

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/Performance Goals
	CORRESPONDENCE SYMBOL PRO
	DATE March 24, 2003

**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 22-02**

**TO:** ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS

/s/  
**FROM:** EMILY STOVER DeROCCO  
Assistant Secretary

**SUBJECT:** Negotiation of Performance Goals for Program Years Four and Five Under Title I of the Workforce Investment Act

**1. Purpose.** To inform states of the guidelines for negotiating performance goals for the performance and customer satisfaction indicators for the fourth and fifth program years (PY2003 and PY2004) of the Workforce Investment Act (WIA).

**2. References.** Workforce Investment Act of 1998, Section 136; Workforce Investment Act, Final Rules, 20 CFR Part 666 and Part 661; Training and Employment Guidance Letter (TEGL) No. 7-99, "Core and Customer Satisfaction Performance Measures for the Workforce Investment System"; TEGL No. 8-99, "Negotiating Performance Goals and Incentives and Sanctions Process Under Title I of the Workforce Investment Act (WIA)"; TEGL No. 11-01, "Guidance on Revising Workforce Investment Act (WIA) State Negotiated Levels of Performance"; TEGL No. 4-02, "Modifications to State's Strategic Five-Year Plans for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act, Including Unified State Plans".

**3. Background.** TEGL 8-99 provided states with guidelines on the negotiation of performance goals for WIA's performance and customer satisfaction indicators for the first three program years. Prior to the fourth program year, states will submit to their Regional Administrators the agreed upon performance levels for the fourth and fifth program years (PY2003 and PY2004) in the form of a modification request to the state plan.

RESCISSIONS	EXPIRATION DATE Continuing
-------------	-------------------------------

**4. Reaching Agreement on State Performance Levels.** WIA requires states to use their negotiated levels of performance to manage for continuous improvement and enhanced customer satisfaction. The following negotiation process provides a uniform framework for states to set performance goals that demonstrate this commitment. The negotiation process for performance levels for PY2003 and PY2004 must be completed by June 30, 2003 (WIA section 136(b)(3)(A)(v) and 20 CFR 666.120(e)). A recommended timeline for the negotiation process is included in Attachment I. This process does not apply to the six early-implementing states.

#### **A. Process for Reaching Agreement on State Performance Levels**

The process for reaching agreement on state performance levels will include the following steps:

- 1) After conducting their own analysis of factors that may affect performance, states will propose levels of performance for each of the performance and customer satisfaction indicators for PY2003 and PY2004. States should send their proposed levels to the Regional Administrator serving the state.
- 2) The regional office will review the analyses used by the state to develop the proposed performance levels and will work with the state to set mutually agreed upon levels of performance.
- 3) Once the performance levels are agreed upon, the state will submit its negotiated performance levels to the Regional Administrator in the form of a modification request to the state plan. The Regional Administrator's approval of this modification request will constitute formal approval of the state's performance levels and will serve as official notification to the state of its performance levels for PY2003 and PY2004.

#### **B. State Proposed Levels of Performance**

States should use PY2001 performance data and PY2002 negotiated levels of performance to project levels of performance for PY2003 and PY2004. They should also use recent quarterly performance data to inform the performance path the state is following. The Department anticipates that states will submit proposed levels of performance that reflect continuous improvement and additional experience, and show increases over the prior years' performance levels. However, performance levels may vary, up or down, based on prior performance and environmental factors that are beyond the state's control. WIA section 136(b)(3)(A)(iv) and TEG 8-99 address additional factors, such as differences in economic conditions, characteristics of participants, and services to be provided, that will be considered in the negotiation process.

Throughout the performance negotiation process, states should be aware of the Government Performance and Results Act (GPRA) goals for the Department for PY2003. These goals will be used by regional offices as benchmarks by which to gauge their states' proposed performance levels. GPRA is an important mechanism by which Congress evaluates the success of Federal programs, including those which are operated by states and localities. GPRA is also a principal component of the President's Management Agenda, by which the Administration will evaluate programs as part of the goal of budget and performance integration. The collective performance of states determines if the Department meets the GPRA targets. The GPRA performance goals for the Department are listed in Attachment II.

States will submit their proposed levels of performance to their respective Regional Administrators. States should be prepared to provide support for their performance levels by providing the following information:

- The methodology used for developing proposed levels of performance, including a description of data sources, calculations, and additional environmental factors.
- The extent to which the proposed levels will positively impact the level of customer satisfaction achieved.
- How the target levels will promote continuous improvement in state performance.
- The extent to which the proposed performance levels ensure optimal return on investment of Federal funds.

### **C. Negotiation of Levels of Performance**

The regional office will review the proposed levels of state performance and compare the levels with the state's 2001 and recent quarterly performance data, the state's 2002 negotiated levels, and national 2003 GPRA goals for the Department. Regional offices will also consider states' overall past performance reported for PY2000 and PY2001. During both of these program years, the majority of states met all performance expectations. Further, roughly half of all states exceeded expectations on all performance measures. Additionally, regional offices will take into account the environmental factors mentioned above as addressed by the state (listed in WIA section 136(b)(3)(A)(iv) and TEGL 8-99). The regional office will analyze the quality of the data presented by states, including its relevance, source, the time period from which it is drawn, and whether the data is part of a trend or anomalous.

The negotiation process will focus on whether each performance level appears appropriate in light of statutory criteria and this guidance, and the adequacy of any information states offer to substantiate each level. If regional offices determine through their analysis that a state could increase its proposed performance levels to more fully support continuous improvement and customer satisfaction strategies, they will negotiate with the state to obtain mutually agreed upon performance levels.

**5. Modifications to State Plans.** Under 20 CFR 661.230(b)(2), and as outlined in TEGL 4-02, a change in "performance indicators" is considered a substantial change that must be officially incorporated into the state plan through a modification. Therefore, states must submit modifications to the state plan reflecting the agreed upon performance levels for the fourth and fifth program years. These plan modifications are subject to the same public review and comment requirements that apply to the development of the original state plan. Therefore, the state must provide an opportunity for public comment on the modification prior to submission to the regional office. The agreed upon performance levels are incorporated into the state plans when the Regional Administrator approves the state's modification of its plan.

**6. WIA Reauthorization and Common Measures.** States should be aware that there are potential legislative and policy changes on the horizon that may impact the WIA performance

measurement system. First, the Workforce Investment Act of 1998 was authorized for five years only, and the congressional process to pass reauthorizing legislation is underway.

Second, the Employment and Training Administration plans to implement a set of common performance measures for job training and employment programs, including WIA adult, dislocated worker, Wagner-Peyser, and youth programs, in 2004. These common measures are part of the President's Management Agenda and one of the five government-wide goals in this initiative – budget and performance integration. The common measures will be implemented in 31 training and employment programs administered by six Federal agencies. The measures consist of four performance indicators for all programs serving adults and four indicators for all youth programs. The common measures are briefly described in Attachment III.

ETA will provide more information on the common measures and changes to the WIA performance measurement system in the future through Federal Register notices and other means. Until the WIA performance measures are administratively or statutorily modified to reflect the common measures, the current statutory framework for the WIA performance system and negotiation process will be followed. Therefore, states and regional offices must negotiate performance levels for the current WIA measures of performance and customer satisfaction for both PY2003 and PY2004.

**7. Action Required.** States are requested to distribute this information to the appropriate state and local staff.

**8. Inquiries.** Questions concerning this issuance may be directed to the appropriate regional office.

**9. Attachments.**

Attachment I: Recommended Timeline for Negotiation Process

Attachment II: 2003 GPRA Performance Goals for the Department of Labor

Attachment III: Common Performance Measures for Job Training and Employment Programs

**ATTACHMENT I:  
RECOMMENDED TIMELINE FOR NEGOTIATION PROCESS**

<b>DATE</b>	<b>ACTION</b>
No later than April 1, 2003	<ul style="list-style-type: none"> <li>• ETA provides guidance on common performance measures</li> </ul>
No later than April 11, 2003	<ul style="list-style-type: none"> <li>• States send proposed performance levels to regional offices</li> </ul>
April 11 – May 9, 2003	<ul style="list-style-type: none"> <li>• Regional offices review states' proposed performance levels and work with states to arrive at mutually agreed upon levels</li> </ul>
May 9 – June 6, 2003	<ul style="list-style-type: none"> <li>• States conduct public comment on modification to state plan</li> </ul>
June 9, 2003	<ul style="list-style-type: none"> <li>• States formally submit to Regional Administrators their agreed upon performance levels for this program year in the form of a modification request to the state plan</li> </ul>
June 23, 2003	<ul style="list-style-type: none"> <li>• Regional Administrators approve the modification request which serves as official notification to the state of its performance levels for PY2003 and PY2004</li> </ul>
June 30, 2003	<ul style="list-style-type: none"> <li>• Performance levels must be in place by the beginning of PY2003</li> </ul>

**ATTACHMENT II:  
2003 GPRA PERFORMANCE GOALS FOR THE DEPARTMENT OF LABOR**

<b>PERFORMANCE GOAL</b>	<b>PY2003 GOAL</b>
Adult Earnings Change	\$3,475
Adult Employment Retention Rate	82%
Adult Entered Employment Rate	71%
Dislocated Worker Earnings Replacement Rate	98%
Dislocated Worker Employment Retention Rate	88%
Dislocated Worker Entered Employment Rate	78%
Older Youth Employment Retention Rate	78%
Older Youth Entered Employment Rate	65%
Younger Youth Diploma Attainment Rate	52%

### ATTACHMENT III: COMMON PERFORMANCE MEASURES FOR JOB TRAINING AND EMPLOYMENT PROGRAMS

ADULT PROGRAMS				
Measures	Definition	Methodology	Data Set	Comment
Entered Employment	Percentage employed in the 1 <sup>st</sup> quarter after program exit.	<p><u>Numerator</u>: Of those who are not employed at registration, the number of adults who have entered employment by the end of the 1<sup>st</sup> quarter after exit. [1]</p> <p><u>Denominator</u>: Of those who are not employed at registration, the number of adults who exit during the quarter. [2]</p>	Unemployment Insurance (UI) Wage Records	
Retention	Percentage of those employed in the 1 <sup>st</sup> quarter after program exit that were still employed in the 2 <sup>nd</sup> and 3 <sup>rd</sup> quarter after program exit.	<p><u>Numerator</u>: Of those who are employed in the 1<sup>st</sup> quarter after exit, the number of adults who are employed in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter after exit. [3]</p> <p><u>Denominator</u>: Those who are employed in the 1<sup>st</sup> quarter after exit. [4]</p>	UI Wage Records	All agencies will move toward using UI Wage Records. However, agencies currently using survey data will measure retention at the 1 <sup>st</sup> and 3 <sup>rd</sup> quarters only until they adopt UI wage records as their data set.
Earnings Increase	Percentage change in earnings: (i) pre-registration to post-program; and (ii) 1 <sup>st</sup> quarter after exit to 3 <sup>rd</sup> quarter after exit.	<p><u>Numerator 1</u>: Participants' earnings 1<sup>st</sup> quarter after program exit minus participant's earnings 2 quarters prior to registration. <u>Numerator 2</u>: Participants' earnings 3<sup>rd</sup> quarter after program exit minus participant's earnings 1<sup>st</sup> quarter after program exit. [5]</p> <p><u>Denominator 1</u>: Participants' earnings 2 quarters prior to registration.</p> <p><u>Denominator 2</u>: Participants' earnings 1<sup>st</sup> quarter after program exit. [6]</p>	UI Wage Records	All agencies will move toward using UI Wage Records. However, agencies currently using survey data will measure earnings change at one point only (either pre-enrollment to 1 <sup>st</sup> quarter after placement or 1 <sup>st</sup> to 3 <sup>rd</sup> quarter) until they adopt UI wage records as their data.
Efficiency	Annual cost per participant.	<p><u>Numerator</u>: Appropriation level. [7]</p> <p><u>Denominator</u>: Number of participants. [8]</p>	Administrative records	Federal resources: both mandatory and discretionary. Budget authority will be used for discretionary programs. Outlays will be used for mandatory programs.

### YOUTH AND LIFELONG LEARNING PROGRAMS

Measures	Definition	Methodology	Data Set	Comment
Placement in Employment or Education	Entered employment or enrolled in education and/or training 1 <sup>st</sup> quarter after program exit.	<p><u>Numerator</u>: Of those who are not in education or employed at registration, the number of participants who have entered employment, the military or enrolled in postsecondary education and/or advanced training/occupation skills training by the end of the 1<sup>st</sup> quarter after exit. [9]</p> <p><u>Denominator</u>: Of those who are not in education or employed at registration, the number of participants who exit during the quarter.</p>	Administrative records and UI Wage Records	
Attainment of a Degree or Certificate by Participants	Percentage of participants that earned a diploma, GED or certificate.	<p><u>Numerator</u>: Of those who are enrolled in education, the number of participants who attain a diploma, GED or certificate. [10]</p> <p><u>Denominator</u>: Those who are enrolled in education.</p>	Administrative records	Certificate is defined as a credential awarded by an agency, educational institution, organization or association to an individual upon completion of an organized program of study in recognition of the individual's attainment of industry-recognized, nationally-validated technical or occupational skill standards. Such skill attainment is measured using a valid and reliable assessment.
Literacy and Numeracy Gains	Attainment of literacy and numeracy skills by participants.	Measures the increase in literacy and numeracy skills of participants through a common assessment tool administered at program registration and regular intervals thereafter.	Standard assessment instrument	This measure applies to all participants in youth programs with the exception of ED's Vocational Education, Secondary students. Also, for English as a Second Language students, this measure includes English.
Efficiency	Annual cost per participant.	<p><u>Numerator</u>: Appropriation level.</p> <p><u>Denominator</u>: Number of participants.</p>	Administrative records	Federal resources: both mandatory and discretionary. Budget authority will be used for discretionary programs. Outlays will be used for mandatory programs.



### **Footnotes:**

[1] For the TANF program, the Entered Employment numerator is "Of those who receive TANF cash assistance in a quarter, the number who became employed in that quarter after being unemployed in the previous quarter."

[2] For the TANF program, the Entered Employment denominator is "The total number of unemployed TANF cash assistance recipients from the "previous quarter" identified in the numerator."

[3] For the TANF program, the Retention in Employment numerator is "Of those who received TANF cash assistance and are employed in a quarter (Q-a), the number of adults who were employed one (Q-b) and two quarters (Q-c) later (regardless of TANF assistance status)."

[4] For the TANF program, the Retention in Employment denominator is "The number of participants employed in Q-a."

[5] For the TANF program, Earnings Increase Numerator 1 is "For those who received TANF cash assistance and who had earnings from employment in Q-a, their earnings in Q-a minus their earnings two quarters prior to being determined eligible for TANF cash assistance." Earnings Increase Numerator 2 is "For those who received TANF cash assistance and who had earnings from employment in Q-a, their earnings in Q-c minus their earnings in Q-a."

[6] For the TANF program, Earnings Increase Denominator 1 is "TANF cash assistance recipients' earnings two quarters prior to being determined eligible for TANF cash assistance." Earnings Increase Denominator 2 is "TANF cash assistance recipients' earnings in Q-a. "

[7] For the TANF program, the Efficiency numerator is "Total federal TANF and State Maintenance of Effort expenditures, as reported by the states, on work-related activities/expenses, transportation, and a proportional amount on administration and systems."

[8] For the TANF program, the Efficiency denominator is "Number of adults receiving TANF."

[9] "Not in Education" includes those participants who have completed high school or its equivalent and have not yet entered post-secondary education.

[10] In the case of DOL programs, attainment of a degree/certificate will be determined within the one-year follow-up period that exists for those programs. In the case of ED programs, the completion rates for secondary and postsecondary vocational education are calculated by each State using a methodology and time period it determines.

### **General Notes:**

A. The Adult Ed program includes participants with both employment and educational outcomes. As a result, the program will be measured under the Adult measures; however, the Department may opt to use the "Attainment" and "Literacy/Numeracy" measures from the Lifelong Learning measures in addition.

B. The Voc ED program for Post-Sec. students includes participants with both employment and educational outcomes. As a result, the program will be measured under the Adult measures; however, the Department may opt to use the "Attainment" measure from the Lifelong Learning measures in addition.

C. VA's Voc. Rehab. Program follows-up on cases for 60 days after placement before closing the case and declaring rehabilitated status. To be consistent with other programs in the job training common measures, VA will use the date of employment as the program exit point.

D. Education's VocRehab: an employment outcome is defined as competitive employment (at least the minimum wage) in the integrated labor market, and other outcomes as determined by the secretary, which include homemakers/unpaid family workers.

E. Tribal programs will move toward use of UI wage records. In the mean time, there may be some reliance on administrative records as tribes make the shift to UI wage records.

F. Where UI Wage Records are cited as the data set, UI records are either the sole source of data or the source against which administrative records must be verified.

G. All programs will need to use a unique client identifier that can calculate the unduplicated count of program participation but it will not specify what that identifier is.