ALABAMA WORKFORCE INVESTMENT SYSTEM

Department of Commerce
Workforce Development Division
401 Adams Avenue
Post Office Box 304103
Montgomery, Alabama 36130-4103

April 15, 2016
GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2015-16

SUBJECT: Local Area Performance Management Policy

1. Purpose. This Directive transmits policies and procedures for local area performance goals negotiations, incentive awards, and sanctions.

2. Discussion. The Workforce Innovation and Opportunity Act (WIOA) Section 116(c)(2) requires negotiation of performance goals between the State and local areas (local board and chief elected official). WIOA Section 134(a)(3)(A)(xi) provides for the awarding of incentive payments to local areas, which demonstrate exceptional WIOA program performance accountability measures described in WIOA Section 116(c). Local areas that meet or exceed their negotiated performance goals are eligible to receive incentive awards. WIOA Section 116(g) indicates the sanctions that may be levied against local areas that perform below their negotiated performance goals.

Based upon the requirements of the WIOA, the State's policy regarding incentive awards to the local workforce development areas for superior program performance as well as sanctions for instances where program performance is less than the minimum level required to avoid sanctions, has been developed in accordance with the requirements of the WIOA. Also, the USDOL/ETA has indicated that the Workforce Investment Act (WIA) performance goals will continue to be utilized until the USDOL/ETA negotiates and implements the WIOA performance goals– probably for Program Year 2017. The attached policies take into consideration the continued use of the WIA performance goals as well as the WIOA performance goals.

The Incentive Awards Policy also does not allow for incentive awards to be made for a particular fund source if the LWDA loses funds due to non-expenditure of funds for the two program years allowed for

expenditure of each LWDA's allocation of Adult, Youth, and Dislocated Worker funds. Also, if the LWDA loses funds due to any reallotment due to the obligation of less than 80 percent of a particular program year's funds, the LWDA will not receive an incentive award for that particular fund source.

3. **Action.** Please review the attached documents and retain for future reference and ensure that all appropriate staff and local chief elected officials are aware of the policy for incentive awards as well as the sanctions policy.

4. **Contact.** Any questions should be referred to Bill Hornsby, Supervisor, State Programs, Planning, and Divisional Budget Management Section at (334) 242-5847 or via e-mail: bill.hornsby@commerce.alabama.gov.

Steve Walkley, Division Director
Workforce Development Division
Alabama Department of Commerce

4/15/2016
Date

Attachments:

Attachment 1 – Performance Goals Policy
Attachment 2 – Incentive Policy
Attachment 3 – Sanctions Policy

Workforce Innovation and Opportunity Act (WIOA) Performance Goals Policy

The State will provide each Local Workforce Development Area (LWDA) the opportunity to negotiate Adult, Dislocated Worker, and Youth program performance goals, and the "Indicator for Services to Employers" performance goal(s) on an annual basis. Any negotiation of LWDA Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker, or Youth performance goals and the goal(s) for the Indicator for Services to Employers shall utilize the previous year's level of each affected performance measure as a starting point. It shall be the responsibility of each LWDA 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 LWDA to more effectively deliver workforce development services to individuals eligible for and in need of those services as well as the delivery of services to employers.

The initial Program Year LWDA performance goals are calculated by using the State-level performance goals previously-negotiated with USDOL/ETA as a starting point. State-level Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker, Youth, and the Indicator for Services to Employers previous year's performance goals are contrasted against the corresponding current year State-level performance goals previously negotiated with the U.S. Department of Labor/ Employment and Training Administration (USDOL/ETA). The percentage change between the previous year's Adult, Dislocated Worker, Youth, and Services to Employers performance goals and the current year's negotiated goal for each is determined.

The State-level percentage change associated with each of the Adult, Dislocated Worker, Youth, and Services to Employers is applied to each local area's previous year Adult, Dislocated Worker, Youth and Services to Employers performance goal(s). This action generates local area Adult, Dislocated Worker, Youth, and Services to Employers baselines for performance goal negotiations. Each local area's 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 WIOA performance category.

Local area performance measures baselines, derived from that local area's past performance, suggest reasonable levels of future WIOA program performance, but do not establish such future levels of performance. Consistent with the provisions of WIOA Section 116(c)(3), State and local area negotiations shall take into account the specific economic, and other characteristics of the populations to be served in the local area during such program year using the statistical adjustment model developed per WIOA Section 116(b)(3)(A)(viii).

Subsequent LWDA 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.

WIA Performance Measures through June 30, 2017:

Pursuant to information provided by the USDOL/ETA, WIOA performance indicators will not be negotiated nor implemented prior to July 1, 2017 for use in Program Year 2016. Therefore, the waiver granted (through Program Year 2016) by the USDOL/ETA to the State to allow the use of the nine Common Measures (listed below) for the Workforce Investment Act (WIA) will continue to be utilized through June 30, 2017 for the WIOA Adult, Youth, and Dislocated Worker programs.

Adult and Dislocated Worker

1. Entered Employment Rate (1st Quarter post-exit)
2. Employment Retention Rate (3rd Quarter post-exit)
3. Average Earnings (1st Quarter post-exit)

Youth

1. Literacy or Numeracy Gains (Current Quarter)
2. Placement in Employment or Education (1st Quarter after exit)
3. Attainment of Degree or Certificate (Current Quarter after exit)

Unless the USDOL/ETA decides differently, the following WIOA performance measures will apply beginning with Program Year 2017. If the USDOL/ETA follows through, then local workforce development area (LWDA) program performance (for Program Year 2017) will be based on these WIOA Performance measures; otherwise, the WIA performance measures will continue until the USDOL/ETA negotiates and implements the WIOA performance measures.

Section 116 of the Workforce Innovation and Opportunity Act specifies core indicators of performance for workforce investment activities in adult, dislocated worker, and youth programs.

WIOA Performance Measures – Effective July 1, 2017 (or as directed by the USDOL/ETA):

Adult and Dislocated Worker

1. Employment Rate (2nd Quarter post-exit)
2. Employment Rate (4th Quarter post-exit)
3. Median Earnings (2nd Quarter post-exit)
4. Credential Rate (Current Quarter)
5. Measureable Skills Gain (Current Quarter)

Youth

1. Placement in Employment/Training/Education (2nd Quarter post-exit)
2. Placement in Employment/Training/Education (4th Quarter post-exit)
3. Median Earnings (2nd Quarter post-exit)
4. Credential Rate (Current Quarter)
5. Measureable Skills Gain (Current Quarter)

Employer Measure(s)
TBD*

*To be determined by the Secretary of Labor and Secretary of Education prior to the commencement of the second full program year after the date (July 22, 2014) of enactment of the WIOA in consultation with representatives of States and political subdivisions, business and industry, employees, eligible providers of activities carried out through the core programs, educators, researchers, participants, the lead State agency officials with responsibility for the programs carried out through the core programs, individuals with expertise in serving individuals with barriers to employment, and other interested parties.

Quarterly reports will contrast LWDAs' 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 LWDA incentives or the imposition of sanctions.

Workforce Innovation and Opportunity Act (WIOA) Incentive Policy

As was the policy under the Workforce Investment Act, a small percentage of the Governor's Set Aside 10 Percent funds will be made available under the Workforce Innovation and Opportunity Act (WIOA) per Section 134(a)(3)(A)(xi) for incentive awards. These awards will be based on the State's Incentive Award Policy.

Local Workforce Development Areas (LWDAs), which lose funds due to non-expenditure during the two program years allowed for the expenditure of local area funds, will not be eligible for an Incentive Award for the particular fund source (Adult, Dislocated Worker, or Youth) for which the LWDA lost funds due to non-expenditure. This policy also applies if there is a reallotment from a local workforce development area due to a failure to obligate funds at a minimum 80 percent level for the prior program year.

LWDAs, which meet or exceed all three WIA or all five WIOA Adult performance goals, will be eligible to receive an Adult program Incentive Award. LWDAs, which meet or exceed all of the three WIA or all five WIOA Dislocated Worker performance goals, will be eligible to receive a Dislocated Worker program Incentive Award. LWDAs, which meet or exceed all of the three WIA or all five WIOA Youth performance goals, will be eligible to receive a Youth program Incentive Award. Qualifying for an incentive award requires compliance with the above-noted expenditure requirements and the obligation requirements. (The WIA performance goals apply for Program Year 2015 and Program Year 2016 or until the point the USDOL/ETA negotiates and implements the WIOA performance goals.)

The state defines "meeting a performance goal" as LWDA performance at eighty percent to one hundred percent of the level at which a particular goal is set. "Exceeding a performance goal" is LWDA performance above the level at which a goal is set and "failing to meet a performance goal" is LWDA 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 LWDA's adjusted performance year formula allocation share will be set aside.

During the time **WIA** performance is utilized, the following process will apply:

Each eligible LWDA's Adult Incentive funds will be divided into three equal portions, or shares.

- One share is linked to the LWDA's Adult Employment Rate performance.
- One share is linked to the LWDA's Adult Employment Retention Rate performance.
- One share is linked to the LWDA's Adult Average Six Month Earnings performance.

Each eligible LWDA's Dislocated Worker Incentive funds will be divided into three equal portions, or shares.

- One share is linked to the LWDA's Dislocated Worker Entered Employment Rate performance.
- One share is linked to the LWDA's Dislocated Worker Employment Retention Rate performance.
- One share is linked to the LWDA's Dislocated Worker Average Six Month Earnings performance.

The proportion of each eligible LWDA's Youth Incentive funds will be divided into three equal portions, or shares.

- One share is linked to the LWDA's Youth Literacy or Numeracy Gains performance.
- One share is linked to the LWDA's Placement in Employment or Education performance.
- One share is linked to the LWDA's Youth Attainment of Degree or Certificate.

Once the USDOL/ETA negotiates the WIOA performance goals for implementation for the upcoming program year (probably for Program Year 2017), the following process will apply:

Each eligible LWDA's Adult Incentive funds will be divided into five equal portions, or shares.

- One share is linked to the LWDA's Adult Employment Rate (Quarter 2 – post-exit).
- One share is linked to the LWDA's Adult Employment Rate (Quarter 4 – post-exit).
- One share is linked to the LWDA's Adult Median Earnings.
- One share is linked to the LWDA's Adult Credential Rate.
- One share is linked to the LWDA's Adult Measurable Skills Gain.

Each eligible LWDA's Dislocated Worker Incentive funds will be divided into five equal portions, or shares.

- One share is linked to the LWDA's Dislocated Worker Entered Employment Rate (Quarter 2 – post-exit).
- One share is linked to the LWDA's Dislocated Worker Employment Rate (Quarter 4 – post-exit).
- One share is linked to the LWDA's Dislocated Worker Median Earnings.
- One share is linked to the LWDA's Dislocated Worker Credential Rate.
- One share is linked to the LWDA's Dislocated Worker Measurable Skills Gain.

The proportion of each eligible LWDA's Youth Incentive funds will be divided into five equal portions, or shares.

- One share is linked to the LWDA's Youth Placement in Employment/Training/Education (Quarter 2 – post-exit).
- One share is linked to the LWDA's Youth Placement in Employment/Training/Education (Quarter 4 – post-exit).
- One share is linked to the LWDA's Youth Median Earnings.
- One share is linked to the LWDA's Youth Credential Rate.
- One share is linked to the LWDA's Measureable Skills Gain.

NOTE: Incentive Award allocations will be made from the data as reported to the U.S. 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 LWDA whose actual Adult, Dislocated Worker, or 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 $1,000	75%
By greater than 10 percent	By greater than $1,000	100%

The procedure described above may well result in awarding the LWDAs less than the full amount of Incentive funds set aside for a particular performance category. Following this initial distribution of Incentive funds associated with the various performance measures, the full amount of any funds not awarded will be distributed in accordance with each LWDA's composite index of actual performance against performance goals, summed overall performance categories. These composite indices will weigh only those performance categories in which the LWDA has exceeded the associated goal, that is, have an actual/goal index greater than one. In the event that **all three LWDA's** performance in a particular category, i.e. Adult, Dislocated Worker or Youth, should fall below the index described in this paragraph for the second distribution method, it will result in **no** LWDA receiving the residual funds in the associated category.

Any funds remaining after the two distribution methods previously described will be reclassified (per approved change to the appropriate allocation Directive) as "Other WIOA Activities" and utilized in State-Level programs.

Workforce Innovation and Opportunity Act (WIOA) Sanctions Policy

A. Introduction:

WIOA Section 116(g) addresses actions to be taken by the State when a Local Workforce Development Area (LWDA) fails to meet performance standards during any program year.

LWDAs, which fail to meet any of the five Section 116(b)(2)(A) Adult and Dislocated Worker performance goals, or any of the five Section 116(b)(2)(A) Youth performance goals have failed to meet its overall goals for the affected program; therefore may incur sanctions per WIOA Section 116(g).

Pursuant to information provided by the USDOL/ETA, the WIOA performance measures will not be implemented until July 1, 2017, e.g., Program Year 2017. In the interim, the Workforce Investment Act performance measures (Common Measures per approved waiver) will apply (unless otherwise notified by the USDOL/ETA) for Program Year 2015 and for Program Year 2016.

WIA Section 136(h) addresses actions to be taken by the State when a Local Workforce Investment Area (LWIA— LWDA for WIOA) fails to meet performance standards.

LWDAs, which fail to meet any of the three Adult performance goals (Common Measures), any of the three Dislocated Worker performance goals (Common Measures), or any of the three Youth performance goals (Common Measures) have failed to meet its overall goals for the affected program; therefore may incur sanctions.

B. First and Second Program Year:

Following the first program year of failure to meet performance goals, the State shall provide the LWDA(s) with technical assistance, which may include assistance in the development of a performance improvement plan or the development of a modified local plan (or regional plan.)

Determinations regarding the type of technical assistance to be provided will be made by State staff. These activities will be funded with Governor's Set Aside funds.

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

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

C. Third Program Year:

Per the WIOA Section 116(g)(2), if such failure continues for a third consecutive year, the Governor shall take corrective actions, which shall include development of a reorganization plan which the Governor shall –

i. require the appointment and certification of a new local board, consistent with the criteria established under Section 107(b);

ii. prohibit the use of eligible providers and one-stop partners identified as achieving a poor level of performance; or

iii. take such other significant actions as the Governor determines are appropriate.

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

1. Initial meetings between State and LWDA staff will address the general scope and nature of the LWDA reorganization plan. Among the options considered at this meeting will be specific recommendations from the State, which may include:

    a. Appointment and certification of a new LWDB consistent with WIOA Section 107(b);

    b. Prohibiting the use of eligible providers and One-Stop partners identified as achieving a poor level of performance per WIOA Section 116(g)(2)(A)(ii); or

    c. Such other actions as the Governor determines are appropriate per WIOA Section 116(g)(2)(A)(iii).

Prior to the reorganization plan implementation, the LWDA will be afforded the opportunity to appeal not later than thirty (30) days after receiving notice of the reorganization plan per WIOA Section 116(g)(2)(B)(i) to the Governor to rescind or revise such plan. In such case, the Governor shall make a final decision not later than thirty (30) days after receipt of the appeal per WIOA Section 116(g)(2)(B)(i). If the LWDA is dissatisfied with the results of this hearing, it may appeal its reorganization directly to the Secretary of Labor.

Per the WIOA Section 116(g)(2)(B)(ii), the local board and chief elected official for a local area may, not later than 30 days after receiving a decision from the Governor pursuant to WIOA Section 116(g)(2)(B)(i), appeal such decision to the Secretary of Labor. In such case, the Secretary shall make a final decision not later than 30 days after the receipt of the appeal.

The decision made by the Governor under WIOA Section 116(g)(2)(B)(i), shall become effective at the time the Governor issues the decision pursuant to such clause. Such decision shall remain effective unless the Secretary of Labor rescinds or revises such plan pursuant to WIOA Section 116(g)(2)(B)(ii).