data on total earnings in the:
 - First full calendar quarter after termination.
 - Second full calendar quarter after termination.
- Additional information to support adjustments for out-of-state and noncovered employment, including the state of the placement job and whether wage records were obtained from the state of the placement job.
- Identifying information, including Social Security number, SDA number, program of participation, participation date, and termination date.

These data are to be submitted to DOL in a specified format no later than one year and 45 days after the end of the program year (e.g., by August 15, 2000 for PY 98 terminees). The regular SPIR submission (with complete data through termination) will continue to be submitted within 45 days after the end of the program year.

Telephone Survey 5% Sample

States participating in the pilot are required to continue to conduct the telephone follow-up survey for a 5% sample of terminees from Title II-A and/or Title III, as appropriate. The 5% sample survey should be conducted using the same procedures as the existing follow-up survey except for the size of the sample. In particular:

- The 5% sample follow-up should be conducted for the first three quarters of the program year and the last quarter of the previous program year.
- The 5% follow-up data should be included in the regular SPIR submission due August 15 after the end of the program year.
- The 5% sample should be selected randomly. The state can choose either a 5% statewide sample or a 5% sample in each SDA/SSA.
- The 70% response rate requirement applies.

The 5% sample is designed to provide the information needed to estimate national JTPA outcomes. The sample sizes will not be large enough to estimate performance at the state level, except in very large states. ETA does not plan to use these data to measure and evaluate state performance.

INCENTIVE AND SANCTION POLICIES

The time lag in the availability of performance information based on wage records raises some serious challenges for states' incentive and sanction policies. The implications of the time lag can be considered in the following example. Postprogram outcomes for individuals who terminate in the last quarter of PY 1998 (April to June 1999) occur two calendar quarters later (October to December 1999). Employers report these data to the state in the following quarter (January to March 2000) and the state's database may not be complete until sometime in the next quarter (April to June 2000). Thus, the state will not be able to measure PY 1998 performance based on wage records until about one year after the end of the program year.

States using wage records to measure performance are required to develop for ETA approval incentive and sanction policies that address this delay. For incentive policies, states have at least two options:

1. Wait up to one year to determine performance and award incentives for both adult and youth performance. For example, the state could make PY 1998 awards in June to September of 2000. The basic problem with this option is the transition--no incentive awards would be made in September of 1999. A year without incentive awards would not be very popular with SDAs.
2. Make awards for youth performance at the usual time along with awards for adult performance in the previous program year. This option allows the state to continue awarding incentives every year, although during the first year awards would be based only on youth performance and state standards. States choosing this option might want to implement state standards based on adult termination outcomes to provide more timely awards to SDAs for adult performance.

While the implications of the time lag for incentives are limited to a delay in the award of incentive funds, the implications for sanction policies are much more serious. The current JTPA system is predicated on providing SDAs that fail standards overall during a program year, technical assistance to avert failure in the next program year. However, SDAs that fail for "two consecutive program years" are subject to reorganization.

With wage record follow-up, literal interpretation of "two consecutive program years" would deny SDAs of the opportunity to correct performance deficiencies. For example, performance for PY 1998 adult terminees is not available until approximately June of 2000, when PY 1999 is just about to end. Thus, by the time poor performance in PY 1998 is discovered there is no opportunity to improve performance in PY 1999, which is already nearly over.

One way to address this problem is to change the interpretation to explicitly allow SDAs a year after identification of the initial failure to improve performance before becoming subject to sanctions. For example, if an SDA is identified in June of 2000 as failing PY 1998 standards, performance in PY 2000 could be used as the second year in determining whether the SDA is subject to reorganization.

SUPPLEMENTAL INFORMATION FOR WAIVER STATES

Some states received waivers that allowed them to begin using performance measures based on wage records beginning in PY 98. Because the waivers were granted before the pilot measures and policies discussed above were determined, waiver states have some additional options, including:

- Waiver states can use performance measures based on a different definition of employment: earnings of at least 20 hours at the minimum wage in the quarter (i.e., \$103). These measures will have different departure points than those established for the pilot measures. The departure points are higher for the employment measures, but lower for the earnings measures. The departure

points will also differ between PY 97 and PY 98.³

- Waiver states can provide wage record data for a recent year for which the telephone follow-up was conducted instead of continuing the follow-up survey for a 5% sample.

Although waiver states have these additional options, DOL is encouraging waiver states to adopt the pilot measures and procedures for PY 98.

³Waiver states have been provided with information on departure points, adjustment models, and tolerance ranges for these alternative measures. They should rely on that information rather than the information provided in this Chapter for implementing the alternative measures.

APPENDIX A

JTPA PERFORMANCE STANDARDS WORKSHEETS FOR PY 98

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**APPENDIX A
ATTACHMENT 1**

**INSTRUCTIONS AND WORKSHEETS FOR CORE PERFORMANCE MEASURES
FOR JTPA TITLE II-A, TITLE II-C, TITLE III, AND SECTION 204(d)**

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**GENERAL INSTRUCTIONS FOR COMPLETING THE JTPA
PERFORMANCE STANDARDS WORKSHEETS
FOR TITLES II-A, II-C AND III, AND SECTION 204(d)
FOR PY 1998**

The following provides general instructions for completing the JTPA Performance Standards Worksheets (PSW) including the sources of data and computation methods for the items on the worksheets. These instructions are to be used for completing the performance standards worksheets for Title II-A adults, Title II-A adult welfare recipients (Method I), Title II-C youth, Section 204(d) older workers, and Title III dislocated workers. Instructions for completing the Method II worksheets for Title II-A welfare recipients are presented later.

The Title II and Title III worksheets can be used to calculate standards for each SDA/SSA. The older worker worksheets can be used to calculate standards for the State's Section 204(d) program.

A. Service Delivery Area/Substate Area/State Name

For Title II and Title III worksheets, enter the Service Delivery Area/Substate Area Name. For older worker worksheets, enter the State Name.

B. SDA/SSA Number/State FIPS Code

For Title II and Title III worksheets, enter the JTPA number assigned by the Governor to the SDA/SSA. For older worker worksheets, enter the State FIPS Code

C. Performance Period

Enter the performance period (e.g., PY 98).

D. Type of Standard/Date

Enter a check in the box next to the appropriate response (i.e., whether the standard is based on the SDA/SSA/State plan or is recalculated, based on actual service levels). Enter the date on which the calculations were made.

E. Performance Measure

The name of the appropriate performance measure for which the SDA/SSA/State Performance Standard is being established is preprinted.

F. Column F - Local Factors

The Local Factors determined by the Secretary to have a measurable influence on SDA/SSA/State expected performance levels for each of the performance measures are

preprinted.

G. Column G - SDA/SSA/State Factor Values

For Title II and Title III worksheets, enter the SDA/SSA values for each Local Factor listed in "Column F." When the worksheets are used for planning purposes, these SDA/SSA Factor Values should reflect the characteristics of the participants expected to terminate during the program year. These planning values should be obtained from the SDA/SSA. When the worksheets are used to calculate final standards, actual terminnee characteristics must be substituted for the planned SDA/SSA Factor Values.

The characteristics of terminnees from Title II must be expressed as a percent of the total number of participants who terminate during the program year **and received more than objective assessment only** (adult terminnees for adult models, youth terminnees for youth models, adult welfare recipients who terminate for the welfare models, and Section 204(d) older workers for the older worker models). For Title II-A follow-up measures, either the program year or the April 1 to March 31 follow-up year may be used.

SDA local economic data provided by DOL may be used to determine the SDA Factor Values for local economic conditions. Alternatively, more recent economic data obtained from the SESA or SDA/SSA may be used. If the SDA and SSA are identical, use the SDA local economic data.

The Title II-A, Title II-C, and Title III models for PY 98 were developed using SPIR data. Table XIII shows how the worksheet factors are related to SPIR data items.

For older worker worksheets, enter Statewide values of terminnee characteristics and economic conditions.

The calculation of the preprogram wage has been changed beginning with the PY 98/99 adjustment models. In addition, the treatment of items that are being revised in the Standardized Program information Report (SPIR) needs to be clarified. Changes and clarifications include:

Preprogram wage. In calculating the SDA average preprogram wage for Title II-A and Section 204 (d), the wage of individuals without a preprogram wage (i.e., no job in the 26 weeks before application) should be treated as zero (0.00). Thus, if 100 individuals terminate from the SDA, 40 have no preprogram wage, and the remaining 60 have preprogram wages of \$6.00 per hour, the average will be \$3.60. This change was implemented because SDAs serving many individuals without a preprogram wage thought it was unfair to base the average preprogram wage on just a few of the individuals served.

No preprogram wage. A new factor, percent with no preprogram wage, has been included in the models to account for the above treatment of individuals without a preprogram wage in calculating the average preprogram wage. Continuing the above example, if 40 out of 100 terminees have no preprogram wage, the SDA value for no preprogram wage would be 40.0%.

Dislocation wage and no dislocation wage. The same procedure used for the preprogram wage for Title II should be used in calculating the average dislocation wage for Title III. Individuals without dislocation wages (primarily displaced homemakers) should be treated as having a wage of zero (0.00).

Post-high school. For Titles II-A and II-C and Section 204(d), post-high school includes college graduates. For Title III, post-high school excludes college graduates because college graduate is treated as a separate factor.

Long-term TANF recipient. The definition of this item is being revised in the SPIR to be consistent with welfare to work. For PY 98, either the revised or previous definition may be used in the worksheets. However, the definition used should be consistent with the state's SPIR submittal.

Lacks significant work history. This item is being replaced in the SPIR with a similar item, poor work history, to be consistent with welfare to work. For PY 98, either item may be used in the worksheets. However, the item used should be consistent with the state's SPIR submittal.

UI claimant (not profiled and referred). For Title III only, individuals who are profiled and referred to JTPA by WPRS are excluded from the UI claimant factor on the worksheet because these individuals may experience greater difficulty obtaining employment than other UI claimants. Only individuals formally referred to JTPA are to be excluded from the factor; individuals who come to JTPA on their own and are not formally referred by WPRS are to be included in the factor. Individuals whose profiling and referral status is not known also should be included in the factor.

H. Column H - National Averages

The national average data for the Local Factors shown in "Column F" are preprinted. These represent the characteristics of JTPA participants who terminated in PY 96. They do not necessarily represent a desired mix of participants. Table XIV shows how the performance measures are related to SPIR data items.

I. Column I - Difference

Subtract "Column H" (National Averages) from "Column G" (SDA/SSA/State Factor

Values) for each Local Factor listed in "Column F" and enter the result in "Column I."

J. Column J - Weights

The appropriate Weight, "Column J," for each Local Factor listed in "Column F" is preprinted. These Weights indicate the estimated effect of each characteristic on the performance measure in question.

K. Column K - Effect of Local Factors on Performance Expectations

Multiply "Column I" by "Column J" for each Local Factor listed in "Column F," and enter the result in "Column K."

L. Block L - Total

Obtain the total of items listed in "Column K" by adding the positive items and subtracting the negative items. This represents the net effect of Local Factors on performance.

M. Block M - National Departure Point

The National Departure Point for each performance measure is preprinted for all measures except the optional Title III Average Wage at Placement.

N. Block N - Model-Adjusted Performance Level

Add the Total "Block L" to the National Departure Point "Block M." Enter the result in "Block N." This figure represents the Model-Adjusted Performance Level.

O. Block O - Governor's Adjustment

The Governor may further adjust the Model-Adjusted Performance Level to account for additional circumstances, to include a productivity improvement factor, or to allow for statistical imprecision.

Tolerance Ranges. To allow for statistical imprecision of the adjustment model, an average **tolerance range** has been computed for each measure. The tolerance ranges for Title II-A adult, Title II-C youth, Section 204(d) older workers, and Title III dislocated worker performance measures are shown in Column 2 of Table I. To adjust for statistical imprecision, a number within the ranges listed may be added to, or subtracted from, the Model-Adjusted Performance Level ("Block N").

If the model-adjusted performance level is extreme or two or more of the local factors are extreme, the Governor may consider applying a wider tolerance range adjustment to make the standard more lenient. Wider tolerance ranges appear in Column 3 of Table I. Wider tolerance ranges are not available for Section 204(d) older workers.

Extreme Model-Adjusted Performance Standards and Local Factors Although the adjustment models produce meaningful performance standards for a large majority of SDAs/SSAs, under some circumstances the results may be unacceptably extreme. Governors should examine individual performance expectations for SDAs/SSAs with extreme model-adjusted performance levels. The model-adjusted values which are considered extreme are given in Table II, and extreme values of local factors for Title II-A adult, Title II-A adult welfare, Title II-C youth, Section 204(d) older workers and Title III dislocated worker measures are provided in Tables III, IV, V, VI, and VII.

Combine the adjustments allowed by the Governor and enter in "Block O" the total positive or negative adjustment. If no adjustment is determined to be appropriate, enter a zero in "Block O." Generally, the Governor's Adjustment applied at the beginning of the year for planning purposes should also be applied at the end of the year to determine actual standards. However, additional adjustments may be made for circumstances that vary from the beginning to the end of the year due to unanticipated circumstances that occurred during the year.

P. Block P - SDA/SSA Performance Standards

Combine the Governor's Adjustment in "Block O" with the Model-Adjusted Performance Level in "Block N." Enter the result in "Block P."

For Section 204(d) older workers, the worksheet provides a standard for the statewide older worker program.

NOTE: The user is reminded that National Averages and Weights (preprinted in Columns "H" and "J") and the National Departure Point in "Block M" must not be changed when calculating the expected performance level to preserve the integrity of the modeling approach. Further, all Local Factors must be included when computing the Model-Adjusted Performance Level.

Alternative Performance Ranges

Governors may wish to determine levels of exemplary or nonsanctionable performance using national levels of performance as a base. For example, the Governor might wish to reward only performance above a given percentile (e.g., the 40th). Tables VIII, IX, X, and XI provide alternative performance ranges that can be added to model-adjusted performance levels to determine other percentiles of performance for an SDA. For example, to determine the 40th percentile of performance for the adult follow-up employment rate, the value in the row labeled "40th" should be added to the SDA's model-adjusted performance level. The Governor may use such calculated percentiles of performance to determine exemplary or nonsanctionable performance levels, depending upon the percentile used.

**INSTRUCTIONS FOR COMPLETING THE
JTPA PERFORMANCE STANDARDS WORKSHEETS
FOR TITLE II-A ADULT WELFARE RECIPIENTS (METHOD II)**

Two alternative methods are offered for adjusting the Welfare Follow-up Employment Rate. Governors may elect either method but must apply the same method for all SDAs in the State. Method I uses a worksheet similar to the other measures. For this method follow the general instructions **using the characteristics of the adult welfare recipients** instead of the characteristics of total adults in "Column G." Method II uses the ratio of the average performance outcome for all adult welfare recipients in the State to the average outcome for all adults in the State. The instructions for this ratio method appear below:

Using the Welfare Ratio (Method II)

- A. Block A through E
Complete according to the instructions provided for the JTPA Performance Standards Worksheets (PSW) for other measures.

- B. Line 1 - Model-Adjusted Performance Level for Adults
Transfer the figure in "Block N" (Model-Adjusted Performance Level) from the completed PSW for the comparable Title II-A adult performance measure. When calculating the standard for the Welfare Follow-up Employment Rate use the figure in "Block N" for the Adult Follow-up Employment Rate. When calculating the standard for Welfare Follow-up Weekly Earnings, use the "Block N" value for Adult Follow-up Weekly Earnings.

- C. Line 2 - State Welfare Ratio
State ratios of the performance for adult welfare recipients to performance for all adults are presented in Table XII. Enter the appropriate ratio on "Line 2." When calculating the standard for the Welfare Follow-Up Employment Rate use the Welfare Follow-up Employment Rate Ratio (the ratio of the Welfare Follow-up Employment Rate to the total Adult Follow-up Employment Rate). When calculating the standard for Welfare Follow-Up Weekly Earnings use the Welfare Follow-Up Weekly Earnings Ratio.

- D. Line 3 - SDA Welfare Performance
Multiply the model-adjusted level for the adult performance measure, "Line 1," by the State Welfare Ratio, "Line 2," and post the results on "Line 3."

- E. Block (Line) N - Model-Adjusted Performance Level

Transfer the figure shown on "Line 3" above to "Block N."
F. Block (Lines) O through P

Complete according to the instructions for the JTPA Performance Standards Worksheets (PSW) for the other measures.

A similar process can be followed for the Welfare Entered Employment Rate measure, should a State decide to use it in addition to the required measures. State ratios for this measure are also presented in Table XII.

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PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Follow-Up Employment Rate (Adult)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			71.3		-0.050	
2. % Age 55 or more			1.9		-0.130	
3. % Not a high school graduate			17.8		-0.066	
4. % Post-high school (including college)			26.1		0.008	
5. % Dropout under age 30			8.1		-0.015	
6. % Black (not Hispanic)			26.4		-0.027	
7. % Minority male			11.6		-0.026	
8. % Cash Welfare recipient			40.9		-0.031	
9. % Long term TANF recipient			15.3		-0.018	
10. % SSI recipient			3.3		-0.133	
11. % Basic skills deficient			47.0		-0.037	
12. % Individual with a disability			8.1		-0.096	
13. % Lacks significant work history			32.4		-0.055	
14. % Homeless			1.7		-0.043	
15. % Vietnam-era veteran			2.2		-0.081	
16. % Not in the labor force			32.2		-0.108	
17. % Unemployed 15 or more weeks			31.9		-0.073	
18. % UI claimant or exhaustee			13.2		0.022	
19. Unemployment rate			5.7		-0.608	
20. Three year growth in earnings in trade			0.0		0.245	
21. Annual earnings in retail and wholesale trade			17.3		-0.539	
22. % of families with income below poverty level			10.6		-0.211	
		L. Total				
		M. NATIONAL DEPARTURE POINT				60.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number			
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Follow-Up Weekly Earnings (Adult)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1.	% Female		71.3		-0.683	
2.	% Age 55 or more		1.9		-0.610	
3.	% Not a high school graduate		17.8		-0.145	
4.	% Post-high school (including college)		26.1		0.334	
5.	% Dropout under age 30		8.1		-0.088	
6.	% Black (not Hispanic)		26.4		-0.177	
7.	% Other minority		13.2		-0.065	
8.	% Minority male		11.6		-0.306	
9.	% Cash Welfare recipient		40.9		-0.072	
10.	% Long term TANF recipient		15.3		-0.086	
11.	% SSI recipient		3.3		-0.265	
12.	% Basic skills deficient		47.0		-0.286	
13.	% Individual with a disability		8.1		-0.315	
14.	% Limited English-language proficiency		3.1		-0.251	
15.	% Lacks significant work history		32.4		-0.098	
16.	% Homeless		1.7		-0.136	
17.	% Not in the labor force		32.2		-0.044	
18.	% Unemployed 15 or more weeks		31.9		-0.076	
19.	% UI claimant or exhaustee		13.2		0.081	
20.	Preprogram wage		3.3		10.132	
21.	% No preprogram wage		47.1		0.649	
22.	Unemployment rate		5.7		-1.716	
23.	Annual earnings in retail and wholesale trade		17.3		2.790	
24.	% Employed in manufacturing, agriculture and mining		20.3		0.580	
25.	% of families with income below poverty level		10.6		-0.984	
		L. Total				
		M. NATIONAL DEPARTURE POINT				289
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Welfare Follow-Up Employment Rate (Adult)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1.	% Female		87.7		-0.073	
2.	% Age 55 or more		0.4		-0.224	
3.	% Not a high school graduate		19.8		-0.053	
4.	% Post-high school (including college)		23.5		0.016	
5.	% Dropout under age 30		10.2		-0.035	
6.	% Black (not Hispanic)		29.8		-0.040	
7.	% Minority male		4.5		-0.092	
8.	% Long term TANF recipient		38.4		-0.024	
9.	% SSI recipient		2.3		-0.077	
10.	% Basic skills deficient		47.6		-0.036	
11.	% Individual with a disability		4.6		-0.067	
12.	% Lacks significant work history		43.9		-0.036	
13.	% Offender		10.0		-0.035	
14.	% Not in the labor force		45.1		-0.093	
15.	% Unemployed 15 or more weeks		34.6		-0.069	
16.	Unemployment rate		5.7		-0.596	
17.	% Three-year growth in earnings in trade		0.0		0.427	
18.	Annual earnings in retail and wholesale trade		17.3		-0.628	
19.	% of families with income below poverty level		10.6		-0.459	
		L. Total				
		M. NATIONAL DEPARTURE POINT				52.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area Name	B. SDA Number			
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Welfare Follow-Up Weekly Earnings (Adult)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1.	% Female		87.7		-0.673	
2.	% Age 55 or more		0.4		-0.813	
3.	% Not a high school graduate		19.8		-0.199	
4.	% Post-high school (including college)		23.5		0.377	
5.	% Black (not Hispanic)		29.8		-0.210	
6.	% Other minority		13.4		-0.129	
7.	% Minority male		4.5		-0.428	
8.	% Long term TANF recipient		38.4		-0.100	
9.	% SSI recipient		2.3		-0.194	
10.	% Basic skills deficient		47.6		-0.318	
11.	% Individual with a disability		4.6		-0.216	
12.	% Limited English-language proficiency		2.7		-0.152	
13.	% Lacks significant work history		43.9		-0.038	
14.	% Offender		10.0		-0.070	
15.	% Homeless		1.1		-0.249	
16.	% Not in the labor force		45.1		-0.085	
17.	% Unemployed 15 or more weeks		34.6		-0.085	
18.	Preprogram wage		2.3		8.219	
19.	% No preprogram wage		60.9		0.522	
20.	Unemployment rate		5.7		-1.751	
21.	Annual earnings in retail and wholesale trade		17.3		4.512	
22.	% Employed in manufacturing, agriculture, and mining		20.3		0.479	
23.	% of families with income below poverty level		10.6		-0.561	
24.	Employee/resident worker ratio		97.2		-0.117	
		L. Total				
		M. NATIONAL DEPARTURE POINT				255
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Entered Employment Rate (Youth)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1.	% Female		61.2		-0.059	
2.	% Age 14 to 15		8.9		-0.286	
3.	% Age 16 to 17		31.6		-0.052	
4.	% Student (high school or less)		34.8		-0.183	
5.	% School dropout (high school or less)		32.4		-0.145	
6.	% Black (not Hispanic)		30.9		-0.057	
7.	% Minority male		18.4		-0.027	
8.	% Cash welfare recipient		31.5		-0.034	
9.	% SSI recipient		3.7		-0.052	
10.	% Basic skills deficient		60.7		-0.036	
11.	% Lacks significant work history		61.4		-0.022	
12.	% Offender		11.6		-0.036	
13.	% Not in the labor force		56.3		-0.097	
14.	% Unemployed 15 or more weeks		18.4		-0.056	
15.	Unemployment rate		5.7		-0.657	
16.	% of families with income below poverty level		10.6		-0.376	
		L. Total				
		M. NATIONAL DEPARTURE POINT				45.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Employability Enhancement Rate (Youth)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Age 14 to 15			8.9		0.116	
2. % Age 16 to 17			31.6		0.107	
3. % Student (high school or less)			34.8		0.174	
4. % Cash welfare recipient			31.5		-0.025	
5. % Welfare-to-work program participant			8.1		-0.040	
6. % Youth parent			31.8		-0.032	
7. % Not in the labor force			56.3		0.079	
8. % Employed in manufacturing, agriculture, and mining			20.3		-0.272	
		L. Total				
		M. NATIONAL DEPARTURE POINT				40.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Positive Termination Rate (Youth)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Age 14 to 15			8.9		-0.037	
2. % Student (high school or less)			34.8		0.052	
3. % School dropout (high school or less)			32.4		-0.014	
4. % Post-high school (including college)			6.4		0.026	
5. % Black (not Hispanic)			30.9		-0.036	
6. % Cash welfare recipient			31.5		-0.039	
7. % Welfare-to-work program participant			8.1		-0.030	
8. % Youth parent			31.8		-0.019	
9. % Basic skills deficient			60.7		-0.021	
10. % Lacks significant work history			61.4		-0.018	
11. % Offender			11.6		-0.029	
12. % Homeless			1.7		-0.026	
13. % Not in the labor force			56.3		-0.014	
14. % Unemployed 15 or more weeks			18.4		-0.042	
15. Unemployment rate			5.7		-0.255	
16. Three year growth in earnings in trade			0.0		0.150	
17. % Employed in manufacturing, agriculture, and mining			20.3		-0.114	
18. Employee/resident worker ratio			97.2		-0.049	
		L. Total				
		M. NATIONAL DEPARTURE POINT				72.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number	
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Entered Employment Rate (Sec. 204(d) Older Workers)			
F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		69.4		-0.033	
2. % Age 62-64		12.5		-0.055	
3. % Age 65 plus		22.7		-0.086	
4. % Cash welfare recipient		9.0		-0.086	
8. % Individual with a disability		10.3		-0.116	
9. % Lacks significant work history		23.4		-0.080	
10. % Not in the labor force		26.1		-0.057	
11. % Unemployed 15 or more weeks		41.5		-0.031	
12. % UI claimant or exhaustee		20.3		0.051	
13. Annual earnings in retail and wholesale trade		17.3		-0.763	
13. % Employed in manufacturing, agriculture and mining		20.3		-0.469	
L. Total					
M. NATIONAL DEPARTURE POINT					56.0
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SDA Performance Standard					

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Average Wage at Placement (Sec. 204(d) Older Workers)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			69.4		-0.0088	
2. % Age 62-64			12.5		-0.0029	
3. % Age 65 plus			22.7		-0.0058	
4. % Not a high school graduate			21.1		-0.0031	
5. % Post high school (including college)			32.0		0.0075	
6. % Minority male			9.3		-0.0056	
7. % Cash welfare recipient			9.0		-0.0030	
8. % Basic skills deficient			48.9		-0.0049	
9. % Limited English-language proficiency			4.2		-0.0028	
10. % UI claimant or exhaustee			20.3		0.0064	
11. Pre-program wage			3.2		0.2085	
12. % No pre-program wage			53.6		0.0055	
12. Annual earnings in retail and wholesale trade			17.3		0.1362	
13. % of families with income below poverty level			10.6		-0.0737	
		L. Total				
		M. NATIONAL DEPARTURE POINT				6.10
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Substate Area's Name		B. SSA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Entered Employment Rate (Title III)				
F. Local Factors		G. SSA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			55.2		-0.023	
2. % Age 55 or more			8.2		-0.092	
3. % Not a high school graduate			8.2		-0.058	
4. % College graduate			12.2		0.005	
5. % Black (not Hispanic)			14.5		-0.038	
6. % Minority male			10.4		-0.014	
7. % Cash welfare recipient			2.7		-0.076	
8. % Basic skills deficient			34.9		-0.026	
9. % Individual with a disability			3.1		-0.090	
10. % Offender			5.2		-0.014	
11. % Displaced homemaker			1.5		-0.042	
12. % Unemployed 15 or more weeks			36.1		-0.046	
13. % UI claimant (not profiled and referred)			64.8		0.016	
14. Unemployment rate			5.7		-0.186	
15. % Employed in manufacturing, agriculture, and mining			20.3		-0.140	
16. % Families with income below poverty			10.6		-0.179	
17. Employee/resident worker ratio			97.2		-0.131	
		L. Total				
		M. NATIONAL DEPARTURE POINT				73.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SSA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Substate Area's Name		B. SSA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Follow-up Employment Rate (Title III)				
F. Local Factors		G. SSA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			55.2		-0.043	
2. % Age 55 or more			8.2		-0.181	
3. % Not a high school graduate			8.2		-0.058	
4. % Black (not Hispanic)			14.5		-0.039	
5. % Cash welfare recipient			2.7		-0.086	
6. % Basic skills deficient			34.9		-0.040	
7. % Individuals with a disability			3.1		-0.131	
8. % Limited English-language proficiency			1.5		-0.059	
9. % Offender			5.2		-0.026	
10. % Vietnam-era veteran			6.1		-0.018	
11. % Unemployed 15 or more weeks			36.1		-0.062	
12. % UI claimant (not profiled and referred)			64.8		0.043	
13. % UI exhaustee			8.4		-0.013	
14. Unemployment rate			5.7		-0.555	
15. Three-year growth rate in earnings in trade			0.0		0.370	
16. Annual earnings in retail and wholesale trade			17.3		-0.535	
17. % families with income below poverty			10.6		-0.295	
		L. Total				
		M. NATIONAL DEPARTURE POINT				72.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SSA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Substate Area's Name		B. SSA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Average Wage Replacement Rate at Follow-up (Title III)				
F. Local Factors		G. SSA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			55.2		-0.101	
2. % Age 55 or more			8.2		-0.062	
3. % Not a high school graduate			8.2		-0.025	
4. % Post-high school (not a college graduate)			27.3		0.051	
5. % College graduate			12.2		0.176	
6. % Black (not Hispanic)			14.5		-0.052	
7. % Other Minority			9.9		-0.018	
8. % Minority male			10.4		-0.031	
9. % Basic skills deficient			34.9		-0.064	
10. % Individual with a disability			3.1		-0.027	
11. % Limited English-language proficiency			1.5		-0.061	
12. % UI claimant (not profiled and referred)			64.8		-0.067	
13. % UI exhaustee			8.4		-0.051	
14. Dislocation wage			10.3		-3.624	
15. Annual earnings in retail and wholesale trade			17.3		0.773	
16. % employed in manuf., agric., and mining			20.3		-0.091	
		L. Total				
		M. NATIONAL DEPARTURE POINT				93.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SSA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Substate Area's Name		B. SSA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Average Wage Replacement Rate at Termination (Title III)				
F. Local Factors		G. SSA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female			55.2		-0.094	
2. % Age 55 or more			8.2		-0.047	
3. % Not a high school graduate			8.2		-0.025	
4. % Post-high school (not a college graduate)			27.3		0.057	
5. % College graduate			12.2		0.208	
6. % Black (not Hispanic)			14.5		-0.047	
7. % Other Minority			9.9		-0.030	
8. % Minority male			10.4		-0.017	
9. % Basic skills deficient			34.9		-0.048	
10. % Individual with a disability			3.1		-0.026	
11. % Limited English-language proficiency			1.5		-0.063	
12. % Vietnam-era veteran			6.1		-0.015	
13. % UI claimant (not profiled and referred)			64.8		-0.072	
14. % UI exhaustee			8.4		-0.072	
15. Dislocation wage			10.3		-3.558	
16. Annual earnings in retail and wholesale trade			17.3		1.243	
17. % Employed in manufacturing, agriculture, and mining			20.3		-0.133	
18. Employee/resident worker ratio			97.2		-0.068	
		L. Total				
		M. NATIONAL DEPARTURE POINT				91.0
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SSA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Substate Area's Name		B. SSA Number	
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Average Wage at Placement (Title III)			
F. Local Factors	G. SSA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		55.2		-0.0107	
2. % Age 55 or more		8.2		-0.0050	
3. % Not a high school graduate		8.2		-0.0034	
4. % Post-high school (not a college graduate)		27.3		0.0067	
5. % College graduate		12.2		0.0262	
6. % Black (not Hispanic)		14.5		-0.0053	
7. % Other Minority		9.9		-0.0030	
8. % Minority male		10.4		-0.0034	
9. % Basic skills deficient		34.9		-0.0051	
10. % Individual with a disability		3.1		-0.0024	
11. % Limited English-language proficiency		1.5		-0.0102	
12. % Vietnam-era veteran		6.1		-0.0011	
13. % Unemployed 15 or more weeks		36.1		-0.0029	
14. Dislocation wage		10.3		0.4289	
16. No dislocation wage		7.3		0.0468	
17. Three year growth in earnings in trade		0.0		0.0085	
18. Annual earnings in retail and wholesale trade		17.3		0.1742	
19 % of families with income below poverty level		10.6		-0.0140	
20. Employee/resident worker ratio		97.2		-0.0066	
L. Total					
M. NATIONAL DEPARTURE POINT					9.32
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SSA Performance Standard					

PY 1998 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		A. SDA Number	
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Adult Pilot Sustained Employment Rate (APSER) (Based on Wage Records)			
F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors On Performance (I Times J)
1. % Age 55 or more		1.9		-0.117	
2. % Not a high school graduate		17.8		-0.097	
3. % Black		26.4		-0.060	
4. % Welfare recipient		38.5		-0.065	
5. % Long-term TANF recipient		15.3		-0.054	
6. % Individual with disabilities		8.1		-0.110	
7. % Lacks significant work history		32.4		-0.086	
8. % Vietnam-era veteran		2.2		-0.057	
9. % Not in labor force		32.2		-0.070	
10. % Unemployed 15 wks or more		31.9		-0.037	
11. Unemployment Rate		5.7		-0.050	
L. Total					
M. NATIONAL DEPARTURE POINT					50.0
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SDA Performance Standard					

PY 1998 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number		
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Adult Pilot Sustained Quarterly Earnings (APSQE) (Based on Wage Records)				
F. Local Factors		G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors On Performance (I Times J)
1. % Female			71.3		-4.367	
2. % Age 55 or more			1.9		-4.097	
3. % Not a high school graduate			17.8		-3.065	
4. % Post-high school attendee			26.1		4.448	
5. % Black			26.4		-3.257	
6. % Welfare recipient			38.5		-1.755	
7. % Reading at less than 7 th grade level			11.3		-3.173	
8. % Individual with disabilities			8.1		-4.623	
9. % Lacks significant work history			32.4		-2.368	
10. % Unemployed 15 or more wks			31.9		-0.122	
11. % UC claimant or exhaustee			13.2		3.517	
12. Annual earnings in retail and wholesale trade			17.3		43.512	
13. Empl. in manuf., agric., and mining			20.3		7.158	
14. %Families below poverty			10.6		-7.660	
15. Employee/resident worker ratio			97.2		-3.922	
		L. Total				
		M. NATIONAL DEPARTURE POINT				3,566
		N. Model-Adjusted Performance Level (L + M)				
		O. Governor's Adjustment				
		P. SDA Performance Standard				

PY 1998 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number	
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Welfare Pilot Sustained Employment Rate (WPSEER) (Based on Wage Records))			
F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors On Performance (I Times J)
1. % Female		87.7		-0.026	
2. % Age 55 or more		0.4		-0.012	
3. % Not a high school graduate		19.8		-0.104	
4. % Post-high school attendee		23.5		0.045	
5. % Black		29.8		-0.030	
6. % Long-term TANF recipient		38.4		-0.043	
7. % Reading at less than 7th grade level		11.3		-0.037	
8. % Individual with disabilities		4.6		-0.064	
9. % Lacks significant work history		43.9		-0.048	
10. % Offender		10		-0.060	
11. % Not in labor force		45.1		-0.064	
12. % Unemployed 15 wks or more		34.6		-0.011	
13. Unemployment Rate		5.7		-0.812	
L. Total					
M. NATIONAL DEPARTURE POINT					50.0
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SDA Performance Standard					

PY 1998 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name		B. SDA Number	
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Welfare Pilot Sustained Quarterly Earnings (WPSQE) (Based on Wage Records)			
F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors On Performance (I Times J)
1. % Female		87.7		-3.664	
2. % Age 55 or more		0.4		-2.920	
3. % Not a high school graduate		19.8		-2.707	
4. % Post-high school attendee		23.5		4.294	
5. % Black		29.8		-3.390	
6. % Reading at less than 7 th grade level		11.3		-2.560	
7. % Individual with disabilities		4.6		-3.142	
8. % Lacks significant work history		43.9		-0.824	
9. Annual earnings in retail and wholesale trade		17.3		42.619	
10. Empl. In manuf., agric., and mining		20.3		6.381	
11. % Families below poverty		10.6		-7.750	
12. Employee/resident worker ratio		97.2		-2.933	
L. Total					
M. NATIONAL DEPARTURE POINT					3,079
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SDA Performance Standard					

Table I
PY 98 Tolerance Range Adjustments

	<u>Tolerance Range</u>	<u>Optional Wider Tolerance Range for SDAs/SSAs with Two or More Extreme Values</u>
Title II-A Adults		
Adult follow-up employment rate	+ 3.2%	+ 4.6%
Adult follow-up weekly earnings	+ \$12	+ \$17
Welfare follow-up employment rate	+ 4.1%	+ 5.8%
Welfare follow-up weekly earnings	+ \$13	+ \$21
Title II-C Youth		
Youth entered employment rate	+ 4.9%	+ 7.2%
Youth employability enhancement rate	+ 4.7%	+ 6.4%
Positive termination rate	+ 3.8%	+ 5.6%
Section 204(d) Older Workers		
Entered employment rate	+ 5.5%	—
Wage at placement	+ \$0.35	—
Title III Dislocated Workers		
Entered employment rate	+ 3.9%	+ 6.7%
Wage at placement	+ \$0.28	+ \$0.49

NOTE: Tolerance ranges have not been changed from the PY 94 values. Updated tolerance ranges would generally have been 1/3 to 1/5 the size of historical tolerance ranges because of the increased accuracy of models estimated with SPIR data. Because such small tolerance ranges would have serious impacts on States' performance standards policies, it was decided to leave the tolerance ranges at their PY 94 values.

Table II
Extreme Model-Adjusted Performance Standards (PY 98)

	<u>Extremely Low</u>	<u>Extremely High</u>
Title II-A Adults		
Adult follow-up employment rate	< 42%	> 73%
Adult follow-up weekly earnings	< \$221	> \$348
Welfare follow-up employment rate	< 32%	> 69%
Welfare follow-up weekly earnings	< \$193	> \$318
 Title II-C Youth		
Youth entered employment rate	< 22%	> 69%
Youth employability enhancement rate	< 17%	> 62%
Youth positive termination rate	< 65%	> 79%
 Section 204(d) Older Workers		
Entered employment rate	< 48%	> 64%
Wage at placement	< \$5.15	> \$8.04
 Title III Dislocated Workers		
Entered employment rate	< 59%	> 83%
Follow-up employment rate	< 57%	> 83%
Wage at placement	< \$5.15	> \$14.74
Average wage replacement rate at follow-up	< 73%	> 128%
Average wage replacement rate at termination	< 73%	> 124%

Table III
Extreme Values for Local Factors—Title II-A Adults (PY 98)

	Extremely Low	Extremely High
% Female	< 44	> 93
% Age 55 or more	—	> 14
% Not a high School graduate	< 3	> 44
% Post-high school (including college)	< 6	> 59
% Dropout under age 30	—	> 23
% Black (not Hispanic)	—	> 91
% Other minority	—	> 93
% Minority male	—	> 41
% Cash welfare recipient	< 14	> 80
% Long-term TANF recipient	< 2	> 39
% SSI recipient	—	> 13
% Basic skills deficient	—	> 81
% Individual with a disability	—	> 31
% Limited English-language proficiency	—	> 28
% Lacks significant (poor) work history	< 2	> 79
% Offender	< 1	> 41
% Homeless	—	> 13
% Vietnam-era veteran	—	> 8
% Not in the labor force	—	> 83
% Unemployed 15 or more weeks	< 3	> 70
% UI claimant or exhaustee	< 1	> 41
Preprogram wage	—	> 7.07
% No preprogram wage	< 5	> 92
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34

Table IV
Extreme Values for Local Factors—Title II-A Welfare Adults (PY 98)

	Extremely Low	Extremely High
% Female	< 57	—
% Age 55 or more	—	> 5
% Not a high school graduate	—	> 53
% Post-high school (including college)	—	> 60
% Dropout under age 30	—	> 29
% Black (not Hispanic)	—	> 95
% Other minority	—	> 96
% Minority male	—	> 27
% Long-term TANF recipient	< 4	> 75
% SSI recipient	—	> 13
% Basic skills deficient	—	> 84
% Individual with a disability	—	> 26
% Limited English-language proficiency	—	> 26
% Lacks significant (poor) work history	< 2	> 93
% Offender	—	> 32
% Homeless	—	> 11
% Not in the labor force	—	> 94
% Unemployed 15 or more weeks	—	> 84
Preprogram wage	—	> \$6.70
% No preprogram wage	< 5	> 98
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident-worker ratio (%)	< 63	> 177

Table V
Extreme Values for Local Factors—Title II-C Youth (PY 98)

	Extremely Low	Extremely High
% Female	< 37	> 89
% Age 14 to 15	—	> 50
% Age 16 to 17	—	> 67
% Student (high school or less)	—	> 83
% School dropout (high school or less)	< 2	> 83
% Post-high school (including college)	—	> 38
% Black (not Hispanic)	—	> 96
% Minority male	—	> 48
% Cash welfare recipient	< 8	> 64
% SSI recipient	—	> 15
% Welfare-to-Work program recipient	—	> 44
% Youth parent	< 8	> 75
% Basic skills deficient	< 1	> 92
% Lacks significant (poor) work history	< 1	> 95
% Offender	—	> 44
% Homeless	—	> 14
% Not in the labor force	< 5	> 96
% Unemployed 15 or more weeks	—	> 58
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident worker ratio (%)	< 63	> 177

Table VI
Extreme Values for Local Factors—Section 204(d) Older Workers (PY 98)

	Extremely Low	Extremely High
% Female	< 48	> 86
% Age 62 to 64	< 5	> 27
% Age 65	< 4	> 39
% Not a high School graduate	< 4	> 49
% Post-high school (including college)	< 14	> 51
% Minority male	—	> 48
% Cash welfare recipient	—	> 23
% Basic skills deficient	—	> 90
% Individual with a disability	—	> 32
% Limited English-language proficiency	—	> 42
% Lacks significant (poor) work history	< 2	> 56
% Not in the labor force	—	> 63
% Unemployed 15 or more weeks	< 13	> 75
% UI claimant or exhaustee	< 5	> 73
Preprogram wage	—	> 9.32
% No preprogram wage	< 12	—
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34

Table VII
Extreme Values for Local Factors—Title III Dislocated Workers (PY 98)

	Extremely Low	Extremely High
% Female	< 24	> 84
% Age 55 or more	—	> 23
% Not a high School graduate	—	> 32
% Post-high school (including college)	< 8	> 60
% College graduate	—	> 44
% Black (not Hispanic)	—	> 81
% Other minority	—	> 86
% Minority male	—	> 48
% Cash welfare recipient	—	> 18
% Basic skills deficient	—	> 79
% Individual with a disability	—	> 18
% Limited English-language proficiency	—	> 19
% Offender	—	> 22
% Vietnam-era veteran	—	> 19
% Displaced homemaker	—	> 16
% Unemployed 15 or more weeks	< 9	> 75
% UI claimant	< 20	> 95
% UI exhaustee	—	> 23
Dislocation wage	—	> 18.64
% No dislocation wage	—	—
% Unemployment rate	< 2	> 17
Three-year growth in earnings in trade	< -7	> 7
Annual earnings in retail and wholesale trade	< 12	> 29
% Employed in manuf., agric., and mining	< 5	> 45
% of families with income below poverty	< 2	> 34
Employee/resident worker ratio (%)	< 63	> 177

Table VIII
Alternative Performance Ranges for PY 98 Title II-A Adult Measures

Percentile	Adult Follow-Up Employment Rate	Adult Follow-Up Weekly Earnings	Welfare Follow-Up Employment Rate	Welfare Follow-Up Weekly Earnings
95th	+ 20.7	+ 87.2	+ 26.8	+ 87.7
90th	+ 16.1	+ 62.7	+ 22.5	+ 72.1
85th	+ 13.7	+ 52.5	+ 19.3	+ 61.0
80th	+ 12.2	+ 43.7	+ 16.9	+ 51.9
75th	+ 10.9	+ 37.9	+ 15.3	+ 44.6
70th	+ 9.6	+ 32.3	+ 13.4	+ 39.6
65th	+ 8.6	+ 26.2	+ 10.5	+ 34.1
60th	+ 7.4	+ 20.6	+ 9.5	+ 29.7
55th	+ 6.4	+ 16.5	+ 8.6	+ 26.1
50th	+ 5.4	+ 11.3	+ 7.4	+ 21.6
45th	+ 3.9	+ 8.9	+ 6.2	+ 16.6
40th	+ 3.3	+ 3.5	+ 5.2	+ 12.3
35th	+ 2.1	0.0	+ 4.1	+ 7.6
30th	+ 1.1	-5.1	+ 2.9	+ 4.7
25th	0.0	-9.0	+ 1.6	0.0
20th	-1.3	-13.3	0.0	-3.7
15th	-2.9	-18.7	-2.0	-7.9
10th	-4.4	-24.8	-4.8	-14.1
5th	-8.0	-35.1	-8.3	-25.9

Table IX
Alternative Performance Ranges for PY 98 Title II-C Youth Measures

<u>Percentile</u>	<u>Youth Entered Employment Rate</u>	<u>Employability Enhancement Rate</u>	<u>Positive Termination Rate</u>
95th	+ 27.9	+ 37.6	+ 23.7
90th	+ 23.4	+ 31.4	+ 20.9
85th	+ 20.0	+ 26.9	+ 18.3
80th	+ 18.1	+ 24.4	+ 16.4
75th	+ 16.2	+ 22.0	+ 13.8
70th	+ 13.8	+ 19.5	+ 11.3
65th	+ 12.5	+ 16.9	+ 10.3
60th	+ 11.0	+ 15.3	+ 9.5
55th	+ 9.4	+ 13.0	+ 9.1
50th	+ 7.7	+ 10.8	+ 6.8
45th	+ 6.2	+ 9.3	+ 5.8
40th	+ 4.7	+ 6.8	+ 4.2
35th	+ 3.6	+ 4.1	+ 3.4
30th	+ 1.9	+ 2.1	+ 3.2
25th	0.0	0.0	0.0
20th	-2.6	-2.9	-0.6
15th	-5.2	-5.6	-1.7
10th	-8.0	-10.6	-4.3
5th	-12.9	-17.1	-4.7

Table X
Alternative Performance Ranges for PY 98 Section 204(d) Older
Workers

Percentile	Entered Employment Rate	Average Wage at Placement
95th	+ 23.7	+ 1.93
90th	+ 20.9	+ 1.52
85th	+ 18.3	+ 0.79
80th	+ 16.4	+ 0.69
75th	+ 13.8	+ 0.64
70th	+ 11.3	+ 0.60
65th	+ 10.3	+ 0.52
60th	+ 9.5	+ 0.47
55th	+ 9.1	+ 0.40
50th	+ 6.8	+ 0.27
45th	+ 5.8	+ 0.25
40th	+ 4.2	+ 0.25
35th	+ 3.4	+ 0.07
30th	+ 3.2	+ 0.05
25th	0.0	0.00
20th	-0.6	-0.06
15th	-1.7	-0.15
10th	-4.3	-0.24
5th	-4.7	-0.49

Table XI
Alternative Performance Ranges for PY 98 Title III Dislocated Worker Measures

Percentile	Entered Employment Rate	Follow-up Employment Rate	Average Wage at Placement	Wage Replacement Rate at Termination	Wage Replacement Rate at Follow-up
95th	+ 18.2	+ 15.2	+ 1.54	+ 21.0	+ 24.8
90th	+ 15.8	+ 12.7	+ 1.13	+ 16.3	+ 16.3
85th	+ 14.5	+ 11.5	+ 0.92	+ 12.7	+ 13.0
80th	+ 13.1	+ 10.0	+ 0.77	+ 10.5	+ 11.1
75th	+ 11.7	+ 9.0	+ 0.66	+ 9.2	+ 9.7
70th	+ 11.0	+ 8.1	+ 0.56	+ 7.8	+ 8.6
65th	+ 10.0	+ 7.2	+ 0.47	+ 6.8	+ 7.3
60th	+ 8.4	+ 6.3	+ 0.38	+ 6.1	+ 6.2
55th	+ 7.2	+ 5.3	+ 0.29	+ 5.4	+ 5.1
50th	+ 6.2	+ 4.5	+ 0.21	+ 4.2	+ 4.1
45th	+ 5.0	+ 3.6	+ 0.13	+ 3.3	+ 3.2
40th	+ 4.0	+ 2.6	+ 0.07	+ 2.6	+ 2.5
35th	+ 2.5	+ 1.6	0.00	+ 2.0	+ 1.7
30th	+ 1.4	+ 0.7	-0.09	+ 1.2	+ 0.9
25th	0.0	0.0	-0.18	0.0	0.0
20th	-1.4	-1.1	-0.26	-0.8	-1.6
15th	-3.4	-2.7	-0.36	-1.8	-2.7
10th	-8.8	-4.9	-0.48	-3.3	-4.4
5th	-17.9	-7.3	-0.70	-4.9	-6.8

Table XII
State Welfare Ratios

State	Welfare Follow-Up Employment Rate	Welfare Follow-up Weekly Earnings	Welfare Entered Employment Rate
Alabama	0.88	0.80	0.94
Alaska	1.13	0.88	0.99
Arizona	0.86	0.95	0.88
Arkansas	0.85	0.87	0.93
California	0.91	0.93	0.96
Colorado	0.94	0.93	0.94
Connecticut	N/A	N/A	N/A
Delaware	0.95	0.89	0.98
District of Columbia	0.95	0.93	1.09
Florida	0.94	0.91	0.97
Georgia	0.85	0.89	0.90
Hawaii	0.95	0.95	0.91
Idaho	0.93	0.86	0.98
Illinois	0.91	0.95	0.93
Indiana	0.95	0.96	0.98
Iowa	0.97	0.95	0.96
Kansas	1.00	0.92	0.97
Kentucky	0.85	0.89	0.89
Louisiana	0.84	0.82	0.81
Maine	0.96	0.89	0.98
Maryland	0.85	0.91	0.99
Massachusetts	0.99	0.97	0.98
Michigan	1.01	0.96	0.96
Minnesota	0.97	0.98	0.97
Mississippi	0.95	0.89	0.89
Missouri	0.96	0.96	0.94
Montana	1.01	0.95	1.01
Nebraska	0.88	0.96	0.88
Nevada	1.03	0.86	0.95
New Hampshire	1.00	0.93	0.90
New Jersey	0.91	0.89	0.98
New Mexico	0.96	0.91	0.93
New York	0.89	1.00	0.90
North Carolina	0.97	0.96	0.97
North Dakota	1.05	0.93	1.09
Ohio	0.95	0.92	0.93
Oklahoma	0.91	0.90	0.81
Oregon	0.95	0.90	0.98
Pennsylvania	0.88	0.90	0.96
Rhode Island	0.93	0.98	0.96
South Carolina	0.93	0.80	0.95
South Dakota	0.88	0.91	0.93
Tennessee	0.89	0.95	1.01
Texas	0.90	0.88	0.94
Utah	0.99	0.90	0.95
Vermont	0.96	0.88	0.88
Virginia	0.95	0.91	0.95
Washington	0.93	0.97	0.94
West Virginia	0.79	0.93	0.82
Wisconsin	1.10	0.98	1.07
Wyoming	1.01	0.86	0.87

Table XIII
Calculation of Factors on PY 98 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Female	Item 6 = 2	Gender = female
Age categories	Base on Item 5 and Item 11	Calculate the age on the date of participation based on the date of birth.
Full-time student (high school or less) (Title II-C) (An adult or youth who has not received a high school diploma or GED certificate and is attending school full-time)	Item 17 < 12 and Item 17a = 1 or 2 and Item 17b = 1 or 2	Highest grade completed less than 12 (not a high school graduate) and Attending school and Attending school full-time
School dropout (high school or less) (Title II-C) (An adult or youth who is not attending school full-time and has not received a high school diploma or GED certificate)	Item 17 < 12 and { Item 17a = 3 or Item 17b = 3 }	Highest grade completed less than 12 (not a high school graduate) and { Not attending school or Attending school, but not full-time }
Not a high school graduate	Item 17 < 12	Highest grade completed less than 12
Post-high school (including college) (Title II)	{ Item 17 > 12 and Item 17 ≠ 99 } or { Item 17 = 12 and Item 17a = 1 or 2 }	Completed at least one year of school beyond high school or { A high school graduate and Currently attending school }

Table XIII (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Post-high school (not a college graduate) (Title III)	{ Item 17 > 12 and Item 17 < 16 and Item 17 ≠ 99 } or { Item 17 = 12 and Item 17a = 1 or 2 }	Completed at least one year of school beyond high school, but not a college graduate, or { A high school graduate and Currently attending school }
College graduate (and above)	Item 17 ≥ 16 and Item 17 ≠ 99	Highest grade completed greater than or equal to 16 (bachelor's degree or equivalent)
Dropout under age 30 (Title II-A)	Item 17 < 12 and age < 30	Highest grade completed less than 12 and age less than 30
Black	Item 7 = 2	Ethnicity = Black (not Hispanic)
Other minority	Item 7 = 3, 4, 5, or 6	Ethnicity = Hispanic, American Indian or Alaskan Native, Asian, Hawaiian Native, or Pacific Islander
Minority male	Item 6 = 1 and Item 7 = 2, 3, 4, 5, or 6	Gender = male and Ethnicity = Black, Hispanic, American Indian or Alaskan Native, Asian, Hawaiian Native, or Pacific Islander
Cash welfare recipient	Item 14a = 1 or Item 14b = 1 or Item 14c = 1 or Item 14d = 1	TANF recipient General Assistance recipient or Refugee Cash Assistance recipient or SSI recipient
Long-term welfare (TANF) dependency	Item 26f = 1	Long-term welfare (TANF) dependency
SSI recipient	Item 14d = 1	SSI recipient

Table XIII (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
Welfare recipient (TANF, GA, or RCA)	Item 14a = 1 or Item 14b = 1 or Item 14c = 1	TANF recipient or General Assistance recipient or Refugee Cash Assistance recipient
Welfare-to-work program participant	Item 25 = 1	Welfare-to-work program participant
Youth parent	Item 26g = 1	Pregnant or parenting youth
Basic skills deficient (reading or math skills at or below the 8th grade level)	Item 23 < 9 or Item 24 < 9 or Item 23 = 87 or Item 24 = 87	Reading skills grade level less than 9 or math skills grade level less than 9. Items 23 and 24 must first be converted to grade-level equivalents.
Individual with a disability	Item 8 = 1	Individual with a disability that is a substantial barrier to employment
Limited English-language proficiency	Item 26a = 1	Limited English-language proficiency
Lacks significant (poor) work history	Item 26e = 1	Lacks significant work history
Displaced homemaker	Item 26c = 1	Displaced homemaker
Offender	Item 26b = 1 or 2	Offender, excluding and including misdemeanors only
Vietnam-era veteran	Item 18a = 1	Vietnam-era veteran
Homeless	Item 26d = 1 or 2 or 3	Homeless adult or homeless and a runaway youth or homeless, but not a runaway youth or not homeless, but a runaway youth
UI claimant (not profiled and referred) (Title III)	Item 21 = 1, 4, or 6	UI claimant (not an exhaustee) not profiled and referred (or profiling referral status unknown)
UI exhaustee	Item 21 = 2	UI exhaustee

Table XIII (concluded)
Calculation of Factors on PY 96 Performance Standards Worksheets from SPIR Data Items

Worksheet Factor	SPIR Calculation	Explanation
UI claimant or exhaustee	Item 21 = 1, 2, 4, 5, or 6	UI claimant or UI exhaustee (regardless of profiling status)
Unemployed 15 or more weeks	Item 19 = 2 and Item 20 ≥ 15	Unemployed and Unemployed for at least 15 of previous 26 weeks
Not in the labor force	Item 19 = 3	Not in labor force
Preprogram wage	Item 22	Preprogram wage. Average should include zeros for persons without a preprogram wage.
No preprogram wage	Item 22 is missing or zero	
Average dislocation wage rate	Item 22a (PY 97 SPIR) Item 22 (PY 98 SPIR)	Wage of the job of dislocation. Average should include zeros for persons without a dislocation wage.
No dislocation wage	Item 22a (or 22) is missing or zero	

**APPENDIX A
ATTACHMENT 2**

**INSTRUCTIONS AND WORKSHEETS FOR
NONCORE PERFORMANCE MEASURES FOR TITLE II-A AND TITLE II-C**

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INSTRUCTIONS FOR NONCORE PERFORMANCE MEASURES FOR JTPA TITLE II-A AND TITLE II-C

Noncore Models

DOL has also developed adjustment models for the performance outcomes that were included in the 12 performance standards established by the DOL for PY 88/89, but are not included in the core standards established by DOL for PY 98. These noncore outcomes include:

Title II-A Adults

- Adult entered employment rate
- Average wage at placement
- Cost per entered employment
- Adult weeks worked in follow-up period
- Welfare entered employment rate

Title II-C Youth

- Cost per positive termination

These models are provided to assist States that decide to establish additional State standards for any of these noncore outcomes.

The models were developed using the same criteria that were used to develop the adjustment models for the core standards for PY 98. Worksheets for calculating standards for the noncore outcomes using these models are presented below. These worksheets are identical in format to the worksheets for the core standards. These models will meet the Secretary's Parameters regarding the adjustment of performance standards.

Because these models are intended to support the development of State standards, the related information provided below differs somewhat from the information provided for the models for the core standards. Further, the process of implementing standards for these noncore outcomes differs somewhat from the implementation of the core standards. These differences are discussed below.

Departure Points

National standards or departure points have not been established for the noncore outcomes. The establishment of appropriate departure points for noncore outcomes is the responsibility of the Governors. To assist Governors in designating departure

points, ranges of performance for the noncore outcomes are presented in Table 1 for adults and youth. The numbers in the table represent various percentiles of performance based on SDA performance in PY 96.

The national standards/departure points for the core performance standards have been set at approximately the 25th percentile, although the 35th percentile was used for the earnings measures (except for welfare recipients and older workers) to allow for future inflation. Governors wishing to set similar departure points for the noncore outcomes can do so by using the numbers presented in the rows labeled 25th in the first column of Table 1. More difficult standards can be set by using numbers from higher rows in the table for departure points, while easier standards can be set by using numbers from lower rows.

An emphasis on the cost standards has been shown to reduce service to the hard to serve and to lead to short-term, less extensive services. Consequently, cost standards were not included in the core standards beginning with PY 90. Percentile data and models for the cost measures are provided for information only. Cost measures cannot be used for the calculation of incentive awards.

Tolerance Ranges

Tolerance ranges for the core standards were developed to account for statistical imprecision. They are also used in two other ways. First, they can be used to provide an additional lenient adjustment for SDAs facing extreme service conditions. Second, they provide a range of acceptable performance within which Governors can adjust SDA standards for factors not included in the model without providing documentation for the additional adjustment. This range of acceptable performance may also be used to establish the bounds for making rewards and identifying technical assistance needs. Tolerance ranges for the noncore outcomes are presented in Table 2. The regular tolerance range is presented in Column 2 and the optional wider tolerance range in Column 3.

Extreme Model-Adjusted Performance Outcomes

The wider tolerance ranges can be applied to SDAs with extreme model-adjusted performance levels. The values of the extreme model-adjusted performance outcomes depend on the departure point, which is to be set by the Governor for the noncore outcomes. The numbers in Table 3 represent the difference between extreme model-adjusted performance outcomes and the departure point. Extreme model-adjusted performance outcomes can be calculated by adding the departure point to the numbers presented in Table 3.

Extreme Values of Local Factors

The wider tolerance ranges can also be applied to SDAs with two or more extreme local factors. The extreme values of local factors presented for the core standards can also be used for the noncore outcomes.

Alternative Performance Ranges

The information in Table 1 can also be used by Governors to determine levels of exemplary or nonsanctionable performance for the noncore outcomes. The table differs from the tables of alternative performance ranges for the core standards in that no adjustment for the departure point was included. To obtain a given percentile of performance for an SDA, first subtract the Governor's selected departure point from the number given in the table for the desired percentile. The result can be added to, or subtracted from, the model-adjusted standards to obtain the percentile of performance relative to the model-adjusted standard.

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PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Entered Employment Rate (Adult)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		71.3		-0.049	
2. % Age 55 or more		1.9		-0.086	
3. % Not a high School graduate		17.8		-0.045	
4. % Post-high school (including college)		26.1		0.005	
5. % Dropout under age 30		8.1		-0.015	
6. % Black (not Hispanic)		26.4		-0.019	
7. % Minority male		11.6		-0.008	
8. % Cash welfare recipient		40.9		-0.017	
9. % Long-term TANF recipient		15.3		-0.006	
10. % SSI recipient		3.3		-0.095	
11. % Basic skills deficient		47.0		-0.018	
12. % Individual with a disability		8.1		-0.044	
13. % Lacks significant work history		32.4		-0.043	
14. % Homeless		1.7		-0.024	
15. % Vietnam-era veteran		2.2		-0.040	
16. % Not in the labor force		32.2		-0.077	
17. % Unemployed 15 or more weeks		31.9		-0.059	
18. % UC claimant or exhaustee		13.2		0.039	
19. Unemployment rate		5.7		-0.062	
20. Three-year growth in earnings in trade		0.0		0.066	
21. Annual earnings in retail and wholesale trade		17.3		-0.353	
22. % of families with income below poverty		10.6		-0.391	
	L. Total				
	M. NATIONAL DEPARTURE POINT				
	N. Model-Adjusted Performance Level (L + M)				
	O. Governor's Adjustment				
	P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Wage at Placement (Adult)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		71.3		-0.0067	
2. % Age 55 or more		1.9		-0.0048	
3. % Not a high School graduate		17.8		-0.0043	
4. % Post-high school (including college)		26.1		0.0079	
5. % Black (not Hispanic)		26.4		-0.0049	
6. % Other minority		13.2		-0.0033	
7. % Minority male		11.6		-0.0027	
8. % Cash welfare recipient		40.9		-0.0020	
9. % Long-term TANF recipient		15.3		-0.0010	
10. % SSI recipient		3.3		-0.0021	
11. % Basic skills deficient		47.0		-0.0053	
12. % Individual with a disability		8.1		-0.0045	
13. % Limited English-language proficiency		3.1		-0.0053	
14. % Lacks significant work history		32.4		-0.0017	
15. % Homeless		1.7		-0.0025	
16. % UC claimant or exhaustee		13.2		0.0012	
17. % Preprogram wage		3.3		0.2128	
18. % No preprogram wage		47.1		0.0129	
19. Annual earnings in retail and wholesale trade		17.3		0.1154	
20. % of families with income below poverty		10.6		-0.0345	
L. Total					
M. NATIONAL DEPARTURE POINT					
N. Model-Adjusted Performance Level (L + M)					
O. Governor's Adjustment					
P. SDA Performance Standard					

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Follow-up Weeks Worked (Adult)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		71.3		-0.0043	
2. % Age 55 or more		1.9		-0.0135	
3. % Not a high School graduate		17.8		-0.0063	
4. % Post-high school (including college)		26.1		0.0025	
5. % Dropout under age 30		8.1		-0.0012	
6. % Black (not Hispanic)		26.4		-0.0033	
7. % Minority male		11.6		-0.0035	
8. % Cash welfare recipient		40.9		-0.0040	
9. % Long-term TANF recipient		15.3		-0.0024	
10. % SSI recipient		3.3		-0.0158	
11. % Basic skills deficient		47.0		-0.0048	
12. % Individual with a disability		8.1		-0.0106	
13. % Lacks significant work history		32.4		-0.0071	
14. % Homeless		1.7		-0.0035	
15. % Vietnam-era veteran		2.2		-0.0071	
16. % Not in the labor force		32.2		-0.0134	
17. % Unemployed 15 or more weeks		31.9		-0.0097	
18. % UC claimant or exhaustee		13.2		0.0027	
19. Unemployment rate		5.7		-0.0676	
20. Three-year growth in earnings in trade		0.0		0.0176	
21. Annual earnings in retail and wholesale trade		17.3		-0.0525	
22. % of families with income below poverty		10.6		-0.0238	
	L. Total				
	M. NATIONAL DEPARTURE POINT				
	N. Model-Adjusted Performance Level (L + M)				
	O. Governor's Adjustment				
	P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Cost per Entered Employment (Adult)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		71.3		10.0	
2. % Dropout under age 30		8.1		2.2	
3. % Long-term TANF recipient		15.3		7.5	
4. % Homeless		1.7		77.4	
5. % Vietnam-era veteran		2.2		57.1	
6. % Not in the labor force		32.2		6.5	
7. % Unemployed 15 or more weeks		31.9		0.3	
8. % Unemployment rate		5.7		132.7	
9. Three-year growth in earnings in trade		0.0		-11.4	
10. Annual earnings in retail and wholesale trade		17.3		116.1	
11. % of families with income below poverty		10.6		23.7	
	L. Total				
	M. NATIONAL DEPARTURE POINT				
	N. Model-Adjusted Performance Level (L + M)				
	O. Governor's Adjustment				
	P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Welfare Entered Employment Rate (Adult)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Female		87.7		-0.049	
2. % Age 55 or more		0.4		-0.146	
3. % Not a high school graduate		19.8		-0.056	
4. % Post-high school (including college)		23.5		0.013	
5. % Dropout under age 30		10.2		-0.014	
6. % Black (not Hispanic)		29.8		-0.017	
7. % Minority male		4.5		-0.015	
8. % Long-term TANF recipient		38.4		-0.009	
9. % SSI recipient		2.3		-0.046	
10. % Basic skills deficient		47.6		-0.013	
11. % Individual with a disability		4.6		-0.023	
12. % Lacks significant work history		43.9		-0.041	
13. % Offender		10.0		-0.015	
14. % Not in the labor force		45.1		-0.077	
15. % Unemployed 15 or more weeks		34.6		-0.052	
16. Annual earnings in retail and wholesale trade		17.3		-0.331	
17. % of families with income below poverty		10.6		-0.698	
	L. Total				
	M. NATIONAL DEPARTURE POINT				
	N. Model-Adjusted Performance Level (L+ M)				
	O. Governor's Adjustment				
	P. SDA Performance Standard				

PY 98 JTPA Performance Standards Worksheet		A. Service Delivery Area's Name	B. SDA Number
C. Performance Period	D. Type of Standard [] Plan [] Recalculated	E. Performance Measure: Cost per Positive Termination (Youth)	

F. Local Factors	G. SDA Factor Values	H. National Averages	I. Difference (G Minus H)	J. Weights	K. Effect of Local Factors on Performance (I Times J)
1. % Age 14 to 15		8.9		-19.6	
2. % Post-high school (including college)		6.4		-10.1	
3. % Youth parent		31.8		9.8	
4. % Not in the labor force		56.3		3.4	
5. % Unemployed 15 or more weeks		18.4		4.5	
6. Annual earnings in retail and wholesale trade		0.0		35.7	
7. Unemployment rate		5.7		62.4	
	L. Total				
	M. NATIONAL DEPARTURE POINT				
	N. Model-Adjusted Performance Level (L + M)				
	O. Governor's Adjustment				
	P. SDA Performance Standard				

Table 1
Alternative Performance Ranges for PY 98 Title II-A and Title II-C
Noncore Measures

Percentile	Adult Entered Employment Rate	Adult Follow-Up Weeks Worked	Adult Wage at Placement	Adult Cost per Entered Employment	Welfare Entered Employment Rate	Youth Cost per Positive Termination
95th	86.5	11.3	8.95	2,797	85.6	727
90th	83.0	10.9	8.61	3,738	81.4	973
85th	80.3	10.7	8.43	4,241	78.8	1,191
80th	78.3	10.4	8.28	4,581	76.1	1,396
75th	77.1	10.3	8.17	4,876	74.0	1,548
70th	75.5	10.2	8.03	5,152	72.4	1,728
65th	74.4	10.0	7.93	5,511	71.3	1,846
60th	73.6	9.9	7.86	5,737	69.6	1,962
55th	72.2	9.8	7.76	5,919	67.6	2,135
50th	71.0	9.7	7.69	6,220	65.9	2,291
45th	69.8	9.5	7.61	6,492	64.7	2,446
40th	68.6	9.4	7.54	6,714	63.3	2,587
35th	66.8	9.3	7.45	7,025	61.6	2,716
30th	65.8	9.1	7.36	7,191	59.6	2,942
25th	63.9	8.9	7.28	7,378	57.2	3,114
20th	62.3	8.8	7.19	7,683	55.1	3,317
15th	59.2	8.6	7.10	8,035	53.2	3,775
10th	55.1	8.4	6.97	8,540	49.4	4,219
5th	49.1	8.1	6.78	9,274	42.9	5,194

Table 2
PY 98 Tolerance Range Adjustments
for Title II-A and II-C Noncore Measures

	Tolerance Range	Optional Wider Tolerance Range for SDAs with Two or More Extreme Values
Title II-A Adults		
Adult entered employment rate	± 4.2%	± 6.0%
Adult follow-up weeks worked	± 0.4	± 0.6
Adult wage at placement	± \$0.23	± \$0.34
Adult cost per entered employment	± \$573	± \$816
Welfare entered employment rate	± 4.9%	± 7.9%
Title II-C Youth		
Youth cost per positive termination	± \$540	± \$918

NOTE: Tolerance ranges have not been changed from the PY 94 values. Updated tolerance ranges would generally have been 1/3 to 1/5 the size of historical tolerance ranges because of the increased accuracy of models estimated with SPIR data. Because such small tolerance ranges would have serious impacts on States' performance standards policies, it was decided to leave the tolerance ranges at their PY 94 values.

Table 3
Extreme Deviations of Model-Adjusted Noncore Outcomes from the Departure
Point for Titles II-A and II-C

	<u>Extremely Low</u>	<u>Extremely High</u>
Title II-A Adults		
Adult entered employment rate	< -13%	> 9%
Adult follow-up weeks worked	< -2.1	> 1.4
Adult wage at placement	< -\$1.75	> \$1.79
Adult cost per entered employment	< -\$1,658	> \$2,354
Welfare entered employment rate	< -16%	> 12%
Title II-C Youth		
Youth cost per positive termination rate	< -\$868	> \$941

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APPENDIX B

NOTICE OF PERFORMANCE STANDARDS FOR PYs 1998 and 1999

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U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION Perf. Standards
	CORRESPONDENCE SYMBOL TP
	DATE July 7, 1998

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 12-97, CHANGE 1

TO : ALL STATE JTPA LIAISONS
 ALL STATE EMPLOYMENT SECURITY AGENCIES
 ALL STATE WORKER ADJUSTMENT LIAISONS
 ALL ONE-STOP CAREER CENTER SYSTEM LEADS

FROM : DAVID HENSON
 Director
 Office of Regional Management



SUBJECT : Revised Attachment 1, "Definitions for Performance Standards", to TEGL 12-97

1. **Purpose.** To transmit a revised Attachment 1 to TEGL 12-97.
2. **Background.** Attachment 1 to TEGL 12-97 incorrectly included paragraph 6f, which is now deleted in the revised Attachment 1.
3. **Action Required.** Please replace the Attachment 1 to TEGL 12-97 with this revised Attachment 1.
4. **Inquiries.** Questions concerning this issuance may be directed to Valerie Lloyd at (202) 219-5487 ext. 107.
5. **Attachment.**
 1. Definitions for Performance Standards
(Revised 7/6/98)

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Attachment 1 (Revised 7/6/98)

DEFINITIONS FOR PERFORMANCE STANDARDS

Title II-A and II-C

Those terminatees who receive only objective assessment and/or supportive services, regardless of whether they enter employment, are to be excluded from the calculation of performance outcomes for Title II-A, Title II-C, and section 204(d) older worker programs. Participants in special 5-percent-funded projects may, at the State's discretion, also be excluded from the calculation of performance outcomes for Title II-A and Title II-C.

The following defines the Title II-A performance standards:

1. **Adult Follow-Up Employment Rate**: Adult respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by adult respondents (i.e., terminatees who completed the follow-up interview).
2. **Adult Follow-Up Weekly Earnings**: The sum of weekly earnings for all adult respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by adult respondents employed (for at least 20 hours per week) at the time of follow-up.
3. **Welfare Follow-Up Employment Rate**: Adult welfare respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by adult welfare respondents (i.e., terminatees who completed follow-up interviews). Welfare respondents include respondents reported as receiving TANF, GA or RCA at application.
4. **Welfare Follow-Up Weekly Earnings**: The sum of weekly earnings for all adult welfare respondents employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by adult welfare respondents employed (for at least 20 hours per week) at the time of follow-up.

NOTE: The Title II-A adult and welfare follow-up employment measures will continue to be based on individuals who terminate during the first three quarters of the program year and the last quarter of the previous program year. If the response rates for those employed at termination and those not employed at termination in an SDA differ by more than 5 percentage points in either the adult or welfare samples, then the calculations of the follow-up outcomes for that group must be modified to adjust for non-response bias. Individuals will be counted as completing the follow-up survey (respondents) if they answer the question on employment in the 13th week and, if employed, answer the questions on the hourly wage and weekly hours. Responses to the

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questions on weeks worked and working with the same employer are not needed to be counted as a respondent or to be included in the computation of the performance outcomes.

(Optional) Adult Pilot Sustained Employment Rate : Percentage of terminees with wage record earnings of at least \$1339 (equivalent to 13 weeks x 20 hours x minimum wage) in the second full calendar quarter after termination.

(Optional) Adult Pilot Sustained Quarterly Earnings : Average earnings in the second full calendar quarter after termination for individuals with earnings of at least the amount required by the Adult Pilot Sustained Employment Rate definition.

(Optional) Welfare Pilot Sustained Employment Rate : Percentage of welfare recipient terminees with wage record earnings of at least \$1339 (equivalent to 13 weeks x 20 hours x minimum wage) in the second full calendar quarter after termination.

(Optional) Welfare Pilot Sustained Quarterly Earnings : Average earnings in the second full calendar quarter after termination for welfare recipient individuals with earnings of at least the amount required by the Welfare Pilot Sustained Employment Rate definition.

Note: These optional wage record measures are to be based on individuals who terminate during the program year. In calculating these measures, adjustments for out-of-state employment (if out-of-state wage records are not obtained) and noncovered employment are required. A method for making these adjustments will be provided.

The following defines the Title II-C performance standards:

5. Youth Entered Employment Rate (YEER) : Youth who entered unsubsidized employment at termination (for at least 20 hours per week), divided by youth who terminated, excluding those potential dropouts who are reported (on the Standardized Program Information Report [SPIR]) as remained-in-school and dropouts who are reported (on the SPIR) as returned-to-school.

NOTE: As in past practice, youth terminees who remain-in-school or return-to-school and who also enter employment will not be excluded from the termination pool reflected in the denominator of the Youth Entered Employment Rate. However, only employment of at least 20 hours per week satisfies the requirement for "employment."

6. Youth Employability Enhancement Rate (YEEN) : Youth who attained one of the employability enhancements at termination, whether or not they also obtained a job, divided by youth who terminated.

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Youth Employability Enhancements include:

- a. Attained (two or more) PIC-recognized Youth Employment Competencies.
 - b. Completed major level of education following participation of at least 90 calendar days or 200 hours in JTPA activity.
 - c. Entered and retained for at least 90 calendar days or 200 hours in non-Title II training or received a certification of occupational skill attainment or entered and retained in postsecondary education for at least one academic quarter.
 - d. Returned to and retained in full-time school (dropouts only) for one semester or at least 120 calendar days, attained a basic or job-specific skill competency, and made satisfactory progress.
NOTE: For the purposes of this outcome, and the remained in school outcome described below, "school" includes alternative schools, defined as a specialized, structured curriculum offered inside or outside of the public school system which may provide work/study and/or General Educational Development (GED) test preparation.
 - e. Remained in school for one semester or at least 120 calendar days (for youth at risk of dropping out of school), attained a basic or job-specific skill competency, and made satisfactory progress.
NOTE: For youth aged 14 and 15, the acceptable competencies will be basic skills or pre-employment/work maturity.
7. **(Optional) Youth Positive Termination Rate:** The number of youth who had a positive termination (either entered employment of at least 20 hours per week or met one of the employability enhancement definitions) as a percentage of the total number of youth who terminated.

Section 204(d) Older Worker Program

The following defines Section 204(d) Older Worker program performance standards:

- 1. **Entered Employment Rate:** Individuals who entered employment of at least 20 hours per week at termination, divided by terminations.
- 2. **Average Wage at Placement:** Hourly wage rate of all terminees who entered employment of at least 20 hours per week at termination, divided by terminees who entered employment of at least 20 hours per week at termination.

Title III

The following defines the Title III performance standard and optional performance measures based on self-reported information.

RESCISSIONS None	EXPIRATION DATE Continuing
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Comparable measures based on administrative data (UI wage records) are still being developed and definitions will be issued separately:

1. Entered Employment Rate: Individuals who entered employment of at least 20 hours per week at termination, excluding those who were recalled or retained by the original employer after receipt of a layoff notice, divided by terminations, excluding those who were recalled or retained by the original employer after receipt of a layoff notice.

(Optional) Follow-Up Employment Rate: Title III respondents who were employed (for at least 20 hours per week) during the 13th full calendar week after termination, divided by adult respondents (i.e., terminees who completed follow-up interviews). Individuals who were recalled or retained by the original employer are excluded from the follow-up sample.

(Optional) Average Wage Replacement Rate at Termination: The average of the wage replacement rates calculated for each individual with both a reported dislocation wage and a reported wage at termination. The wage replacement rate for the individual is the wage at termination divided by the dislocation wage. Note: this measure is not equal to the ratio of the average wage at termination to the average dislocation wage. This measure is based on individuals who enter unsubsidized employment of at least 20 hours per week and excludes those who are recalled to or remain with the layoff employer.

(Optional) Average Wage Replacement Rate at Follow-Up: The average of the wage replacement rates calculated for each individual with both a reported dislocation wage and a reported wage at follow-up. The wage replacement rate for the individual is the wage at follow-up divided by the dislocation wage. Note: this measure is not equal to the ratio of the average wage at termination to the average follow-up wage. This measure is based on individuals with follow-up employment of at least 20 hours per week. Individuals who were recalled or retained by the original employer are excluded from the follow-up sample.

(Optional) Average Wage at Placement: The sum of wages at placement for all Title III terminees who entered employment of 20 hours or more, excluding those who remained with or were recalled to the layoff employer, divided by the number of Title III terminees, excluding those who remained with or were recalled to the layoff employer.

NOTE: As indicated in the definitions listed above, for performance standards purposes, the term "employment" means employment for 20 or more hours per week. For determining compliance with this provision, a "week" means a period of 7

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consecutive days, and the 20 or more hours is to be understood as a condition of the employment. No formal verification is required, but the Department encourages States to set up a system that would, at a minimum, provide for random checking to assess compliance by SDAs.

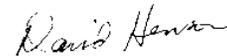
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U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION Perf. Standards
	CORRESPONDENCE SYMBOL TP
	DATE June 30, 1998

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 12-97

TO : ALL STATE JTPA LIAISONS
ALL STATE EMPLOYMENT SECURITY AGENCIES
ALL STATE WORKER ADJUSTMENT LIAISONS
ALL STATE ONE-STOP CAREER CENTER SYSTEM LEADS

FROM : DAVID HENSON
Director
Office of Regional Management



SUBJECT : Job Training Partnership Act(JTPA)
Title II and Title III Performance Standards
for PYs 1998 and 1999

1. **Purpose.** To transmit additional guidance on JTPA Performance Standards pursuant to Training and Employment Guidance Letter No. 2-97, dated February 19, 1998.

2. **References.**

- a. Job Training Partnership Act (JTPA) 29 USC 1501, et seq., as amended.
- b. JTPA Regulations, 20 CFR Parts 626-629 and 631, published in the Federal Register on September 2, 1994.
- c. Training and Employment Guidance Letter (TEGL) No. 2-97, dated February 19, 1998.
- d. TEGL No. 2-95, dated August 10, 1995.
- e. TEGL No. 1-94, dated August 31, 1994.

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f. Training and Employment Information Notice (TEIN) No. 5-93, Change 1, dated June 23, 1994, and Change 2, dated January 24, 1997.

g. TEGL 8-97, dated April 23, 1998.

3. Background. This Guidance Letter provides additional information on the Secretary's required performance measures and the Secretary's implementing instructions for performance standards for Program Years (PYs) 1998 and 1999 (July 1, 1998-June 30, 1999; July 1, 1999-June 30, 2000). Sec. 106 of JTPA, as amended, directs the Secretary to establish performance standards for adult, youth, and dislocated order programs. These standards may be updated every 2 years based on the most recent JTPA program experience, as well as program emphases and goals established by the Department of Labor. The Secretary also issues instructions for implementing these standards, and issues parameters for States to follow in adjusting the Secretary's standards for service delivery areas (SDAs) and substate areas (SSAs).

It should be noted that many States have requested and are operating under waivers granted under the FY 1997 and 1998 Department of Labor Appropriations Acts, and that some or all of those waivers may take precedence over some of the provisions in this Guidance Letter. After consideration of the requirements in this Guidance Letter, States may wish to consider requesting additional waivers and/or modifying existing waivers.

To assist the Department in assessing the JTPA operational environment and the constraints likely to influence State and local performance during the reference period, a Performance Standards Work Group was convened in March 1998. The Workgroup had representatives from State and local JTPA programs; and public interest groups, including the National Governors' Association, the U.S. Conference of Mayors, the National Association of Counties, and the National Council on the Aging. This Guidance Letter largely incorporates the Workgroup's recommendations.

4. Highlights of Changes from PY's 1996 and 1997. Following is a summary of major changes from PY 1996 and 1997 policy:

- JTPA performance standards and national numerical levels for those standards are aligned with system goals for performance and for performance improvement required under the Government Performance and Results Act (GPRA);
- States may continue to use the performance measures from PY's 1996 and 1997, or they may choose to replace some of them with new optional measures;
- All numerical levels in which there was an appreciable difference in average performance between PY 1994 and 1995-96 are updated. Thus, numerical levels for five of the six core standards in Title II, as well as the required Title III standard, are raised; however, the level of the Youth Employability Enhancement Rate remains the same;
- Four new adult post-program measures based on Unemployment Insurance (UI) earnings records are introduced. These measures may be used instead of the current four adult measures based on telephone surveys;
- A Youth Positive Termination Rate may be used instead of both the Youth Entered Employment Rate and the Youth Employability Enhancement Rate;
- Three new optional Title III measures are introduced for future use as performance standards. Together with the Entered Employment Rate, these measures are being used to assess attainment of performance goals for Title III under GPRA;
- All Title III measures are consistently defined to exclude terminees who were called back or remained with their layoff employers;
- Overall failure to meet standards under Title II is defined as failing half or more of the Secretary's core standards;
- States are encouraged to develop incentive and sanction policies that differentiate clearly between minimally acceptable performance needed to avoid sanctions and performance worthy of reward; and
- States are encouraged to adopt higher than minimally acceptable performance levels to determine eligibility for performance awards, and to include in incentive policies criteria

rewarding sustained high performance, improved performance and performance innovation.

5. Performance Management Goals for PY's 1998 and 1999 . The GPRA requires federal programs to develop quantifiable measures of outcomes, which JTPA has been doing for many years. It also requires a commitment to continuous performance improvement in the outcomes for those measures. Continuous performance improvement is a new challenge for some programs in the JTPA system, but it is a challenge that JTPA is well-positioned to accomplish through its performance standards system.

In JTPA, performance standards have for many years marked the dividing line between minimally acceptable levels of program outcomes and unsatisfactory performance. State policy can also use performance standards to set a different, higher dividing line between rewardable levels of performance and satisfactory levels that do not fully contribute to the system's accomplishment of its performance goals. Policies that set higher levels of performance and performance improvement to qualify for incentive funds than the lower levels required to avoid sanctions have already been adopted in some States. The monetary incentives provided under JTPA have been and will continue to be strong motivators of organizational performance. Incentive funds can be used to motivate the system to meet the new requirements posed by GPRA while affording States continued flexibility in developing policies to meet these new challenges. **The Employment and Training Administration (ETA) challenges all States to design their States' JTPA incentive policies to promote higher levels of performance and performance improvement.**

Departmental goals for JTPA's performance management system serving disadvantaged adults and youth and dislocated workers were submitted to Congress in September 1997 in the ETA Strategic Plan for FY 1997-2002. The Strategic Plan commits to continuous performance improvement each and every year of the 5 years covered. Those goals have since been revised in the FY 1999 Annual Performance Plan (see TEGL 8-97) to support the Secretary's vision, facilitate increased coordination and foster greater cohesion within ETA and the Department. To achieve its GPRA goals for PY 1998/FY 1999 and its mission, ETA has established for JTPA the following three strategic goals along with associated outcome objectives and performance targets:

◀ **STRATEGIC GOAL NO 1**

A Prepared Workforce: Enhance opportunities for America's Workforce.

! OUTCOMES

- * Increase employment, earnings and assistance.
- * Assist youth in making the transition to work.
- * Provide information and tools about work.
- * Provide information and analysis on the U.S. economy

! PERFORMANCE TARGETS

- * *64% of JTPA adult disadvantaged terminees will be employed one quarter after program exit with average weekly earnings of \$292.*
- * *77% of JTPA Title II-C youth terminees will be employed or obtain advanced education or job skills.*

◀ **STRATEGIC GOAL NO. 2**

A Secure Workforce: Promote the economic security of workers and families.

! OUTCOME

- * Protect worker benefits.
- * Provide worker retraining.

! PERFORMANCE TARGETS

- * *Under JTPA Title III for dislocated workers, 74% of program terminees will be employed at an average wage replacement rate of 93% at termination and 76% will be employed one quarter after program exit at an average wage replacement rate of 97%.*

STRATEGIC GOAL NO. 3

Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair.

! OUTCOME

* [None directly related to JTPA performance standards]

These performance targets merit special attention because they directly relate to the subject of this Guidance Letter: the Secretary's JTPA Title II and Title III performance measures, national numerical standards for these measures, incentive award criteria, and sanction requirements.

States have the authority to establish additional standards which reflect State goals, to develop the definitions of passing and failing individual standards, and to develop the specific approach to determining incentive awards. Data to support additional non-cost measures will continue to be reported, and States may use these measures or others in making State incentive award determinations for the up to 25% of incentive funds permitted for additional State standards under Section 106(e). Data on costs, together with program performance data, will provide critical information for State monitoring and fiscal oversight, and assist States in measuring returns on their human resource investments.

6. Secretary's National Standards for PY's 1998 and 1999. The Secretary's performance measures and national standards for Title II-A, Title II-C, section 204(d) Older Worker programs, and Title III [all of section 302(c)(1) State activities, and sections 302(c)(2) and 302(d) substate area activities] are as follows:

PY 1998 and 1999 Performance Standards Title II-A

Adult Follow-up Employment Rate*:	60%
Adult Weekly Earnings at Follow-up*:	\$289
Welfare Follow-up Employment Rate*:	52%
Welfare Weekly Earnings at Follow-up*:	\$255

OR

Adult Pilot Sustained Employment Rate* (optional):	Baseline TBD
Adult Pilot Sustained Quarterly Earnings* (optional):	Baseline TBD
Welfare Pilot Sustained Employment Rate* (optional):	Baseline TBD
Welfare Pilot Sustained Quarterly Earnings* (optional):	Baseline TBD

Title II-C

Youth Entered Employment Rate*: 45%
Youth Employability Enhancement Rate*: 40%

or

Youth Positive Termination Rate* (optional): 72%

Section 204(d) Older Worker Programs

Entered Employment Rate: 56%
Average Hourly Wage at Placement: \$6.10

Title III

Entered Employment Rate: 73%
Follow-Up Employment Rate (optional): 72%
Average Wage Replacement Rate
at Termination (optional): 91%
Average Wage Replacement Rate
at Follow-Up (optional): 93%
Average Wage at Placement (optional): \$9.32

*Indicates Secretary's required "core" measures that are subject to Title II incentives and sanctions.

The four Title II-A adult and welfare follow-up measures will continue to be calculated based on outcomes data for individuals who terminate during the first three quarters of the program year and the last quarter of the previous program year. The four optional pilot Title II-A measures based on wage record data will be calculated on data for individuals who terminate in the program year.

7. Explanation of Performance Standards Levels. The Title II-A and II-C numerical standards were derived from PY 1995 and 1996 program data aggregated from the Standardized Program Information Report (SPIR). This approach for setting numerical levels is expected to produce local standards that are similar in difficulty to what SDAs/SSAs have experienced in the recent past. Past practice was to set numerical levels on non-earnings measures where at least 75% of SDAs can be expected to meet the standard, and to set levels for earnings measures where at least 60% of SDAs can be expected to meet the standard. The higher level was used for earnings measures to account for expected inflation in wage rates.

Welfare reform and the new Welfare-to-Work programs are expected to have continuing substantial impacts on JTPA Title II-A program outcomes. Because welfare clients make up one of the most significant hard-to-serve groups included in the adult measures, the effects of welfare reform are reflected in both the adult measures and the welfare measures. Changes in the mix of hard-to-serve characteristics of welfare recipients served in JTPA, the emphasis on immediate placement at any wage, and the "earnings disregard" practice in many States are impacting the types of services provided welfare clients and the outcomes achieved. This appears to be slowing the rate of gain in welfare clients' earnings and impacting the employment retention rate. Therefore, national levels for the Title II-A measures impacted by welfare reform were moderated for this performance standards cycle.

The actual levels of performance to be achieved by the JTPA system nationwide in PY's 1998 and 1999 are expected to be higher than the levels of the departure points, all other things being equal. The departure points are viewed as levels of minimally acceptable performance for local programs, and are therefore set at minimums ranging from the 20th to the 35th percentiles. The JTPA system's national average performance can be expected to approximate the 50th percentile of performance, all other things being equal. These distinctions are critical in any discussion of whether the national departure points are sufficient for JTPA to attain its GPRA performance goals.

8. Title II-A Adult Measures. The Adult Follow-up Weekly Earnings level was set at the 35th percentile, the level at which 65 percent of SDAs would be expected to meet or exceed the standard based on past experience. Past experience indicates that inflation would have the effect of raising above 65 percent the number of SDAs that meet or exceed the earnings standards. The Welfare Follow-Up Weekly Earnings level was continued at the 25th percentile; it had been moderated in the previous 2-year cycle to account for expected impacts of welfare reform. The level for the Welfare Follow-Up Employment Rate was set at the 20th percentile because feedback from local programs indicates that increasingly hard-to-serve welfare recipients required by welfare reform to take immediate employment are changing jobs and employers within the initial 13 week period. The level of the Adult Follow-Up Employment Rate was continued at the 25th percentile level, which results in a modest increase of 1 percentage point over the previous level and is believed to be an achievable yet challenging goal for Title II-A.

9. Title II-C Youth Measures. Because Title II-C funding was significantly scaled back several years ago, many smaller local areas are experiencing difficulty running programs serving both out-of-school youth and in-school youth, which typically have different expected outcomes. The optional Youth Positive Termination Rate adapts to the changing youth program mix by permitting positive outcomes from both strategies to be combined in one measure. The departure point for the Youth Positive Termination Rate was set at the 25th percentile.

The youth employability enhancement outcome has been clarified to include youth who go on for postsecondary education. The definition of "Entered Non-Title Training" now includes youth who go on to postsecondary education for at least one academic quarter. They can be counted as a positive termination for either the Youth Employability Enhancement Rate or the Youth Positive Termination Rate. Attachment 2 contains more complete guidance on youth employability enhancement definitions.

10. Title III Measures. Similar to the Title II-A and Title II-C standards, the required Title III standard for PY 1998 and 1999 was derived from PY 1995 and 1996 program data aggregated from the SPIR. This standard is also set at a level that approximately 75 percent of the substate areas can be expected to meet or exceed. There are no core measures for Title III because incentives and sanctions are not required in Title III programs.

There are four additional optional measures for Title III. The Average Wage at Placement has been optional in previous years, and will continue to be optional. The national departure point for this measure was set at a level that approximately 65 percent of the substate areas can be expected to meet or exceed.

The other three optional Title III measures, Follow-Up Employment Rate, Average Wage Replacement at Termination, and Average Wage Replacement at Follow-Up are newly introduced this performance standards cycle, although they have been used to track Title III performance goals under GPRA. National departure points for survey-based measures were set at the 25th percentile of performance, levels which about 75 percent of substate areas can be expected to meet or exceed.

States may choose to use wage record data instead of telephone surveys to track postprogram employment and earnings in Title III. Instructions on reporting Title III outcomes and computing performance will be issued separately at a later date.

Adjustment models and departure points will not be available for setting local wage-based follow up standards in PY 1998. In future performance standards cycles, after developmental research is completed, ETA will provide adjustment models and departure points for the full complement of Title III performance standards measures whether they are based on surveys or UI wage records.

For consistency in performance measurement, all Title III measures have been defined to exclude terminees who were called back or remained with their layoff employers (see Attachment 1).

11. Section 204(d) Older Worker Program Performance Standards.

Performance standards levels for the Section 204(d) Older Workers program were set at the 25th percentile of performance for both the Entered Employment Rate and the Average Wage at Placement. Programs operated under section 204(d) are State programs even though they may be managed by various local entities. Therefore, performance standards will be applied to each State's entire Section 204(d) Older Worker program. Unlike the adult and youth programs under Title II-A/C, however, no incentive awards or sanctions are associated with these standards.

12. Title II-A Optional Pilot Measures. The four Title II-A wage record-based measures may be substituted for the four follow-up measures. The State must specify that the four required core measures for Title II-A be either all of the required telephone follow-up measures or all of the optional pilot wage record-based measures. Of the State's specified core measures, at least one must be an adult employment measure, one must be an adult earnings measure, one must be a welfare employment measure, and one must be a welfare earnings measure.

For States that opt for pilot wage record-based post-program measures, there will be certain requirements that States must meet to implement this new approach to measuring employment retention. These requirements are necessary to allow ETA to manage the transitional dual reporting system that will result when some States adopt wage-based retention measures while other States continue with telephone survey follow up. The requirements are outlined in Attachment 6.

One requirement is that States choosing wage records as their data source during the next 2-year performance standards cycle need to ensure that they will be able to manage their local programs and fully comply with federal reporting requirements. Also, ETA plans to develop a mathematical algorithm to help

explain variations in outcome levels between the two measurement systems. Therefore, it will be necessary for States to provide a 5 percent statewide sample of follow-up survey data for PY 1998 (and/or PY 1999, if applicable). Because the pilot retention measures reference the second full quarter after termination, and because there is a further delay of two to three additional quarters to obtain the wage record data, performance information for making incentive awards and imposing sanctions will not be available for a considerable period of time. States will be required to develop alternative incentive and sanctions policies to accommodate this lag time.

The optional wage record-based employment retention measures will be pilot-tested during PYs 1998 and 1999; therefore, the Department has established baseline goals instead of national departure points for measuring PYs 1998 and 1999 performance. In performance reports to the public, the Department plans to identify separately performance based on pilot measures and estimates of comparable national performance on follow-up measures.

ETA will issue implementing guidance for the pilot wage record-based sustained employment and earnings measures, including optional adjustment models, in a future directive. The Department will also develop a technical assistance plan during this pilot test period to provide assistance in the use of wage records for performance measurement, and at the same time, inform users about the implications for local performance results when using these pilot measures.

13. Optional Youth Positive Termination Rate. States may choose to adopt the single core Youth Positive Termination Rate to take the place of the two core measures Youth Entered Employment Rate and Youth Employability Enhancement Rate.

14. Implementing Provisions. The following implementing requirements must be followed:

a. Required Standards. For Titles II-A and II-C, States are required to set, for each SDA, a numerical performance standard for each of the core Secretary's measures; for the Older Worker program, States are required to set numerical Entered Employment Rate and Average Wage at Placement standards for programs operated under Section 204(d); for Title III, States

are required to set for each substate area a numerical performance standard for the Entered Employment Rate; for Title III Governor's Reserve programs, States are required to set a statewide standard; and for Title III, States are also strongly encouraged to adopt and set numerical levels for all of the optional GPRA measures for substate programs and for Governor's Reserve programs.

b. Setting the Standards. Consistent with provisions in JTPA, States are required to adjust the Secretary's performance standards to reflect local area circumstances (Section 106(d)). Such adjustments apply to Title II-A, Title II-C, Section 204(d) and Title III programs, and must conform to the Secretary's parameters described below:

1. **Procedures must be :**
 - " Responsive to the intent of the Act,
 - " Consistently applied among the SDAs/SSAs,
 - " Objective and equitable throughout the State,
 - " In conformance with widely accepted statistical criteria;

2. **Source data must be:**
 - " Of public use quality,
 - " Available upon request;

3. **Results must be:**
 - " Documented,
 - " Reproducible; and

4. **Adjustment factors must be limited to:**
 - " Economic factors,
 - " Labor market conditions,
 - " Geographic factors,
 - " Characteristics of the population to be served,
 - " Demonstrated difficulties in serving the population, and
 - " Type of services to be provided.

The Department offers States an optional adjustment methodology that conforms both to these parameters and

to the requirement in section 106(d). This methodology covers Title II-A, Title II-C, Section 204(d), and Title III programs and will be provided to States in a future directive. Should the State choose to use an alternate methodology, or make adjustments not addressed by the Departmental model, it must conform to the parameter criteria and be documented in the Governor's Coordination and Special Services Plan for the program year to which it applies.

The State Job Training Coordinating Council and, where appropriate, the State Human Resources Investment Council must have an opportunity to consider adjustments to the Secretary's standards and to recommend variations. To determine whether an SDA has met or exceeded a performance standard, States must use actual end-of-year program data to recalculate the performance standards.

c. Performance Standards Definitions. States must calculate the performance of their SDAs, SSAs, and section 204(d) programs according to the definitions included in the Attachments.

d. Titles II-A and II-C Incentive Policies. ETA encourages States to develop incentive policies that encourage higher levels of performance, sustained high performance and performance innovation for local areas to receive incentive awards. (As discussed later, States should also develop parallel sanction policies that distinguish between unacceptable levels and those that are acceptable, but not rewardable.)

States are to develop and implement policies and procedures for awarding incentive grants in accordance with Section 106(b)(7). As the basis for making incentive awards, the State must use all and cannot "zero weight" any of the Secretary's core measures. At least 75 percent of the funds set aside for performance incentives must be related to these measures and, if applicable, the out-of-school youth and employer-assisted benefits criteria, in accordance with section 106(b)(7)(E). Up to 25 percent of the funds set aside may be used to reward performance on additional State standards, excluding cost standards. The following

criteria are required in States' incentive award policies:

1. **Standard for Service to Hard-to-Serve.** A Secretary's standard for service to the hard-to-serve, as required by section 106(b)(7)(B) of JTPA, has been established in the form of a stand-alone eligibility criterion ("gate") for incentive awards. In order for an SDA to be eligible to receive **ANY** incentive award, at least 65 percent of **BOTH** the SDA's (a) Title II-A **AND** (b) Title II-C (in-school and out-of-school youth combined) participants receiving training and/or other services beyond objective assessment must be hard-to-serve. The definitions of hard-to-serve are to be consistent with the definitions in sections 203(b), 263(b), and 263(d) of the Act.
2. **Amount of Incentive Award.** For those SDAs that successfully "pass through" the gate, (in addition to any funds set aside for State standards) the **amount** of the incentive award for SDAs exceeding the Secretary's performance standards will be determined by the State's policy in conformance with DOL requirements.
3. **Exceeding All Core Standards.** SDAs that pass through the "gate" and exceed **all** of the Secretary's Titles II-A and II-C core standards by the State's definition of exceeding standards **must** receive an incentive award.
4. **Additional State Measures.** States also may select additional non-cost measures, such as increased service to hard-to-serve participants, to include in incentive policies.
5. **Cost Standards Not Allowed.** Cost standards cannot be used for incentive award purposes. However, States are reminded of the integral role of financial reviews in program management. States are encouraged to explore ways of relating overall costs of job training to more direct measures of long-term employment, earnings and reductions in welfare.

6. **Adjustments to Incentive Awards.** Incentive policies may include adjustments to incentive award amounts based upon factors such as grant size, additional services to the hard-to-serve, intensity of service, and expenditure level.

7. **Excluding Pilot Projects.** In PYs 1998 and 1999, States will continue to have the authority to exclude pilot projects serving "hard-to-serve" individuals funded from the 5 percent incentive fund set-aside in computing their standards and actual performance. States and SDAs are encouraged to use such funds to develop or replicate model programs serving out-of-school youth.

NOTE: For those SDAs in which "incentive projects" are indistinguishable from those that provide general training, these programs would not be considered exempt from performance standards.

8. **Incentives Using Pilot Measures.** States using optional pilot wage record-based performance measures must develop incentive policies that also take into account the lag time in availability of wage record earnings data.

9. **Additional Incentive Criteria.** States are encouraged to include in their incentive policies criteria relating to: 1) attaining levels of performance and performance improvement that assist the JTPA system to attain its annual and strategic performance goals under the GPRA; 2) programs successfully serving out-of-school youth, and 3) placement in jobs providing employer-assisted benefits. Although **successful** programs for out-of-school youth remain the cornerstone of out-of-school incentives, SDAs will still be expected to exceed the 50 percent minimum service level to be rewarded under that criterion. More information is included in the Attachments.

e. **Titles II-A and II-C Technical Assistance and Sanction Policies.** ETA encourages States to develop sanction policies that treat performance standards as minimal levels of acceptable performance. (States should also develop parallel incentive policies that

encourage higher levels of performance and performance improvement for local areas to receive incentive awards. These policies should distinguish levels of performance that are rewardable from those that are acceptable but not rewardable.)

Determination of an SDA's failure to meet standards and the consequent imposition of technical assistance and reorganization requirements under section 106(j) will be based only on the Secretary's Title II-A and Title II-C core measures. "Meeting Performance Standards" overall is defined as meeting more than half of the core standards. Conversely, overall "failure to meet performance standards" is defined as failing half or more of the core standards. Definitions for meeting and failing individual standards will be established by States.

Regardless of whether the State opts for five or six core standards (four adult standards and either one or two youth standards), by these definitions overall failure to meet performance standards means failing three or more core standards. Further, meeting performance standards overall means meeting or exceeding at least four out of six core standards or at least three out of five core performance standards.

Overall failure to meet performance standards as defined above for the first year precludes an SDA from receiving any incentive awards and requires States to provide technical assistance to the underperforming SDA.

Overall failure to meet performance standards as defined above in the second consecutive year precludes an SDA from receiving any incentive award and requires States to impose a reorganization plan.

Furthermore, in the past, the overall effect of States' performance standards adjustment policies, including adjustments beyond the models, may have sustained or encouraged levels of performance outcomes lower than they otherwise might have been in the absence of Governor's adjustments. In some States, the effect of Governor's adjustments across the board may have been to lower all the local programs' performance standards

levels below the level of minimally acceptable performance established by the national departure points. States also have the option to adopt additional adjustments that raise the levels higher than they otherwise would be, but that has not often happened in the program's experience.

Reducing standards in this way has the disadvantage of reducing the performance levels at which SDAs qualify for incentive awards in many states, and may possibly encourage and sustain lower levels of performance for all SDAs. ETA strongly encourages States that set policies that lower the national departure points across the board in the State to also adopt more challenging levels to determine eligibility for incentive awards.

15. Performance Status Summary Reports. Section 106(j)(3) requires each State to report to the Secretary, not later than 90 days after the end of each program year, the actual performance and performance standards for each SDA within the State. Within the same time frame, technical assistance plans developed by the State are required for each SDA failing to meet performance standards overall for the first year. The 90-day time frame also applies to the imposition of a reorganization plan, which is mandatory when an SDA fails to meet performance standards overall for a second consecutive year. Specific procedures for the formal performance standards report and required State action were provided in Training and Employment Guidance Letter 2-95, dated August 10, 1995.

However, in addition to the formal annual process, there should be ongoing oversight of SDA performance and continuous technical assistance and capacity-building aimed at addressing areas where program performance can be improved.

In the future, the submission of quarterly performance reports, in addition to annual reports, may be necessary in order to effectively demonstrate progress toward annual and strategic GPRA goals. While no quarterly submission is currently required in order to document actual performance, States should be aware of this possibility.

16. Action Required. The following actions are required of States:

a. Distribution. States must distribute this Guidance Letter to all officials within the State who need such information to implement the performance standards policies and requirements for PY 1998 and 1999.

b. State Plan Development. States must specify in the GCSSP their incentive award policy under section 202(c)(1)(B) and 202(c)(3)(A) and policy for imposition of sanctions under section 106(j). As the timing of this issuance may have precluded States from submitting this information with their PY 1998 and 1999 GCSSP, if necessary, States should submit a GCSSP amendment containing complete information on Title II incentive and sanction policies no later than August 31, 1998. (Such amendments are not required for Title III plans.)

17. Inquiries. Questions concerning this issuance may be directed to Valerie Lloyd at (202) 219-5487, ext. 107.

18. Attachments.

1. Definitions for Performance Standards
2. Youth Employability Enhancement Definitions
3. Rewarding Model Programs for Out-of-School Youth
4. Rewarding Placements in Jobs Providing Employer-Assisted Benefits
5. Incentive Policies that Promote Continuous Performance Improvement
6. Guidelines for Substitution of Wage Record Post-Program Measures in Lieu of Survey Follow-Up in JTPA Performance Standards for Program Years 1998 and 1999

Attachment 1

The corrected version of Attachment 1 is in TEGL 12-97, Change 1, which is reproduced earlier in this Appendix.

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Attachment 2

YOUTH EMPLOYABILITY ENHANCEMENT DEFINITIONS

"Youth Employability Enhancement" means an outcome for youth, other than entered unsubsidized employment, which is recognized as enhancing long-term employability and contributing to the potential for a long-term increase in earnings and employment.

Outcomes which meet this requirement shall be restricted to the following:

- (1) Attained PIC-Recognized Youth Employment Competencies (two or more reported from SPIR);
- (2) Returned to Full-Time School;
- (3) Remained in School;
- (4) Completed Major Level of Education; or
- (5) Entered Non-Title II Training.

1. Attained PIC-Recognized Youth Employment Competencies - A youth who demonstrated proficiency, as defined by the PIC in two or more of the following three skill areas in which the trainee was deficient at enrollment: 1) pre-employment/work maturity; 2) basic education; or 3) job-specific skills. Competency gains must be achieved through program participation and be tracked through sufficiently developed systems that must include: quantifiable learning objectives, related curricula/training modules, pre and post-assessment, employability planning, documentation, and certification. The completely detailed definition for Youth Employment Competency systems is located in the Standardized Program Information Reporting System (SPIR) instructions.

2. Returned to Full-Time School - A youth who: (1) had returned to full-time secondary school (e.g., junior high school, middle school and high school) including alternative school if, at the time of intake, the participant was not attending school (exclusive of summer school) and had not obtained a high school diploma or equivalent; and (2) prior to termination, had been retained in school for one semester or at least 120 calendar days after becoming a participant in the JTPA program.

Alternative School - A specialized, structured curriculum offered inside or outside of the public school system which may provide work/study and/or GED preparation.

NOTE: To obtain credit for Returned to Full-Time School and Remained in School (described below), SDAs must be prepared to

demonstrate that retention results from continuing, active participation in JTPA activities and the youth must: (1) be making satisfactory progress in school; and (2) (for youth aged 16-21) attain a PIC-approved Youth Employment Competency in Basic Skills or Job-Specific Skills; and (3) (for youth aged 14-15) attain a PIC-approved Youth Employment Competency in Pre-employment/Work Maturity or Basic Skills.

Satisfactory Progress in School - An SDA, in cooperation with the local school system, must develop a written policy which defines an individual standard of progress that each participant is required to meet. Such a standard should, at a minimum, include both a qualitative element of a participant's progress (e.g., performance on a criterion-referenced test or a grade point average) and a quantitative element (e.g., a time limit for completion of the program or course of study). This policy may provide for exceptional situations in which students who do not meet the standard of progress, because of mitigating circumstances, are nonetheless making satisfactory progress during a probationary period.

3. Remained in School - A youth who, prior to termination, had been retained in a full-time secondary school, including alternative school, for one semester or at least 120 calendar days after becoming a participant in the JTPA program. The youth must be attending school at the time of intake, have not obtained a high school diploma or equivalent, and be considered "at risk of dropping out of school" as defined by the Governor in consultation with the State Education Agency.

4. Completed Major Level of Education - An adult or youth who, prior to termination, had completed, during enrollment, a level of educational achievement which had not been reached at entry. Levels of educational achievement are secondary and postsecondary. Completion standards shall be governed by State standards and shall include a high school diploma, GED Certificate or equivalent at the secondary level, and shall require a diploma or other written certification of completion at the post-secondary level.

NOTE: Completion of a major level of education must result primarily from active JTPA program participation of at least 90 calendar days or 200 hours, usually prior to such completion.

5. Entered Non-Title II Training - An adult or youth who, prior to termination, had entered an occupational skills

employment/training program or postsecondary education not funded under Title II of the JTPA, which builds upon and does not duplicate training received under Title II. NOTE: The participant must have been retained in that program for at least 90 calendar days or 200 hours or one academic quarter or must have received a certification of occupational skill attainment. During the period the participant is in non-Title II training, s/he may or may not have received JTPA services.

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Attachment 3

Rewarding Model Programs for Out-of-School Youth

Improving the labor market outcomes achieved by out-of-school youth is a continuing priority. The Department encourages States in their incentive policies to reward out-of-school youth programs that are identified by the Department or recognized by the State as having a demonstrated record of success.

States need to develop ways to identify such programs. Possible approaches include:

- Using outcomes achieved to identify successful programs. Outcomes could include both the two youth performance measures and measures such as learning gains and earnings/retention in full-time employment.
- Alternatively, States could offer SDAs "seed money" from incentive funds to plan/operate programs that provide innovative or high-quality training to out-of-school youth based on criteria established by the State. Examples of such criteria include training that integrates occupational and basic skills training, and training that emphasizes acquiring job skills in demand in the emerging workplace.

NOTE: Whatever method is used to reward successful out-of-school youth programs, access to such incentives must be limited to those SDAs that serve in excess of 50 percent out-of-school youth in their overall Title II-C program.

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Attachment 4

Rewarding Placements in Jobs Providing Employer-Assisted Benefits

The Department encourages States in their incentive policies to reward SDAs for placements in jobs with employer-assisted benefits, including health benefits. Rewarding such placements is intended to increase the focus on overall job quality. To include placements in jobs with employer-assisted benefits in their incentive policies, States will need to:

1. Specify how the criterion will be measured. The definition must be consistent with that for SPIR Item 35c (i.e., consisting of, at a minimum, health insurance benefits **and** coverage under Social Security or an equivalent pension plan). Note that it is not necessary for an individual to actually receive benefits when employment begins as long as they are an acknowledged component of employment conditions. For example, health benefits available after a waiting-period and benefits that are refused because of availability from another source both count as employer-assisted benefits. Examples of measures of jobs with benefits, using data from SPIR Item 35c are:

- among terminees who enter employment, the percent who are in jobs providing employer-assisted benefits; and
- among all terminees, the percent who enter employment and are in jobs providing employer-assisted benefits.

2. Determine how to reward placement in jobs with employer-assisted benefits. One possible approach would require the State to determine a departure point or benchmark to use in setting rewards levels for benefits. This departure point would serve the same function served by the numerical national standards for the Secretary's core measures. It would be the level that, before any adjustment for local factors, identifies rewardable performance. Under this approach, a State would also decide whether and how the departure point should be adjusted for local clientele and economic conditions when setting reward levels for each SDA.

Rather than setting reward levels for employer-assisted benefits using a process akin to setting standards for the Secretary's core measures, States may choose a simpler approach. Because there are no sanctions based on this criterion, it is not absolutely necessary to set a minimally acceptable performance level. It is possible to reward SDAs at all levels of performance on employer-assisted benefits. One way to do this would be to set aside a portion of incentive funds to reward such placements. This reward pool could be divided among SDAs based on their proportionate share of all placements in jobs with employer-assisted benefits. This procedure is equivalent to giving a fixed amount for each placement (i.e., the amount is the value of the pool divided by the total number of placements into jobs with benefits in the State).

Because this approach may be viewed as favoring SDAs in areas where benefits are widely prevalent, it should be viewed as interim until better data on employer-assisted benefits are available.

Attachment 5

Incentive Policies that Promote Continuous Performance Improvement

There are many methods of setting incentive targets that would promote performance improvement each year under ETA's Strategic Plan required by the Government Performance and Results Act (GPRA). Among these methods are: 1) States substitute a new, higher departure point in the performance standards worksheets, and 2) States set a challenging State performance target and reward according to the extent to which SDAs meet target or make progress toward meeting it.

States adopting either of these methods would be adopting a definition of "exceeding a performance standard" that requires performance above the level of performance specified as minimally acceptable and non-sanctionable. Thus, SDAs with performance at or above the performance standard, but below the incentive target (or rewardable level), would be considered as "meeting performance standards". All SDAs with performance in the range between the standard (the sanctionable level) and the rewardable level would be treated as merely meeting the performance standard. Only SDAs with performance above the rewardable level would be considered as "exceeding" performance standards.

Because only SDAs exceeding the rewardable level are defined as "exceeding" standards, the State is not required to provide incentives to SDAs with performance above the standard but below the rewardable level, even if that level of performance is achieved for all of the Secretary's core standards. Incentives are required only for SDAs that exceed all core standards by the Governor's definition of exceeding, which for these methods requires performance above the rewardable level.

For more information on developing incentive policies that reward performance at separate, higher levels than sanctionable levels, see the Guide to JTPA Performance Standards for Program Years 1996 and 1997, Chapter V, pages 15 to 34.

Method A: Adopting a Higher Departure Point. In the first method, a higher departure point is substituted for the national departure point in the performance standards worksheets just for the purpose of determining which local areas merit performance rewards on each measure (while continuing to use the lower national departure point for sanctions purposes). The higher departure point for incentives could be set at: 1) the GPRA goal level for the appropriate measure, or 2) a percentile of national performance higher than that used for establishing the national

departure points (percentiles of national performance are supplied in the Guide to JTPA Performance Standards).

To illustrate the first method using the GPRA goal level for the Adult Follow-Up Employment Rate: in the performance standards worksheet, the national departure point of 60% would be replaced by 64% (the GPRA goal level) for PY 1998, and by 65% for PY 1999. The effect would be to raise the local area's standard calculated by the worksheet to a higher, rewardable level. If the local area achieved the higher level, it would qualify for incentives attached to this measure in the State's policy (all other conditions being met).

Method B: Setting State Performance Improvement Targets . The second method of using incentives to encourage performance improvement would be for the State to set a target performance improvement level for the State. It would then allocate various levels of performance or performance improvements calculated to achieve the State's target among the local areas. States with average performance at or above the national average could set a performance improvement target equivalent to the national rate of performance improvement implicit in the GPRA goal. States with performance below the national average should aim for a higher rate of performance improvement than the rate implicit in the GPRA goals.

For example, a State with average performance on the Adult Follow-Up Employment Rate of 65% in PY 1996 could say its PY 1998 target is 67%, an increase equivalent to the increase in the national average from 62% in PY 1996 to the GPRA goal of 64% in PY 1998. The State could then say that high-performing SDAs need achieve a lesser rate of performance improvement, and low-performing SDAs must achieve a higher rate of performance improvement, so that the overall effect statewide would be to achieve a 67% rate.

Attachment 6

Guidelines for Substitution of Pilot Wage Record-Based Retention Measures in Lieu of Telephone Follow-Up Measures in JTPA Performance Standards for Program Years 1998 and 1999.

The following are minimal guidelines for States to follow when opting to use Unemployment Insurance (UI) wage record data in lieu of telephone surveys for pilot employment retention performance measures for Title II-A or Title III. These guidelines provide some uniformity in system wide measurement when States are using different data sources, and also afford States flexibility in defining measures and setting benchmarks which best meet State needs.

The consolidated planning guidance for PY 1998 and 1999 (TEGL 2-97) announced that optional post-program performance measures will be offered for States wishing to use wage records to track employment retention and earnings. These guidelines provide a general outline of the conditions under which DOL will permit optional performance standards based on wage record post-program measures.

- 1. Universal Reporting.** State agrees to run a match of the records of all terminees to wage records rather than using a sample.
- 2. Reporting Elements, Formats and Electronic Media.** State agrees to provide data on all terminatee matches according to the specified elements, formats and electronic media (similar to current Standardized Program Information Report instructions). In cases of multiple employers in the referenced period, the State may choose either: 1) reporting of multiple records for each terminatee; or 2) creation of one record for each terminatee that sums the employment data for all employers.
- 3. Reporting Deadline.** State agrees to report termination data for all terminees by the Department's reporting deadline, August 15th following the subject year (August 15th, 1999, for Program Year 1998). State further agrees to submit a second report of post-program outcomes data for all terminees by the Department's deadline, August 15th of the year following the subject year (August 15th, 2000, for Program Year 1998).

4. Out-of-State Placements. State agrees to make good faith efforts to obtain and report data on out-of-state JTPA placements, including one or more of the following:

- a. implementing data sharing agreements with a majority of contiguous States;
- b. implementing data sharing agreements with States known to account for a majority of out-of-State JTPA placements; and/or
- c. participating in an operational national data sharing arrangement, if one becomes a functional reality.

5. Sample Data and Prior Year Data for National Measures. State agrees to conduct a follow-up survey of a statewide sample of 5% of terminees during the pilot period (PYs 1998 and 1999) of the wage record-based retention measures and to report the data according to Department's specifications. States are also requested to provide both wage record and survey follow-up data for a recent year, such as PY 96, if possible. This will help the Department develop mathematically equivalent performance measures, appropriate adjustment methodologies, and summary national performance information. (It will not be possible to develop State level survey-based outcomes from the 5% sample.)

6. Adjustments to Performance Standards. State agrees to adjust SDAs' performance standards to account for local variations in economic conditions, client characteristics, and non-covered employment.

7. Title IIA Optional Performance Standards. While it is possible to capture hourly and weekly earnings with follow-up surveys, it is only possible to capture total quarterly earnings using wage records, which must serve as both a proxy measure of employment as well as earnings. The following measures were developed for Title II to accommodate the fundamental differences between the two data sources. Therefore, the State agrees to use the following performance measures as the Secretary's Title II core performance measures in place of follow-up survey-based measures:

Adult Pilot Sustained Employment Rate: Percentage of terminees with wage record earnings of at least \$1339 (equivalent to 13 weeks x 20 hours x minimum wage) in the second full calendar quarter after termination.

Adult Pilot Sustained Quarterly Earnings: Average earnings in the second full calendar quarter after termination for individuals with earnings of at least the amount required by the Adult Pilot Sustained Employment Rate definition.

Welfare Pilot Sustained Employment Rate: Percentage of welfare recipient terminees with wage record earnings of at least \$1339 (equivalent to 13 weeks x 20 hours x minimum wage) in the second full calendar quarter after termination.

Welfare Pilot Sustained Quarterly Earnings: Average earnings in the second full calendar quarter after termination for welfare recipient individuals with earnings of at least the amount required by the Welfare Pilot Sustained Employment Rate definition.

These measures are considered interim and transitional, and are expected to be modified by either requirements in new legislation or further refinement of the JTPA performance standards system. States may also choose to set higher earnings levels for making incentives.

The Department will issue preliminary baseline performance goals and adjustment models for these pilot wage record-based measures in the near future. The baseline goals and adjustment models will be developed using data from the 1991 wage record-based demonstration projects. Baseline performance levels are being issued as "goals" rather than "standards" since the available data is inadequate for establishing national standards. The 1991 demonstration projects included only 10 states and at that time out-of-state and excluded employment (such as self-employment or non-covered employment) were not included in the project results.

The adjustment models developed for the PY 1998/1999 pilot measures will take into account the necessary adjustments for out-of-state and excluded employment. National standards will be developed when enough data are available to provide valid and reliable departure points.

8. Alternative Incentives and Sanctions Policy. State agrees to develop for Departmental approval an alternative incentives and sanctions policy to cope with the lag time in availability of performance data. ETA will develop several optional alternative scenarios for possible State adaptation.

9. **Ability to Manage Programs and Report Performance .** States choosing wage records as their data source during the next two-year cycle need to ensure that they will be able to adequately manage their local programs and fully comply with federal reporting requirements.

10. **Other Provisions Deemed Appropriate.** The Department and/or the State may include other provisions deemed appropriate.

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