

## ALABAMA WORKFORCE INVESTMENT SYSTEM

Office of Workforce Development  
401 Adams Avenue  
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April 21, 2005

### GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NO. PY2004-16

**SUBJECT:** Local Area Performance Management Policies


1. **Purpose.** To transmit policies and procedures driving negotiation of local area program performance goals under the Workforce Investment Act.
  
2. **Discussion.** WIA Section 136( c )(2) requires negotiation of performance goals for local performance between the State and the local area.  
  
WIA Section 133(b) provides for the awarding of incentive payments to local areas which demonstrate exceptional WIA program performance. Local areas performing at levels above these performance goals are considered as meriting consideration for such WIA performance incentive awards.  
  
WIA Section 136 additionally indicates that local areas performing at levels significantly below their negotiated performance goals will be subject to sanctions. WIA local area performance sanctions may range from the provision of technical assistance to proscriptions against the use of certain WIA service providers, to administrative reorganization of the LWIA and/or loss of LWIA funding
  
3. **Action.** In order to ensure appropriate compliance with applicable provisions of WIA Sections 133 and 136, local areas will observe the attached WIA performance management system policies and procedures, which will affect LWIA program performance goal negotiations and local area eligibility for and awarding of WIA incentive funds for exceptional WIA program performance. LWIAs and the State will observe the attached LWIA performance sanction policies.

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4. **Contact.** Any questions regarding this information may be directed to Charles Terry at (334) 242-5883.

A handwritten signature in black ink, appearing to read "Steve Walkley", is written over a horizontal line.

Steve Walkley, Division Director  
Workforce Development Division

Attachment

**WORKFORCE INVESTMENT ACT  
PERFORMANCE GOALS POLICY (PY05 - 06)**

- A. Initially, overall State-level and local area-level WIA Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction actual program performance is calculated over three Program Years (PY 2001, 2002, and 2003). At the State level, the respective Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction PY01-PY03 averaged performance along each measure is contrasted against the corresponding State-level PY 2005 performance goal, previously negotiated with USDOL/ETA.

The percentage difference between each Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction measure, and the corresponding PY01-PY03 actual performance is calculated.

The State-level base period actual performance – PY2005 Performance Goal **percentage change indices** associated with each of the four Adult, four Dislocated Worker, four Older Youth, three Younger Youth, and two customer satisfaction measures are applied to each local area's calculated Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction averaged three-year actual performance..

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", based upon that local area's past performance, suggest reasonable levels of future WIA program performance, e.g., performance goals, but do not establish such future levels of performance. Consistent with the provisions of WIA Section 136( c )(3), State and local area negotiations will consider the potential impact local area emerging or already existing adverse economic circumstances might exert upon future WIA program performance, and adjust the local area WIA performance goal 'baseline' performance estimates accordingly.

Such "adverse" local area economic conditions might include mass layoffs, significant growth in local area 'harder to serve' populations, e.g., the extreme disadvantaged, or significant reduction in available workforce development resources, to include, but not limited to, program funding.

Subsequent year LWIA performance goals should reflect a graduated "Continuous Improvement" upward ratcheting. It is emphasized, however, that such "continuous improvement" involves heightened program **quality** to an equal, if not greater, extent than it does heightened program performance levels.

- B. The four performance measures and the customer satisfaction measure specified at Section 136(b) are the basis for evaluating Adult, Dislocated Worker, and Older Youth program performance. Younger Youth programs performance will be evaluated along the three performance measures and the customer satisfaction measure specified at Section 136(b).

These Adult, Dislocated Worker, Older Youth, and Younger Youth performance measures will also be utilized in the calculation of program incentive awards.

#### **PERFORMANCE MEASURES:**

1. Entered Employment Rate
2. Employment Retention Rate
3. Earnings Change in Six Months (Assessed for Adult., Older Youth, and Dislocated Worker programs)
4. Employment and Credential Rate
5. Skill Attainment Rate
6. Diploma or Equivalency Attainment Rate
7. Retention Rate
8. Customer (Participant, Employer) Satisfaction With Program Services

Measures 1 through 4 will be applied, as indicated, to LWIAs' Adult, Dislocated Worker, and Older Youth programs. Measures 5 through 7 will be applied to LWIA Younger Youth programs. Measure 8 will be assessed against each LWIA's overall (Adult, Dislocated Worker, Youth) program services.

- C. The State will annually provide each LWIA the opportunity to renegotiate Adult, Dislocated Worker, and/or Youth program performance goals. The renegotiation of LWIA performance goals may be triggered by trends in related actual WIA program performance, emerging economic, demographic trends impacting LWIA performance, unanticipated shifts in LWIA funding levels, or other relevant considerations.

Any renegotiation of LWIA WIA Adult, Dislocated Worker, or Youth performance goals shall utilize the previously-negotiated level of each affected performance measure as a starting point. It shall be the responsibility of LWIAs to clearly demonstrate to the State why adjustments to the previously negotiated goals are necessary, and how such adjustments will positively impact the ability of the LWIA to more effectively delivery workforce development services to individuals eligible for and in need of those services

- D. Workforce Development Division quarterly reports will contrast LWIAs' current actual performance levels against their associated performance goals. Following the submission of the final PY reports, this information will serve as the basis for the awarding of LWIA incentives or the imposition of sanctions.

**WORKFORCE INVESTMENT ACT  
INCENTIVE POLICY (PY2005-06)**

- A. Three percent of Adult, Dislocated Worker, and Youth funds will be set aside by the State for 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** the (overall) customer (participant and employer) satisfaction goals, **and** 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** the (overall) customer (participant and employer) satisfaction goals, **and** 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** the (overall) customer (participant and employer) satisfaction goals, and 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 customer satisfaction measures for a given Program Year reporting period will not be eligible to receive a performance incentive award for that year’s performance.

The state defines "meeting a performance goal" as LWIA area performance at 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 the level at which a particular goal is set.

- B. Incentive awards will be distributed as follows:

1. 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 Earnings Change in Six performance.

- One share is linked to the LWIA's Adult Employment and Credential 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 Earnings Replacement Rate performance.
- One share is linked to the LWIA's Dislocated Worker Employment and Credential Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's proportion of 19 to 21 year old program 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 Employment Retention Rate 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 Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's proportion of 14 to 18 year old program 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:** The three quarter data reporting lag associated with the Adult, Dislocated Worker, and Older Youth performance measures should generally ensure that the full Program Year of performance information is available at the time final Program Year reports are run. The Younger Youth measures are “real time”, not lagged, and, consequently, full information regarding Younger Youth Retention Rate may not be available for inclusion in final Program Year reports.

The performance data used in calculating LWIA Younger Youth performance incentive awards may be incomplete. As such, Younger Youth incentive award calculations will be made from the best available data, and future adjustments to the calculated LWIA awards may be made when the full Younger Youth performance information associated with a given Program Year becomes available.

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

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%

2. The above procedure 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 unawarded funds 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 not designated for statewide capacity building and technical assistance are utilized for LWIA incentive awards.
3. Dependent upon annual projections of capacity building funding needs, any unexpended previous year state-level capacity building funds may not be combined with designated incentive funds for distribution among the LWIAs, but may be retained for use in current year statewide and/or LWIA capacity building activities.

**SECTION 133(b)(2)(A)/SECTION 133(b)(2)(B)/SECTION 128(b)(2)  
SANCTION POLICY (PY 2005- 06)**

A. Introduction

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

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) OLDER (19 - 21) YOUTH / YOUNGER (14 - 18) YOUTH performance standards, or one of the two Customer Satisfaction goals, have failed to meet its overall goals for the affected program, and will incur sanctions. Note that any LWIA failing to meet its ADULT, DISLOCATED WORKER, or YOUTH annual performance goals is ineligible to receive an incentive award for that year's associated performance.

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 Three Percent 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 PY, i.e., to bring performance up to acceptable levels. WDD may accept or reject the LWIA's submitted corrective action plan.

The LWIA will monthly report 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 shall either withhold up to five percent of the LWIA's subsequent Program Year Adult, Dislocated Worker, and/or Youth program allotment, effectively reallocating these funds to the other LWIA's, or, at the discretion of the Governor, impose a LWIA reorganization plan. 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. Restructuring the WIB, or designating an entirely new WIB;
  - b. Prohibiting the use of certain service providers;
  - c. Merging the LWIA with a contiguous LWIA;
  - d. Any other actions deemed necessary to improve LWIA performance.
2. The reorganization plan will be imposed within forty-five calendar days following this state/LWIA meeting. Prior to reorganization plan implementation, the LWIA will be afforded the opportunity to appeal its case before a hearing officer. If the LWIA is dissatisfied with the results of this hearing, it may appeal its reorganization directly to the Secretary, 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 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, attending by both WDD and LWIA staff, for the purpose of reconsidering the LWIA reorganization strategies.

The second year performance of any LWIA which has failed to meet performance goals for a program year, and has thus incurred first year sanctions (technical assistance), will be very carefully monitored by the WDD. If the first two quarters of this tracking suggests that the LWIA's final second year performance may result in a second consecutive year of failed performance goals, the state should immediately begin discussions on what form any resulting LWIA sanctions would likely take.