

## CALCULATING LOCAL AREA PERFORMANCE AND NONPERFORMANCE

### EXECUTIVE SUMMARY

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This policy provides the guidance and establishes the procedures regarding calculating Local Workforce Development Areas (Local Area) performance according to the *Workforce Innovation and Opportunity Act* (WIOA) indicators for Title IB Adult, Dislocated Worker (DW), and Youth. In addition, this Directive outlines the nonperformance policy for Local Areas. This policy applies to 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 Directive finalizes Workforce Services Draft Directive *Calculating WIOA Performance and Nonperformance* (WSDD-214), issued for comment on June 29, 2020. The Workforce Development Community submitted 6 comments during the draft comment period. A summary of comments, including all changes, is provided as Attachment 1.

This policy supersedes Workforce Services Directive *LWIA Nonperformance Policy Directive* (WIAD06-10), dated November 14, 2006. Retain this Directive until further notice.

### REFERENCES

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- WIOA (Public Law 113-128) Sections 107(d)(9), 116(b)-(c) and 503
  - Title 20 *Code of Federal Regulations* (CFR) Part 677: “Performance Accountability Under Title I of the Workforce Innovation and Opportunity Act” (Uniform Guidance)
  - Training and Employment Guidance Letter (TEGL) [11-19 \(PDF\)](#), *Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs* (February 6, 2020)
  - [TEGL 10-16, Change 1](#), *Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Title I, Title II, Title III, Title IV Core Programs* (August 23, 2017)

*The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.*

- Workforce Services Directive (WSD) [19-11 \(PDF\)](#), State Level Performance Goals and Local Area Negotiations (April 16, 2020)
- [WSD19-03 \(PDF\)](#), Performance Guidance (August 28, 2019)

## BACKGROUND

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Under WIOA Section 116(b), the state is required to assess performance outcomes at the end of each program year (PY). Yearly data from Local Areas' annual reports will be examined using the Statistical Adjustment Model (SAM) to determine if negotiated performance goals were achieved. A Local Area's performance outcome is essential in determining its continued designation and whether sanctions should be applied for nonperformance.

The state will calculate whether a Local Area performed successfully using five primary indicators of performance. The indicators are (1) Employment Rate – 2nd Quarter After Exit, (2) Employment Rate – 4th Quarter After Exit, (3) Median Earnings, (4) Credential Attainment, and (5) Measurable Skill Gains (MSG). The indicator, *Effectiveness in Serving Employers*, is not included in performance assessment as it is a pilot measure. For more information on the primary indicators of performance, please see directive [WSD19-03 \(PDF\)](#).

## POLICY AND PROCEDURES

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This policy serves to outline the definitions and procedures needed to calculate Local Area outcomes for the five primary indicators of performance. At the end of the PY, the actual performance numbers for that year will be adjusted using the SAM, which will factor in data on the economic conditions of the Local Area and the populations served by the program(s) during that year. This will determine the adjusted levels of performance for the PY, against which the Local Area's actual results will be compared.

### Definitions

*Pre-negotiated target* – The target performance levels determined prior to negotiations, using the most recently completed annual report data in the SAM. For example, the pre-negotiated target for PY 20 and 21 will use the 2018 annual report data. The pre-negotiated target is used to inform the negotiation process.

*Post-negotiated target* – The target performance levels determined after the PY, using the PY's annual report data in the SAM. For example, the post-negotiated target for PY 20 is going to use the 2020 annual report data.

*Adjustment factor* – The difference between the pre- and post-negotiated targets predicted by the SAM. The adjustment factor will be added to the negotiated level of performance to determine the adjusted level of performance.

*Adjusted levels of performance* – The negotiated levels of performance once revised after the PY. The adjusted levels of performance is determined by adding the adjustment factor to the negotiated levels of performance. The adjusted levels of performance will be used to determine performance success or failure.

*Individual indicator score* – The proportion of the actual level of performance to the adjusted level of performance for a single performance indicator for a single program.

*Overall program score* – The average of the individual indicator scores for a single WIOA Title I program across all performance indicators.

*Overall indicator score* – The average of the individual indicator scores for a single performance indicator across all WIOA Title I programs.

*Statistical Adjustment Model* - The SAM is an objective statistical regression model developed by the Department of Labor. It is used to make adjustments for actual economic conditions, and the characteristics of participants served at the end of the PY. For further guidance read [WSD19-11 \(PDF\)](#).

**Implementation of Performance Determination by Indicator**

Indicators of Performance	First PY for which Performance Outcomes Can Be Determined
<ul style="list-style-type: none"> <li>• Employment Rate – 2<sup>nd</sup> Quarter after Exit (<i>for WIOA Title I Youth, these indicators include placement in education or training</i>)</li> <li>• Median Earnings</li> <li>• MSG</li> </ul>	PY 20
<ul style="list-style-type: none"> <li>• Employment Rate – 4<sup>th</sup> Quarter after Exit(<i> for WIOA Title I Youth, these indicators include placement in education or training</i>)</li> <li>• Credential Attainment</li> </ul>	PY 22

A Local Area’s annual year data from the annual report will be adjusted using the SAM to determine if they met performance. ***The state will calculate and provide Local Area’s outcomes for the most recent completed PY via an Information Notice by December 31.***

### Calculating the Individual Indicator Score

The following steps will be used to calculate the individual indicator score:

#### Example

Components to Calculating Performance Score	
Pre-negotiated Target = 60%	Negotiated Goal = 55%
Actual Performance = 58%	Post-negotiated Target = 65%

**Step 1** – Find the adjustment factor by subtracting the pre-negotiated target from the post-negotiated target.

$$\text{Post-negotiated Target} - \text{Pre-negotiated Target} = \text{Adjustment Factor}$$

$$\text{Example: } 65\% - 60\% = 5\%$$

**Step 2** – Find the adjusted level of performance by adding the adjustment factor to the negotiated goal.

$$\text{Negotiated Goal} + \text{Adjustment Factor} = \text{Adjusted Level of Performance}$$

$$\text{Example: } 55\% + 5\% = 60\%$$

**Step 3** – Calculate the performance score by dividing the actual performance by the adjusted level of performance

$$\text{Actual Performance} / \text{Adjusted Level of Performance} = \text{Individual Indicator Performance Score}$$

$$\text{Example: } 58\% / 60\% = 96.6\%$$

### Calculating the Overall Program Score

The following steps will be used to calculate the overall program score:

#### Example

Primary Indicator of Performance (Adult)	Individual Indicator Score
Employment Rate – 2 <sup>nd</sup> Quarter After Exit	98.0%
Employment Rate – 4 <sup>th</sup> Quarter After Exit	46.8%
Median Earnings	88.2%
Credential Attainment	90.5%
MSG	84.1%

**Step 1** – Add all Individual Indicator Scores for a single WIOA Title I program.

Employment Rate-2nd Quarter After Exit + Employment Rate-4th Quarter After Exit + Median Earnings + Credential Attainment + MSG = Total of Individual Indicator Scores within a Program

Example:  $98.0\%+46.8\%+88.2\%+90.5\%+84.1\%=407.6\%$

**Step 2** – Divide total individual indicator score by 5 (the number of performance measures).

Total of Individual Indicator Scores within a Program/# of Performance Measures=Overall Program Score

Example:  $407.6\% / 5 = 81.5\%$

### Calculating the Overall Indicator Score

The following steps will be used to calculate the overall indicator score:

#### Example

Individual Indicator Score	Title I Adult	Title I Youth	Title I DW	Overall Indicator Score
Employment Rate – 2 <sup>nd</sup> Quarter After Exit	98.0%	83.7%	98.5%	93.4%

**Step 1** – Add all individual indicator scores for a single performance indicator across all WIOA Title I programs.

Adult indicator score for a single performance indicator + DW indicator score for a single performance indicator + Youth indicator score for a single performance indicator = Total individual indicator scores for a single performance indicator across all Title I Programs.

Example:  $98.0\% + 83.7\% + 98.5\% = 280.2\%$

**Step 2** – Divide total individual indicator score by 3 (the number of Title I programs).

Total Individual Indicator Scores for a Single Performance Indicator/# of Title I Programs=Overall Indicator Score

Example:  $280.2\% / 3 = 93.4\%$

### Performance and Nonperformance

To perform successfully, a Local Area must meet each of the following:

- Individual Indicator Score of 50% or higher.
- Overall Program Score of 90% or higher.
- Overall Indicator Score of 90% or higher.

Nonperformance occurs if one or more of the outcomes listed above are not reached.

Below is an example of a Local Area’s performance outcomes after scores have been calculated. Each cell represents an Individual Indicator Performance score. In this example, the average of the *Employment Rate – 2<sup>nd</sup> Quarter After Exit* Individual Indicator Performance Scores for the three programs results in the Average Indicator Score of 93.4%. The average of the five Individual Indicator Scores for the Title I – Adult Program results in an Average Program Score of 81.5%. NOTE: Percentages will not be rounded; they will be truncated to the tenth of a percent.

**Example**

Indicator	Title I Adult	Title I Youth	Title I DW	Overall Indicator Score
Employment Rate – 2 <sup>nd</sup> Quarter After Exit	98.0%	83.7%	98.5%	93.4%
Employment Rate – 4 <sup>th</sup> Quarter after Exit	46.8%	99.2%	98.8%	81.6%
Median Earnings	88.2%	90.9%	97.9%	92.3%
Credential Attainment	90.5%	89.5%	98.2%	92.7%
MSG	84.1%	89.7%	98.7%	90.8%
Overall Program Score	81.5%	90.6%	98.4%	---

The example shows nonperformance for the following:

- Individual Indicator Score: Title I Adult Employment Rate – 4<sup>th</sup> Quarter After Exit.
- Overall Program Score: Title I Adult.
- Overall Indicator Score: Employment Rate – 4<sup>th</sup> Quarter After Exit.

**Sanctions**

Nonperformance outcomes may lead to sanctions for the Local Area.

The first year a Local Area is nonperforming in any performance score, the state will provide technical assistance, which may include the following:

- Assistance in the creation of a performance improvement plan.
- Development of a modified local or regional plan.
- Other actions and/or guidance designed to assist the Local Area in improving performance.

If a Local Area is nonperforming for the same performance score for two consecutive PYs, the state will apply sanctions. Sanctions for Local Areas may include the following:

- Ineligibility for any discretionary grants, including Regional Planning Implementation (RPI) funds.
  - The Region will still get RPI funds, but a decreased amount due to nonperforming Local Area(s).
  - Rotation of the region's fiscal agent if the fiscal agent is nonperforming.
- Ineligibility for the next round of High Performing Board funds.
- Loss of High-Performing-Board status.
- Continuing technical assistance from the state.

If a Local Area is nonperforming for the same performance score for three consecutive PYs, the state must take corrective action. The corrective action will include development of a reorganization plan under which the state will do the following:

- Requires the appointment and certification of a new Local Workforce Development Board.
- Prohibits the use of eligible providers and partners that have been identified as achieving poor levels of performance.
- Takes other actions determined as appropriate.

## ACTION

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Identify any action that the target audience must perform.

## INQUIRIES

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If you have any questions, contact your Regional Advisor.

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

Attachment:

[Summary of Comments \(PDF\)](#)