



**To:** Workforce Development Board Chairs  
Workforce Development Board Directors

**From:** Indiana Department of Workforce Development

**Date:** July 7, 2017

**Subject:** Memorandum: Negotiating Local Area Performance Goals for the Workforce Innovation and Opportunity Act (WIOA) Title I Programs for Program Year 2017

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## Purpose

To inform the Local Workforce Development Boards (WDB) of the guidelines for negotiating the Workforce Innovation and Opportunity Act (WIOA) Title I performance levels for Program Years (PY) 2017.

## References

- WIOA Section 116
- 20 CFR Part 677
- Training and Employment Guidance Letter WIOA No. 26-15

## Content

### *Definition of Terms Related to Performance Negotiation*

- **Expected levels of performance** are the levels of performance on each primary indicator of performance on each core program submitted to the Department of Workforce Development (DWD) in the initial submission of the local WDB Performance Measures for PY 2017.
- **Negotiated levels of performance** are the levels of performance for each primary indicator for each core program, agreed to by the State, through DWD, and Local WDB. These negotiated levels of performance must be incorporated into the local plans.
- **Actual results** are the results reported by the State for each primary indicator for each core program, broken down by each Local Workforce Development Area (LWDA).

- **Adjusted levels of performance** are the negotiated levels of performance, after being revised at the end of the program year using the statistical adjustment model (see below). The statistical adjustment model is run to account for actual economic conditions and characteristics of participants served.
- **Baseline indicators** are performance measures that will not be included in the LWDA's performance reporting for PY 2016 or PY 2017.  
\*\* Data for baseline indicators shall still be collected and reported by DWD.
- **Statistical Adjustment Model** (WIOA sec. 116(b)(3)(viii)), established by the Departments, is an objective statistical model to be used to make adjustments in the State negotiated levels of performance for actual economic conditions and the characteristics of participants served at the end of a program year. It also is a key factor to be used in arriving at mutual agreement on State negotiated core program performance levels. In addition to the state model, US DOL/ETA created a model to be used for local negotiation. See Attachment B for link to the statistical models.

## ***Background***

Section 116 of WIOA outlines the purpose of performance accountability, which is to establish performance accountability measures that apply across the core programs to assess the effectiveness of the State and Local Areas in achieving positive outcomes for individuals served by WIOA programs. The performance accountability system is critical in assessing the effectiveness of programs, with the goal of ensuring that individuals served attain the skills needed to succeed in the 21<sup>st</sup> century economy.

The performance indicators under WIOA add new employment outcomes on earnings and effectiveness in serving employers, and include educational measures for credential attainment and measurable skill gains. While WIA allowed eligible States to receive incentive awards for exceeding their adjusted levels of performance in Title I and Title II, WIOA eliminates the incentives provision and instead applies sanctions for States that fail to meet their performance targets.

WIOA mandates each State shall negotiate with its federal partners two years of performance outcomes for the first two program years. In addition the State negotiated levels of performance, WIOA also mandates the State must work with each local workforce LWDA to establish performance goals for each WIOA Title I program.

The local WDB, the chief elected official, and the Governor must negotiate and reach agreement on local levels of performance based on the State negotiated levels of performance. In negotiating the local levels of performance, the local board, the chief elected official, and the Governor must make adjustments for the expected economic conditions and expected characteristics of participants to be served in the local area, using the statistical adjustment model developed at the Federal level as a tool. In addition, the statistical adjustment model must be used at the end of the program year to adjust negotiated local levels of performance in order to reflect the actual economic conditions experienced in the local area and the characteristics of participants served.

DWD elected to adopt the same state negotiated performance levels for local performance levels for PY16. The local performance levels will be negotiated for PY17. Additionally, no sanctions will be imposed for the first two years of WIOA performance (PY16 and PY17).

### *Performance Indicators*

WIOA identifies the following indicators of performance:

- The percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program (Adult and Dislocated Workers). Youth- participants in education, or training, or employment in the second quarter after exit.
- The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program (Adult and Dislocated Workers). Youth- participants in education, or training, or employment in the fourth quarter after exit.
- The median earnings of a program participant who are in unsubsidized employment in the second quarter after exit from the program (Adult, Dislocated Worker, and Youth).
- The percentage of participants who attain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent, during program participation or within one year after exit from the program (Adult, Dislocated Worker, Youth).
- The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment who are achieving measurable skill gains toward a credential or employment (Adult, Dislocated Worker, Youth).
- Effectiveness of the core programs in serving employers.

For Program Years 2016 and 2017, the following measures will **not** be included in the local negotiations process:

- Median Earnings Second Quarter after Exit – Youth
- Measurable Skills Gains—Adult, Dislocated Workers, and Youth
- Effectiveness in Serving Employers – Adult, Dislocated Workers, Youth

### *Negotiation Process*

DWD has completed the state-level negotiations with the U.S. Department of Labor’s Employment and Training Administration (DOL-ETA) Regional Office. The State’s final performance levels negotiated with the U.S. DOL-ETA are included in this policy as Attachment A. As a next step, the State is required to negotiate performance levels with the Local WDBs. The following is the negotiation process that DWD will utilize with each WDB:

1. The DWD Performance Coordinator will provide each local WDB with the following items:
  - a. Proposed performance goals, which will be the same as the State’s performance goals identified in Attachment A.

- b. A Local Area Tool (created by U.S. DOL-ETA) that is pre-populated with local WDB data that will serve as a basis for the performance negotiation process. The Local Area Tool (LAT) is an excel spreadsheet that provides the output of the WIOA mandated Statistical Adjustment Methodology to be used for the performance negotiation process. Instructions on how to use the tool will be provided within the tool.
    - c. Historical performance (PY 2010-2016)
  2. If the local WDB agrees with the proposed performance levels, they shall submit via email ([policy@dwd.in.gov](mailto:policy@dwd.in.gov)) their acceptance of the proposed performance goals by close of business, **August 11, 2017**.
  3. If the local WDB does not accept the DWD proposed performance levels, the local WDB must provide alternative levels<sup>1</sup> with a justification for the local proposed levels in a letter to DWD by close of business, **August 11, 2017**. Once the letter containing alternative levels and justification is received by DWD, it will be reviewed and a negotiation process will convene, if necessary. The justification shall include the following:
    - a. The local economic conditions that are impacting the local areas' ability to meet DWD's proposed levels.
    - b. Demographics of participants being served by the local area, that are not represented in the Statistical Adjustment Methodology and describe the extent to which these characteristics impact local performance.
    - c. The extent to which the locally proposed numbers assist the local areas in meeting the goals established under the Government Performance and Results Act (GPRA).
    - d. Any additional information that the local area develops that will support their case for not accepting the DWD proposed performance levels.
  4. The DWD commissioner will issue each local WDB a letter indicating the acceptance of their negotiated performance levels. The local WDB shall include the negotiated performance levels in their WIOA local workforce development plans.

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<sup>1</sup> Proposed levels of performance must be stated to the nearest tenth of a percent (XX.X%) or to the nearest whole dollar for median earnings.

Action	Deadline
Local Performance Negotiation Guidance Issued to Local WDBs	July 7, 2017
Distribution of Local Area Tools and additional performance information to each local WDB	July 10, 2017
Performance Goal Negotiation Conference Call	Last week of July <i>Will notify regions when official date/time is determined</i>
Deadline to submit acceptance/non-acceptance of Proposed Performance Goals	August 11, 2017
Time for Additional Negotiations (if non-acceptance)	August 14 – 25, 2017
Finalization of Performance Goals: Acceptance letter emailed to the local WDBS	August 28, 2017

## Action

Each local WDB must submit in writing (via email) an acceptance or non-acceptance of the proposed performance goals by close of business on **August 11, 2017**. The email must be sent to [policy@dwd.in.gov](mailto:policy@dwd.in.gov).

## Questions

[policy@dwd.in.gov](mailto:policy@dwd.in.gov)

## Attachment A

### Indiana Negotiated Performance Levels under the Workforce Innovation and Opportunity Act for Program Years 2016 and 2017

WIOA Performance Levels Negotiated with Region 5 U.S. DOL-ETA		
Performance Indicator	Negotiated Level	
	PY 2016	PY 2017
<b>ADULT</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	72%	72%
Employment Rate 4 <sup>th</sup> Quarter after Exit	72%	72%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$5,250.00	\$5,250.00
Credential Attainment within 4 Quarters after Exit	48%	48%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline
<b>DISLOCATED WORKERS</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	73%	73%
Employment Rate 4 <sup>th</sup> Quarter after Exit	72%	72%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$5,800.00	\$5,800.00
Credential Attainment within 4 Quarters after Exit	46%	46%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline
<b>YOUTH</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	68%	68%
Employment Rate 4 <sup>th</sup> Quarter after Exit	69%	69%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$2,100.00	\$2,100.00
Credential Attainment within 4 Quarters after Exit	58%	58%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline

## **Attachment B**

Link to Statistical Models: <https://www.doleta.gov/performance/guidance/negotiating.cfm>