STATE LEVEL PERFORMANCE GOALS
AND LOCAL AREA NEGOTIATIONS FOR PY 18 AND PY 19

EXECUTIVE SUMMARY

This policy provides the guidance and establishes the procedure regarding final *Workforce Innovation and Opportunity Act* (WIOA) state-level negotiated performance goals for Program Year (PY) 2018 and 2019 for the following programs: Wagner-Peyser; and Title IB Adult, Dislocated Worker, and Youth. This Directive also provides Local Workforce Development Area (Local Areas) guidance on negotiating Adult, Dislocated Worker, and Youth program performance goals for PY 18 and PY 19.

The California Workforce Development Board (CWDB) intends to negotiate Title IB WIOA primary indicators of performance for PY 18 and PY 19 with Local Areas through a negotiation process with representatives of Regional Planning Units (RPU). This policy applies to the Employment Development Department (EDD) and all Local Areas, and is effective on the day of issuance.

This policy contains some state-imposed requirements. All state-imposed requirements are indicated by *bold, italic* type.

This policy supersedes Workforce Services Directive *Final State Level Wagner-Peyser, WIOA Title IB, and Local Area Performance Negotiations for PY 2016-17 and PY 2017-18* (WSD16-21), dated June 12, 2017. Retain this Directive until further notice.

REFERENCES

- *Workforce Innovation and Opportunity Act* (Public Law 113-128) Sections 107(d)(9), 116(b)-(c) and 503
BACKGROUND

WIOA Section 116(b) requires the state to reach an agreement with the Department of Labor (DOL), Employment and Training Administration (ETA) on state-level performance goals for the Wagner-Peyser, and WIOA Title IB Adult, Dislocated Worker, and Youth programs every two years.

The process for negotiating state-level goals began with the submission of proposed goals in the WIOA Unified State Plan (State Plan). The State Plan with the proposed goals was open for a 30-day public comment period. The proposed goals were based on estimates obtained from available WIOA participant data. The State Plan was approved by DOL ETA, which established proposed performance goals for the Wagner-Peyser and WIOA Title IB Adult, Dislocated Worker, and Youth programs’ primary indicators of performance.

The next phase of the process, required the state to use the DOL ETA issued Statistical Adjustment Model (SAM) as a baseline to assess potential performance goal levels within the policy context developed through the State Plan. The policy in the State Plan supports the establishment of performance goals based on current and projected levels, which enables Local Areas in their planning efforts to provide industry-related skill attainment to participants who face barriers to employment. Increasing the percentage of participants served from identified target populations helps develop the state’s vision to build and sustain regional sector pathways, and prepare a workforce for in-demand middle skill jobs. The rationale and subsequent data-driven analysis also sought to establish a baseline for continuous improvement in the workforce education and training system, and ensure a return on targeted investments.

It is important to note that due to limited WIOA performance data, the SAM uses participant data collected from the Workforce Investment Act (WIA) participant records.
In May 2018, the state negotiated levels of performance with DOL ETA. The state-level negotiated goals (Attachment 1) will be the baseline for state negotiations with Local Areas. The Local Workforce Development Board (Local Board), Chief Elected Official (CEO), and the state shall negotiate and reach an agreement on local level performance goals for the same time periods as the state negotiated goals.

**POLICY AND PROCEDURES**

**Definitions**

*Expected levels of performance* – Levels of performance for each primary indicator of performance for each core program submitted by the state in the initial submission of the State Plan.

*Negotiated level of performance* – Levels of performance for each primary indicator of performance for each core program agreed to by the state and DOL ETA, and the Local Area and the state.

*Adjusted levels of performance* – The negotiated levels of performance after being revised at the end of the PY using the SAM.

*Actual Results* – Results reported by the state for each primary indicator of performance for each core program.

*Baseline indicators* – Certain primary indicators of performance that will be used as baseline data to inform the process to determine the negotiated levels of performance in future PYs.

*Statistical Adjustment Model (SAM)* – An objective statistical regression model developed by DOL ETA used to make adjustments to the negotiated levels of performance for actual economic conditions, and the characteristics of participants served at the end of the PY. The SAM is also the key factor to be used in negotiating performance.

**Primary Indicators of Performance**

Each Local Area must negotiate performance goals for the Title I Adult, Dislocated Worker, and Youth programs for each of the following primary indicators of performance:

1. **Employment Rate – 2nd Quarter After Exit**
   The percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program (for Title I Youth, the indicator is the percentage of participants in education or training activities, or unsubsidized employment during the 2nd quarter after exit).
2. **Employment Rate – 4th Quarter After Exit**
The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program (for Title I Youth, the indicator is the percentage of participants in education or training activities, or unsubsidized employment during the 4th quarter after exit).

3. **Median Earnings – 2nd Quarter After Exit***
The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program.

4. **Credential Attainment**
The percentage of program participants enrolled in an education or training program (excluding those in OJT and Customized training) who attain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent, during participation in, or within 1 year after exit from the program.

5. **Measurable Skill Gains (MSG)****
The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment, and who are achieving an MSG, defined as documented academic, technical, occupational, or other forms of progress, toward such a credential or employment.

*The Title I Youth program is not required to negotiate goals for this indicator as DOL ETA has identified this measure as a baseline indicator.

**The MSG measure is a baseline indicator and is not subject to Local Area negotiations. However, to encourage the alignment of skill attainment with the vision in the State Plan and to align it with other WIOA core program outcomes, Local Areas must propose regional MSG performance goals for the Adult, Dislocated Worker, and Youth programs. Local areas will not be held accountable for this baseline indicator.

Local Areas are not required to negotiate levels of performance for baseline indicators, which include MSG, Employer Effectiveness, and Median Earnings (for the Youth program only). Even though baseline indicators will not be negotiated, or used to determine failure to achieve adjusted levels of performance for purposes of performance accountability, Local Areas are expected to collect data and report on these indicators of performance.

For detailed information on each of the primary indicators of performance, please see Draft Directive [WSDD-185 Performance Guidance for WIOA Title I and III Programs](#).
Negotiating Local Levels of Performance

Local Areas will negotiate and reach an agreement with the state on local levels of performance for PY 18 and PY 19. The objective of the negotiation process is to define local performance targets that are aligned with current economic indicators, and that reflect Local Area service strategies and local achievements. The process should also build on the overall system goal of continuous improvement, providing the greatest return on workforce investments, and enabling the regional planning implementation of the WIOA by providing industry-relevant skills attainment framework for individuals with barriers to employment.

The WIOA requires an agreement between Local Boards and CEOs on how a planning region will collectively negotiate and reach agreement with the state on local levels of performance. **In accordance with the WIOA, the state has identified 14 RPU s for the purposes of WIOA strategic planning. The CWDB will negotiate Local Area performance goals through a negotiation process with each RPU.**

As the primary contact for performance negotiations, the CWDB will negotiate performance goals for all 45 Local Areas for PY 18 and 19 through their designated RPU s using the state level goals as a baseline for negotiations, as well as other analytical tools and resources that will help establish representative performance levels, such as the SAM provided by DOL ETA.

In compliance with the WIOA, the existing DOL ETA issued SAM will be used to negotiate local level performance goals. The SAM uses actual economic conditions and the characteristics of participants at a state level to predict the states’ expected levels of performance. When used at a local level, the SAM may not accurately adjust the data and performance measures specific to the local level. Local Areas should review the SAM, and how it affects their performance goals before negotiating performance goals with the state.

**The state will be working to adjust the model to accurately reflect local level economic conditions and characteristics of participants for future negotiations.**

Local Areas must come to agreement within their RPU s on a method for negotiating collectively. If an RPU is a single Local Area, then that Local Area is solely responsible for regional negotiations. Local Areas within an RPU may develop their own collective method and provide proposed adjusted levels of performance keeping in mind the following:

1. Local Areas must negotiate as an RPU.

2. Local Areas may select any number of representatives from the RPU to negotiate goals.

3. An RPU must provide a Single Point of Contact (SPOC) for communication and coordination with the CWDB.
4. Local Areas within an RPU must provide a data-driven rationale for how Local Area goals are established.

5. Local Areas will be held accountable for local level negotiated performance.

6. RPUs are not held accountable to negotiated goals, but Local Areas should consider an RPU negotiated level of performance in developing Local Area goals.

7. State-level goals are a baseline for negotiations and should be considered as a point of comparison for how Local Areas and RPUs propose goals.

8. The state-level negotiated goals for Credential Attainment are being proposed as Local Area goals for PY 18 and PY 19.

9. RPUs will propose a regional goal for MSG for PY 18 and PY 19.

10. The EDD’s Program Reporting and Analysis Unit staff will be invited to attend all performance negotiations.

Local Areas will NOT have the opportunity to renegotiate performance goals for PY 19 in the fourth quarter of PY 18.

A data-driven analysis supporting the preferred method of regionally negotiating performance goals must be documented and included in RPU regional plans. Data on past and current program performance, aggregate program participant data by barrier to employment or training type, and data that informs the regional economic analysis, may be used to support the establishment of performance goals. The analysis should consider, to the extent possible, how performance is connected to service delivery strategies, expected percentages of target populations to be served, and providing skill attainment to prepare workers for regional sector pathways.

All Local Areas must negotiate and reach an agreement on performance goals no later than September 30, 2018.

**ACTION**

This directive should be called to the attention of the CEO, Local Board, Local Area Administrators, and staff.
INQUIRIES

If you have any questions, contact Loren Shimanek at loren.shimanek@cwdb.ca.gov or by phone at (916) 657-1459.

/s/JAIME L. GUTIERREZ, Chief
Central Office Workforce Services Division

Attachments are available on the internet:

1. Final State-level Negotiated Performance Goals for PY 18 and PY 19 (DOC)
2. Summary of Comments for PY18 and PY19 (DOCX)