ALABAMA WORKFORCE INVESTMENT SYSTEM

Department of Commerce
401 Adams Avenue
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Montgomery, Alabama 36130-4103

October 12, 2016

GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2016-04

SUBJECT: Local Area Program Year 2015 WIOA Annual Report

1. Purpose. To provide Local Areas with preparation guidance for the Program Year 2015 Annual Report.

2. Discussion. Workforce Innovation and Opportunity Act (WIOA) Section 185 require each State to submit to the Secretary of Labor an Annual Report covering Statewide WIOA operations. In order to assist the State of Alabama in the comprehensive preparation and timely submission of the State-level Annual Report, each local area is required to submit a corresponding local area-level annual report to the State.

USDOL/ETA Program Year (PY) 2015 reporting instructions specify State Reports for PY2015 are due at USDOL October 3, 2016. In order to accommodate this requirement, and allow time for review of local area annual reports, LWDA annual reports must be submitted to the State by September 19, 2016. Please note that the USDOL / ETA instructed states to utilize Training and Employment Guidance Letter (TEGL) Number 7-15 in regard to the preparation of the Program Year 2015 WIOA Annual Report. This is the same TEGL used for the PY2014 WIA Annual Report.

General guidance regarding local area PY 2015 annual report content is provided below.

3. Action. Each Alabama LWDA shall submit to the Workforce Development Division, Attention: Lorilei Sanders, an annual report of WIOA Adult, Dislocated Worker, and Youth program activities conducted during PY 2015, July 1, 2015 through June 30, 2016. Each report must include:

a. Local area Workforce Investment Board members, including category represented, title, and company, as of June 30, 2016.

b. A description of significant PY 2015 Local Workforce Development Board achievements and a discussion of any initiatives and activities aimed at improving performance.

c. A separate description of WIOA PY 2015 Adult, Dislocated Worker, and Youth program activities. This portion of the narrative should discuss the costs of workforce investment activities relative to the effect of the activities on the performance of the participants. In addressing this item, local areas may want to include information from their strategic plans that highlight innovative service delivery strategies, including program activities that support dislocated workers, low-skilled/low-income adults and disadvantaged youth, the outcomes expected from these activities as well as the actual outcomes for their major customer segments. Local areas may indicate actual federal outlays for these selected activities, if the information is available. Local areas must explain how the allocation of resources for adults, dislocated workers, and youth activities affected the outcomes.

d. A discussion of "best practices" and "lessons learned" that focuses on specific participants, employers, and communities. In this section please also include two or more local area PY 2015 Adult, Dislocated Worker, or Youth program participant "success stories", i.e., narrative accounts detailing how WIOA program services have aided participants in the identification and achievement of their individual workforce development goals.

e. A discussion of programs and strategies for serving employers, including the performance metrics used to measure the effectiveness of such services and current available performance data. A discussion of the effects of major industries should be included.

f. A discussion of the programs, initiatives, and strategies for serving veterans, including the performance metrics used to measure the effectiveness of such services and current available performance data. Include a description of the implementation of veterans' priority of service.

Local area PY 2015 Annual Reports must be received at the Workforce Development Division by September 19, 2016.

4. Contact. Questions regarding WIOA Annual Reports should be directed to Lorilei Sanders, Workforce Development Division at (334) 353-1632 or lorilei.sanders@commerce.alabama.gov.

Steve Walkley, Division Director
Alabama Department of Commerce

10/12/2016
Date

Attachment: TEGL No. 7-15

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/Performance Reporting System
	CORRESPONDENCE SYMBOL OPDR
	DATE November 4, 2015

ADVISORY: **TRAINING AND EMPLOYMENT GUIDANCE LETTER NO.** 7-15

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS

FROM: PORTIA WU
Assistant Secretary

SUBJECT: Workforce Investment Act (WIA) Program Year (PY) 2014 Annual Report Narrative

1. **Purpose.** To provide guidance to the states regarding the content of the WIA Annual Report narrative; including strategies for serving veterans, acceptable approaches to fulfilling the customer satisfaction requirements, and the procedures for submission to the Employment and Training Administration (ETA). The Annual Report is due on Tuesday, December 15, 2015.

2. **References.**
   - Workforce Investment Act, Sections 134, 136 and 185;
   - 20 CFR 667.300;
   - *Workforce Investment Act Annual Report: General Reporting Instructions and ETA Form 9091*, Revised 2012 (Office of Management and Budget (OMB) Control No. 1205-0420, expires 5/31/2016);
   - Training and Employment Guidance Letter (TEGL) 17-05 and TEGL 17-05, Change 2, *Common Measures Policy for the Employment and Training Administration's Performance Accountability System and Related Performance Issues;*
   - TEGL 09-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title IB Programs;*
   - TEGL 6-14, *Program Year (PY) 2013/Fiscal Year (FY) 2014 Data Validation and Performance Reporting Requirements and Associated Timelines;*
   - TEGL 9-14, *Workforce Investment Act (WIA) Program Year (PY) 2013 Annual Report Narrative;*
   - OMB Circular No. A-94, *Revised Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs.*

RESCISSIONS	EXPIRATION DATE
None	Continuing

3. **Background.** Each state that receives an allotment under WIA Section 127 (Youth activities) or Section 132 (Adult and Dislocated Worker activities) must prepare and submit a WIA Annual Report of performance progress to the Secretary of Labor in accordance with WIA Sections 136 and 185.

   There are two components to the WIA Annual Report: (1) the required performance results, as specified in ETA Form 9091—*WIA Title 1B Annual Report Form* (OMB No. 1205-0420) found at: http://www.doleta.gov/performance/guidance/WIA/WIAAnnualReportSpecifications.pdf, and (2) a narrative report. This guidance focuses on the narrative report and what states should address in this report.

   The performance accountability requirements prescribed under the Workforce Innovation and Opportunity Act (WIOA) begin July 1, 2016. States are expected to submit a WIA annual report following the close of PY 2015 (June 30, 2016). States should continue to collect the required Workforce Investment Act Standardized Record Data elements through that time. Further guidance will be forthcoming as to the reporting transition from WIA to WIOA.

4. **WIA Annual Report Narrative.** The required portions of the WIA Annual Report Narrative include the information required by WIA sections 136(d)(1) and (2) and 185(d). This includes:

   - Performance data on the core and customer satisfaction measures, including progress of local areas in the state in achieving local performance measures;
   - Information on the status of state evaluation activities;
   - Information on the cost of workforce investment activities relative to the effect of the activities on the performance of participants;
   - Assurance that all required elements are reported uniformly so that a state-by-state comparison can be made;
   - Information on participants in the workforce investment system (this information is also included in the performance results portion of the WIA Annual Report); and
   - A listing of the waivers for which the state has received approval, information on how the waivers have changed the activities of the state and local areas, and how activities carried out under the waivers have directly or indirectly affected state and local area performance outcomes. To the extent possible, states should discuss whether waiver implementation and outcomes advance the President's Job-Driven Elements.

   Additional information regarding the content of the required components is provided below.

   Customer Satisfaction Measures

   The public workforce system established under WIA is intended to serve a dual-customer base consisting of job seekers and employers. Recognizing the importance of measuring service quality, WIA (Section 136(b)(2)(B)) requires states to measure customer satisfaction

for employers and participants of state and local agencies that provide employment and training services.

In PY 2005, ETA began approving a waiver to support adoption of the common measures, commonly referred to as the common measure waiver. States with an approved common measure waiver must continue to collect customer satisfaction data but only report on common performance measure outcomes. Instead, states with the common measure waiver must provide information about their customer service results in the narrative portion of their WIA Annual Report to the Department of Labor (Department). Currently all but four states (Michigan, Minnesota, Rhode Island, and Vermont) and Puerto Rico have this approved waiver for PY 2014 resulting in significantly limited access to customer satisfaction data at the national level.

In TEGL 9-14, *Workforce Investment Act (WIA) Program Year (PY) 2013 Annual Report Narrative*, ETA was interested in what approaches and methodologies states were using to collect customer satisfaction information. In the PY 2013 WIA Annual Reports states identified the approaches and methodologies they were using; including descriptions of how the information was being used to improve customer service. Other states mentioned they were in the process of developing new customer satisfaction measures. Many states and local areas have begun piloting new and potentially less costly methods to collect customer satisfaction data other than the phone surveys required previously when using the American Customer Satisfaction Index (ACSI), which was the common methodology used to capture and report customer satisfaction information prior to PY 2012.

In PY 2013, the Department provided states with flexibility in collection of their customer satisfaction information. States identifying new measures in PY 2013 should provide results information in their PY 2014 report. Although ACSI is no longer contracted with ETA, states may elect to use ACSI methodology at their own cost. States utilizing ACSI for customer satisfaction may still report the results in the ETA Form 9091. For states not utilizing ACSI, they are encouraged to use robust methodologies that use multiple strategies for data collection (telephone, email, paper surveys, or other technology methods). All states must describe their customer service methodologies in their annual narrative. At a minimum, quality customer satisfaction narratives shall include:

1. The approach used including whether the approach used a random sample (if possible include a sample of the survey);
2. The number of individuals/employers that were provided customer satisfaction outreach;
3. The response rate;
4. A summary of the results and whether the results are generalizable to the entire population of customers; and
5. Any processes for incorporating the customer satisfaction feedback

This approach provides states with the flexibility they have requested to use new technologies which may lead to higher quality services while also providing the Department with better insight into each state's customer satisfaction initiatives. ETA believes that customer service will be enhanced through this increased flexibility and by requiring all

states to follow, at a minimum, the above parameters for structuring their description of customer satisfaction activities. Additionally, this strategy for capturing customer satisfaction provides a more robust national understanding of state level activities.

Status of State Evaluation Activities

As WIA Section 134(a)(2)(B)(ii) notes, conducting evaluations of workforce investment activities under WIA section 136(e) is a required statewide activity. States should include information about all evaluation studies that were started and/or completed during the program year for which the WIA Annual Report is being submitted. For each evaluation, the Annual Report Narrative should include:

- The timeline for starting and completing the evaluation;
- The questions the evaluation did/will address;
- A description of the evaluation's methodology, including description of any control or comparison group and description of the analysis technique employed;
- The timeline for the final report and other deliverables; and,
- Summary of evaluation findings, including summary of best practices, for those evaluations completed during the program year for which the WIA Annual report is being submitted.

These State-sponsored evaluation studies, conducted under WIA Title 1B, are expected to promote, establish, and implement methods for continuous improvement in the efficiency and effectiveness of the statewide workforce investment system in improving employability for job seekers and competitiveness for employers. The decision to undertake evaluations and research studies should be guided by the information needs of the state and informed by the Department's WIA Five-Year Research and Evaluation Strategic Plan for 2012-2017 (Research Plan). The current Research Plan, prepared in consultation with members of the public workforce system, identifies the following high priority research topics:

(1) Understanding Changing Labor Markets;
(2) Identifying Effective Strategies;
(3) Improving Workforce System Infrastructure;
(4) Addressing the Needs of Special Populations; and
(5) Building Research Infrastructure and Support.

The Research Plan is available at http://www.doleta.gov/reports/fiveyear_researchplan.cfm.

Costs of Workforce Investment Activities

States should explain how the mix of services for adults, dislocated workers, and youth activities affected the outcomes. For adults and dislocated workers, the activities that states may wish to address are core, intensive, and training services. For youth activities, states may wish to include information about front-end costs (e.g., intake, assessment and case management) and aggregated direct service costs for the 10 youth program elements described in WIA Section 129(c)(2).

ETA has a long-term interest in improving program cost-effectiveness so that both taxpayers and customers can be better served. A variety of methods for calculating and presenting cost information and measures are described in the attachment of this document. Among the most common cost calculations reported by the states is the "cost per participant" indicator, which will be a required report element beginning in PY 2016, under the Workforce Innovation and Opportunity Act (WIOA).

In addition to the required components of the WIA Annual Report Narrative, ETA encourages states to include the following information in their narrative:

A. Information from their strategic plans that highlights innovative service delivery strategies, including program activities that support dislocated workers, low-skilled/low-income adults and disadvantaged youth, the outcomes expected, as well as, the actual outcomes for their major customer populations. States may indicate actual federal outlays for selected activities, if such information is available.

B. A discussion of "best practices" and "lessons learned" that focuses on specific participants, employers, and communities.

C. Messages from the governor or other contextual information about state workforce investment board members, market analysis, strategies for improvement, and effects on major industries may also be included.

D. A discussion of the activities funded by the state's discretionary ("8.75 percent") funds. In this section of the narrative report, states may describe activities undertaken in whole or in part with their discretionary funds, and how those activities directly or indirectly affect performance.

E. A discussion of programs and strategies for serving employers at the state and local level, including the performance metrics used by states or local areas to measure the effectiveness of such services and current available performance data. Effects on major industries may also be included.

F. A discussion of the initiatives and activities outlined in the WIA and Wagner-Peyser Act State Strategic Plan to improve performance.

G. A discussion of the programs, initiatives, and strategies for serving veterans at the state and local level, including, the performance metrics used by states or local areas to measure the effectiveness of such services and current available performance data. Include a description of how veterans' priority of service is being implemented for all Department training programs.

5. **Due Date.** The WIA Annual Report narrative is usually due no later than October 1st following each program year. This year, the report for PY 2014 will be due Tuesday,

December 15, 2015. The WIA Annual Report narrative will reflect performance outcome information through June 30, 2015.

6. **Submission.** An electronic copy of the WIA Annual Report narrative should be e-mailed to WIA.AR@dol.gov by December 15, 2015. States should also submit an electronic copy to their respective ETA Regional Administrator and copy their Federal Project Officer. Hard copies of the report may be submitted but are no longer required, in an effort to be more environmentally friendly. ETA will publish each state's report on the Internet at www.doleta.gov/performance. As was the case for last year's submission, ETA will now only accept 508 compliant PDF formats. Since each state's report will be posted on ETA's Performance Web site, all WIA Annual Report Narratives must be submitted electronically in a machine readable format to comply with requirements set forth in Section 508 of the Rehabilitation Act.

7. **Action Requested.** Distribute this TEGL to those personnel responsible for developing the WIA Annual Report narrative, including personnel responsible for performance reporting, and to all local areas responsible for administering the WIA programs.

8. **Inquiries.** Please direct questions concerning this TEGL to your appropriate Regional Office.

9. **Attachment.** Overview of Potential Alternative Efficiency Measures for Consideration

ATTACHMENT

Overview of Potential Alternative Efficiency Measures for Consideration

Examples of costs in relation to participant services and outcomes

(1) **Unit Costs** = total cost by service / total participation by service.

Expenditures			Participation			Unit Costs		
Core	Intensive	Training	Core	Intensive	Training	Core	Intensive	Training
$	$	$	#	#	#	$	$	$

Pros:

- Applicable to most programs.
- Easier to understand how costs apply to participant services.

Cons:

- Tracking program services and costs by year requires great effort and attention to detail; it therefore would be more susceptible to human error.
- Limited use in assessing program effectiveness, because it is not an outcome-based measure.

(2) **Cost per Participant (CP)** = This measure is calculated by taking the total program costs in terms of expenditures and dividing by the number of participants served during the year by the particular program.

$$CP = \frac{\text{All Program Expenditures}}{\text{All Program Participants}}$$

Pros:

- Applicable to most programs.
- Data is readily available.
- Easy to understand.
- Can be immediately generated each year.
- Not costly or burdensome.

Cons:

- Limited use in assessing program effectiveness, because it is not an outcome-based measure.

(3) **Cost per Exiter (CE)** = It is calculated by taking total program costs in terms of expenditures and dividing by the number of exiters terminating the program during the year by the particular program.

$$CE = \frac{\text{Total Program Expenditures}}{\text{Total Exiters Terminating Program}}$$

Pros:

- Applicable to most programs.
- Data is readily available.
- Easy to understand.
- Can be immediately generated each year.
- Not costly or burdensome.

Cons:

- Limited use in assessing program effectiveness, because it is not an outcome-based measure.

(4) **Cost per Entered Employment (CEE)** = This measure is calculated by taking total program costs in terms of expenditures and dividing by the number of exiters entering employment in the first quarter following exit from the particular program.

$$\text{CEE} = \frac{\text{Total Program Costs}}{\text{First Quarter Exiters Entering Employment}}$$

Pros:

- Applicable to most programs.
- Data is readily available.
- Easy to understand.
- Can be generated about two quarters after the end of each program year.
- Not costly or burdensome.
- Measure is an outcome-based efficiency measure. Therefore, it is of substantial use in understanding program effectiveness.

Cons:

- Does not capture those who entered employment in the same quarter of exit.
- Puts a premium on quick labor exchange at a time we are trying to improve skills.

(5) **Cost per Retained Employment (CRE)** = This efficiency measure is calculated by taking total program costs in terms of expenditures and dividing by the number of exiters who are employed in both the second and third quarters after the exit quarter.

$$\text{CRE} = \frac{\text{Total Program Costs}}{\text{Exiters Employed in Q2 \& Q3 after Exit}}$$

Pros:

- Potentially applicable to most programs.
- Data is readily available.
- Relatively easy to understand.
- Relatively low cost and low burden to produce.
- It is an outcome-based efficiency measure. Therefore, it is of substantial use to understanding program effectiveness and costs.

Cons:

- Lengthier lags in data (must wait for several quarters after the end of the program year).

(6) **Cost per Exiter or Participant Receiving a Particular Service (CPS)** = Total program cost of a particular service divided by the number of exiters or participants receiving a particular service.

$$\text{CPS} = \frac{\text{Total Cost of Particular Program}}{\text{Participants or Exiters Who Received Particular Service}}$$

Pros:

- Easy to understand.
- No lags in data. Data can be immediately generated at the end of each year.

Cons:

- Only applicable to programs that distinguish types of service.
- Data is readily available for some programs, but not all.
- Is not an outcome-based efficiency measure.
- May be burdensome to generate.

(7) **Cost per Placement in Employment or Education (CPEE)** = Total program cost divided by the number of participants or exiters in employment or enrolled in postsecondary education and/or advanced training or advanced training occupational skills in the 1st quarter after exit.

$$\text{CPEE} = \frac{\text{Total Program Costs}}{\text{Number of Exiters or Participants Employed or in Postsecondary Education Programs after 1}^{\text{st}}\text{ Quarter Exit}}$$

Pros:

- The data is relatively easy to understand.
- Relatively low cost and low burden to produce.
- The measure is outcome-based so it is of substantial use to understanding program effectiveness.

Cons:

- Limited to primarily the Workforce Investment Act Youth program.

(8) **Cost per Individual Attaining a Recognized Degree or Certificate (CID)** = Total training program cost divided by the number of participants or exiters receiving a training service attaining a recognized credential during participation or by the end of the 3rd quarter after exit. (Credentials include but are not limited to, a high school diploma, GED, or other recognized equivalents, post-secondary degrees/certificates, recognized skill standards, and licensure or industry-recognized certificates.)

$$CID = \frac{\text{Total Training Program Costs}}{\text{Number of Participants or Exiters who Attained Certification or Degree by the end of 3rd Quarter after exit}}$$

Pros:

- The measure is an outcome-based measure, so it is of substantial use in understanding program effectiveness.

Cons:

- Only applicable to programs that provide services and identify individuals as receiving training and types of credentialing.
- Data is readily available for some programs, but not all.
- The measure is somewhat difficult to understand.
- Potentially lengthy lags in data.

(9) **Return on Investment (ROI).** ROI is a way of quantifying the gain on an investment, such as workforce development, actually is. In its simplest form, ROI is calculated by dividing the gain by the size of the investment. This equation can be written as B/C, where B is the sum of all benefits that result from the investment over the period considered and C represents the costs. For a workforce program, one would divide the increase in participant earnings by the cost of the program. In more sophisticated analyses, ROI calculations take into account the timing of the gains due to the program. Economists typically compute a variation called the internal rate of return (IRR), which is based on the costs and benefits over the life of the investment. The IRR can be calculated, using a financial calculator or a spreadsheet, by solving the following equation for i:

$$0 = -C_0 + (B_1 - C_1)/(1+i) + (B_2 - C_2)/(1+i)^2 + (B_3 - C_3)/(1+i)^3 + \ldots + (B_N - C_N)/(1+i)^N$$

Where B_t is the benefit received in year i, C_t is the cost incurred in year i, and N is the last year that benefits or costs occur. (The four dots mean that the formula includes the same type of term for all years between year 3 and year N.) The IRR is preferred to the simpler versions of ROI because it takes into account the timing of the costs and benefits.

Pros:

- Potentially applicable to most programs.
- Measure is an impact-based efficiency measure, which controls for factors that could potentially influence/bias results. Therefore, it is of the greatest utility in understanding program cost-effectiveness.
- This measure controls for difficulty or cost of serving different populations (e.g., hard-to-serve, service mix, and economic conditions).

Cons:

- Data is very costly to produce.
- The measure is difficult to understand.
- Lengthy lags in data.