

ALABAMA WORKFORCE INVESTMENT SYSTEM

Alabama Department of Economic and Community Affairs
Workforce Development Division
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August 14, 2009

GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NO. PY 2009 - 01

SUBJECT: Local Area Performance Management Policy

- Purpose.** This Directive transmits policies and procedures for local area performance goals negotiations, incentive awards, and sanctions.
- Discussion.** WIA Section 136(c)(2) requires negotiation of performance goals between the State and local areas. WIA Section 134(a)(2)(B)(iii) provides for the awarding of incentive payments to local areas, which demonstrate exceptional WIA program performance. Local areas that meet or exceed their negotiated performance goals are eligible to receive incentive awards. WIA Section 136(h) indicates the sanctions that may be levied against local areas that perform below their negotiated performance goals.

Training and Employment Guidance Letter (TEGL) number 17-05, and its attachments and changes, provides reference material on the required performance measures and definitions. This TEGL may be currently accessed at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2195.
- Action.** Please review the attached documents and retain for future reference. This Directive supersedes the previous Directives on this subject.
- Contact.** Any questions should be referred to Jane Leatherwood, State Programs and Divisional Budget Management Section, at (334) 242-5190 or jane.leatherwood@adeca.alabama.gov.

 8/14/09
Matthew Hughes, Director
Office of Workforce Development

Attachment 1: Performance Goals Policy
Attachment 2: Incentive Policy
Attachment 3: Sanction Policy

WORKFORCE INVESTMENT ACT PERFORMANCE GOALS POLICY

The State will provide each Local Workforce Investment Area (LWIA) the opportunity to negotiate Adult, Dislocated Worker, and Youth program performance goals on an annual basis. Any negotiation of LWIA Workforce Investment Act (WIA) Adult, Dislocated Worker, or Youth performance goals shall utilize the previous year's level of each affected performance measure as a starting point. It shall be the responsibility of each LWIA to clearly demonstrate to the State why adjustments to the goals are necessary, and how such adjustments will not negatively impact the ability of the LWIA to more effectively deliver workforce development services to individuals eligible for and in need of those services.

The initial Program Year LWIA performance goals are calculated by using the State-level performance goals previously-negotiated with USDOL/ETA as a starting point. State-level Workforce Investment Act (WIA) Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction previous year's performance goals are contrasted against the corresponding current year State-level performance goals previously negotiated with USDOL/ETA. The percentage change between the previous year's Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction performance goals and the current year's negotiated goal for each is determined.

The State-level percentage change associated with each of the four Adult, four Dislocated Worker, four Older Youth, three Younger Youth, and two customer satisfaction measures is applied to each local area's previous year Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction performance goal. This action generates local area Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction baselines for performance goal negotiations. Each local area performance baseline is supportive of and consistent with the corresponding overall State-level performance goal, and yet is reflective of each local area's demonstrated relative past achievement level with respect to a particular WIA performance category.

Local area performance measure baselines, derived from that local area's past performance, suggest reasonable levels of future WIA program performance, but do not establish such future levels of performance. Consistent with the provisions of WIA Section 136(c)(3), State and local area negotiations shall take into account the specific economic, demographic, and other characteristics of the populations to be served in the local area.

Subsequent LWIA performance goals should reflect a graduated continuous improvement. It is emphasized, however, that such continuous improvement involves heightened program quality to an equal, if not greater, extent than it does the raising of program performance minimum benchmarks.

Section 136 of the Workforce Investment Act specifies core indicators of performance for workforce investment activities in adult, dislocated worker, and youth programs. Fifteen core measures apply to the adult, dislocated worker, and youth programs and two measures of customer satisfaction apply across the three funding streams for a total of 17 required measures.

PERFORMANCE MEASURES:**Adult and Dislocated Worker**

1. Entered Employment Rate
2. Employment Retention Rate
3. Average Earnings
4. Employment and Credential/Certificate Rate

Older Youth

1. Entered Employment Rate
2. Retention Rate at Six Months
3. Earnings Change in Six Months
4. Credential/Certificate Rate

Younger Youth

1. Skill Attainment Rate
2. Diploma or Equivalent Attainment
3. Retention Rate

Customer Satisfaction

1. Participants
2. Employers

Quarterly reports will contrast LWIAs' current actual performance levels against their associated performance goals. Renegotiation of the performance goals may be requested by a local area if circumstances arise to warrant such a request. Following the submission of the final Program Year reports, the actual performance level of each local area contrasted against their negotiated goals will serve as the basis for the awarding of LWIA incentives or the imposition of sanctions.

WORKFORCE INVESTMENT ACT**INCENTIVE POLICY**

Three percent of Adult, Dislocated Worker, and Youth funds will be set aside by the State for local workforce investment area (LWIA) program incentive awards and LWIA capacity building/technical assistance activities. At least sixty-seven percent of this amount will be available for LWIA incentive awards. The balance of available funds will be utilized for LWIA technical assistance and/or capacity building activities.

LWIAs, which meet or exceed both customer (participant and employer) satisfaction goals and meet or exceed at least three of the four Adult performance goals, will be eligible to receive an Adult program incentive award. LWIAs, which meet or exceed both customer satisfaction goals and meet or exceed at least three of the four Dislocated Worker performance goals, will be eligible to receive a Dislocated Worker program incentive award. LWIAs, which meet or exceed both customer satisfaction goals and meet or exceed at least five of the seven Older Youth (19-21)/Younger Youth (14-18) performance goals, will be eligible to receive a Youth program incentive award.

Note that the participant/employer customer satisfaction measures act as a LWIA incentive award "gate." That is, a LWIA, which does not meet or exceed its two Program Year customer satisfaction measures, will not be eligible to receive an incentive award for that program year's performance.

The state defines "meeting a performance goal" as LWIA performance at eighty percent to one hundred percent of the level at which a particular goal is set. "Exceeding a performance goal" is LWIA performance above the level at which a goal is set and "failing to meet a performance goal" is LWIA performance below eighty percent of the level at which a particular goal is set.

Incentive awards will be distributed as follows:

An amount of available Adult, Dislocated Worker, and Youth incentive award funds corresponding to each eligible LWIA's adjusted performance year formula allocation share will be set aside.

Each eligible LWIA's Adult incentive funds will be divided into four equal portions, or shares.

- One share is linked to the LWIA's Adult Entered Employment Rate performance.
- One share is linked to the LWIA's Adult Employment Retention Rate performance.
- One share is linked to the LWIA's Adult Average Earnings performance.

- One share is linked to the LWIA's Adult Employment and Credential/Certificate Rate performance.

Each eligible LWIA's Dislocated Worker incentive funds will be divided into four equal portions, or shares.

- One share is linked to the LWIA's Dislocated Worker Entered Employment Rate performance.
- One share is linked to the LWIA's Dislocated Worker Employment Retention Rate performance.
- One share is linked to the LWIA's Dislocated Worker Average Earnings performance.
- One share is linked to the LWIA's Dislocated Worker Employment and Credential/Certificate Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's ratio of 19 to 21 year old program exiters to all youth exiters will be divided into four equal portions, or shares.

- One share is linked to the LWIA's Older Youth Entered Employment Rate performance.
- One share is linked to the LWIA's Older Youth Retention Rate at Six Months performance.
- One share is linked to the LWIA's Older Youth Earnings Change in Six Months performance.
- One share is linked to the LWIA's Older Youth Credential/Certificate Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's ratio of 14 to 18 year old program exiters to all youth exiters will be divided into three equal portions, or shares.

- One share is linked to the LWIA's Younger Youth Skill Attainment Rate performance.
- One share is linked to the LWIA's Younger Youth Diploma or Equivalency Attainment Rate performance.
- One share is linked to the LWIA's Younger Youth Retention Rate performance.

NOTE: Incentive award allocations will be made from the data as reported to the Department of Labor as the final performance results for the previous program year. The awards are based on current program year funds, but the calculations for those awards are based on the previous program year's performance.

Each eligible LWIA whose actual Adult, Dislocated Worker, Older Youth, or Younger Youth program performance **exceeds** corresponding performance goals will receive the portion of the incentive funds set aside for that category as indicated below.

Percentage Measures Exceeded	Earnings (Change) Measures Exceeded	%
By up to 5 percent	By up to \$500	50%
Over 5, up to 10 percent	Over \$500, up to \$1000	75%
By greater than 10 percent	By greater than \$1000	100%

The procedure described above may well result in awarding a LWIA less than the full amount of incentive funds set aside for a particular performance category. Following this initial distribution of the incentive funds associated with the various performance measures, the full amount of any funds not awarded will be distributed among the three LWIAs in accordance with each LWIA's composite index of actual performance against performance goals, summed over all performance categories. These composite indices will weigh only those performance categories in which the LWIA has exceeded the associated goal, that is, have an actual/goal index greater than one. This policy will ensure that all funds designated for incentive awards will be utilized for that purpose.

WORKFORCE INVESTMENT ACT**SANCTION POLICY****A. Introduction**

WIA Section 136(h) addresses actions to be taken by the state when a LWIA fails to meet performance standards.

Local workforce investment areas (LWIAs), which fail to meet three or more of the four Section 133(b)(2)(A) ADULT performance goals, three or more of the four Section 133(b)(2)(B) DISLOCATED WORKER performance goals, five of the seven Section 128(b)(2)(A) OLDER (19 - 21) YOUTH / YOUNGER (14 - 18) YOUTH performance goals, or one of the two Customer Satisfaction goals have failed to meet its overall goals for the affected program; therefore may incur sanctions.

B. First Year

Following the first year of failure to meet performance goals, the state shall provide the LWIA(s) with technical assistance.

Determinations regarding the type of technical assistance to be provided will be made by state staff. These activities will be funded with the three percent (3 %) Capacity Building / Technical Assistance set asides.

The LWIA will develop and formally submit a corrective action plan to the State. This plan, which will reflect the input of both WDD and LWIA staff, should be designed to have a significant impact on the LWIA's performance during the final two quarters of the following program year, i.e., to bring performance up to acceptable levels. WDD may accept or reject the LWIA's submitted corrective action plan.

The LWIA will report monthly to WDD on the progress achieved under the corrective action plan, beginning 45 days following the plan's implementation.

C. Second Year

If the LWIA's failure to meet performance goals extends into a second consecutive year, the state may either withhold up to five percent of the LWIA's subsequent Program Year Adult, Dislocated Worker, and/or Youth program allocation, effectively reallocating these funds to the other LWIAs, or at the discretion of the Governor, impose a LWIA reorganization plan.

A LWIA that falls into this category will be very carefully monitored by the WDD. If the first two quarters of the program year following the period of failed performance suggests that the LWIA's final second year performance may result in a second consecutive year of failed performance goals, the state may immediately begin discussions on what form any resulting LWIA sanctions would likely take.

Should a LWIA reorganization plan be imposed, every effort will be made to observe the following sequence of events:

1. Initial meetings between State and LWIA staff will address the general scope and nature of the LWIA reorganization plan. Among the options considered at this meeting will be specific recommendations from the WDD Program Integrity Section.

Such options may include:

- a. Appointment and certification of a new LWIB;
 - b. Prohibiting the use of certain service providers;
 - d. Such other actions as the Governor determines are appropriate.
2. The reorganization plan will be imposed within forty-five calendar days following this State/LWIA meeting. Prior to the reorganization plan implementation, the LWIA will be afforded the opportunity to appeal to the Governor to rescind or revise such plan. If the LWIA is dissatisfied with the results of this hearing, it may appeal its reorganization directly to the Secretary of Labor, observing all relevant procedures governing such an appeal.
 - a. No later than two weeks after the meeting, the LWIA will be notified, by certified mail, of the reorganization plan to be imposed. This notification will include information regarding any specific requirements connected with the reorganization plan.
 - b. LWIAs desiring a hearing must file a written request for such within ten days of notification of reorganization.
 - c. Any such hearing will be held within thirty days of receipt of such written request.
 - d. The hearing officer's decision will be transmitted to the state within two weeks following the hearing.
 - e. Within thirty days following the hearing, the state will notify the LWIA, via certified mail, of the results of the hearing and of the State's final determinations regarding LWIA reorganization.
 - f. Should the LWIA be dissatisfied with this decision, it may within 30 days of notification, appeal directly to the Secretary observing all relevant procedures governing such an appeal.
 - g. Should the Secretary respond favorably to the LWIA's appeal of the Governor's determinations regarding LWIA reorganization, the Governor will convene a hearing, attended by both WDD and LWIA staff, for the purpose of reconsidering the LWIA reorganization strategies.