

COMMONWEALTH OF VIRGINIA  
VIRGINIA COMMUNITY COLLEGE SYSTEM

WORKFORCE INVESTMENT ACT

VIRGINIA WORKFORCE LETTER (VWL) #13-09

**TO:** LOCAL WORKFORCE INVESTMENT BOARDS

**FROM:** WORKFORCE DEVELOPMENT SERVICES

**SUBJECT:** Program Year 2014 Performance Negotiations Process

**DATE:** July 9, 2014

**EFFECTIVE DATE:** July 9, 2014

---

**Purpose:**

To inform Local Workforce Investment Areas of the guidelines for negotiating WIA Title I-B and Virginia Workforce Council performance levels for Program Year 2014.

**References:**

- WIA Section 136;
- WIA Regulations at 20 CFR Part 661 and 666;
- Training and Employment Guidance Letter (TEGL) No. 25-13; *Negotiating Performance Goals for the Workforce Investment Act (WIA) Title IB and Wagner-Peyser Act Activities for Program Year (PY) 2014;*
- Training and Employment Guidance Letter (TEGL) No. 26-12; *Negotiating Performance Goals for the Workforce Investment Act (WIA) Title IB and Wagner-Peyser Act Funded Activities for Program Year (PY) 2013;*
- Training and Employment Guidance Letter (TEGL) No. 4-13; *Workforce Investment Act (WIA) Performance Reporting System;*
- Training and Employment Guidance Letter (TEGL) No. 33-12; *Workforce Investment Act (WIA) Youth Program Guidance for Program Year (PY) 2013;*
- Training and Employment Guidance Letter (TEGL) No. 17-09; *Quarterly Submission of the Workforce Investment Act Standardized Record Data (WIASRD);*
- Training and Employment Guidance Letter (TEGL) No. 8-10; *Workforce Investment Act Self-Service Participant Reporting – What, Where and How;*

- Training and Employment Guidance Letter (TEGL) No. 17-05 and 17-05 chg. 2; *Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues*;
- Training and Employment Guidance Letter (TEGL) No. 9-07; *Revised Incentive and Sanction Policy for the Workforce Investment Act Title IB Programs*;
- Training and Employment Guidance Letter (TEGL) No. 21-11; *Requirements for 2012 State Workforce Plan*;
- Virginia Workforce Council (VWC) Policy No. 05-01; *Continuous Improvement under the Workforce Investment Act*;
- Virginia Workforce Council (VWC) Policy No. 05-02; *Incentives for Local Workforce Investment Boards*;
- Virginia Workforce Council (VWC) Policy No. 05-03; *Sanctions for Insufficient Performance under the Workforce Investment Act*;
- Virginia Workforce Letter (VWL) No. 10-02; *Common Measures*;
- Virginia Workforce Letter (VWL) No. 11-02; *WIA Participant Activity Code Definitions and Time/Use Limitations*;
- Virginia Workforce Letter (VWL) No. 11-05; *Credential Measurement and CRC Attainment under Common Measures*;
- Virginia Workforce Letter (VWL) No. 11-13; *Collection and Reporting of Career Readiness Certificate Data for WIA Participants*;

### **Background:**

This guidance clarifies the performance measures local workforce investment areas will be held accountable for in Program Year (PY) 2014. It includes an outline of the negotiations process, and provides a description of the factors that should be considered in the negotiations of local performance goals.

### **Changes in the Negotiations Process:**

Negotiations will continue to take place between the Virginia Community College System Workforce Development Service office and the local workforce investment areas. PY 2014 levels must be negotiated no later than August 1, 2014.

### **Methodology for Assessing Performance against Negotiated Levels:**

Performance on individual measures will be interpreted based on the position of the outcome relative to the negotiated performance goal using Exceeds, Meets and Fails to Meet criteria as defined below:

- Exceeds – when the actual performance achieved against an individual performance measure is in excess of 100 percent of the negotiated level of performance for the measure;

- **Meets** – when the actual performance achieved against an individual performance measure falls in the range of 80 to 100 percent of the negotiated level of performance for the measure; and
- **Fails** – when the actual performance achieved against an individual performance measure is less than 80 percent of the negotiated level of performance.

**Applicable Measures for the PY 2014 Performance Negotiations Process:**

<b>WIA Common Measures</b>		
<b>Adult</b>	<b>Dislocated Worker</b>	<b>Youth</b>
Entered Employment Rate	Entered Employment Rate	Placement in Employment or Education
Employment Retention Rate	Employment Retention Rate	Attainment of Degree or Certificate
Average Six Months Earnings	Average Six Months Earnings	Literacy and Numeracy Gains
<b>Virginia Workforce Council Measures</b>		
<b>Adult</b>	<b>Dislocated Worker</b>	<b>All Programs*</b>
Employment and Credential Rate	Employment and Credential Rate	Career Readiness Certificate (CRC)

**Note:** Applies to participants 19 years of age and older only.

**Reaching Agreement on Local Workforce Area Performance Levels:**

Local Workforce Investment Areas (LWIAs) should use the negotiated levels of performance to drive continuous improvement and enhance customer satisfaction. In negotiating PY 2014 performance targets for WIA programs, LWIAs should negotiate their goals within the context of integrated service delivery, priority of service, local economic conditions, customers served and workforce solutions that contribute to the economic competitiveness of the State and the local workforce areas. LWIAs will be able to negotiate for two program years during this process. The process will allow for a renegotiation prior to Year Two to address changes in the context of integrated service delivery, priority of service, local economic conditions, customers served and workforce solutions that contribute to the economic competitiveness of the State and the local workforce areas.

**A. Customers to Be Served:**

Customers served by the local area may have a significant impact on outcomes depending on the type of services provided and other factors unique to the population. In accordance with WIA Section 195(1), which states that services should be targeted to “those who can benefit from, and who are most in need of, such opportunities,” LWIAs are encouraged to serve those persons with barriers to employment and persons more at-risk of not connecting to the labor market, including those who were incarcerated, homeless, have disabilities, and are out-of-school youth. In addition, LWIAs are reminded that veterans are entitled to priority of service in all employment and training programs funded whole or in part by the Department of Labor. LWIAs should incorporate appropriate and sufficient information to the negotiations process that demonstrates either their past performance in serving these populations and/or their

current strategy for serving these populations. Note that the regression model explicitly considers these factors when estimating the regression-adjusted targets.

**B. Continuous Improvement:**

WIA Section 136 (b) (3) (A) (iv) (III) encourages continuous performance improvement to ensure optimal return on the investment of federal funds. Continuous improvement should be considered in all aspects of the negotiations process.

**C. Tools for Proposing Levels of Performance:**

The following tools and process guidelines provide a uniform framework for LWIAs to use to set performance goals that demonstrate this commitment. These tools and guidelines are designed to aid in the negotiations process.

Prior to proposing performance levels to the Virginia Community College System (VCCS), LWIAs should review and make use of the following resources/tools to ensure that these factors have been considered in determining the proposed levels of, and that there is a sound rationale for, these proposed levels of performance:

1. *Past performance* – LWIAs should use historical annual performance for information (PY 2007 to 2013) to determine projected levels of performance for PY 2014. Recent quarterly performance results should also be used to show the performance the local area is following. VCCS staff is anticipating that LWIAs will submit proposed levels of performance that reflect continuous improvement in service provision and quality.
2. *Government Performance and Results Act (GPRA) goals* - Throughout the performance negotiations process, LWIAs should be aware of GPRA goals USDOL established through PY 2014. VCCS staff will use GPRA goals as one of several benchmarks by which to gauge LWIAs proposed performance levels in the context of these national system goals. GPRA is an important mechanism by which Congress and OMB evaluates the success of Federal programs, including those operated by State and local areas. (See Attachment II)
3. *The effects of economic and demographic variables and other factors* - WIA section 136(b)(3)(A)(iv) addresses additional factors, such as differences in economic conditions, characteristics of participants, and services to be provided, that should be considered in the negotiations process.

Attachment III contains a description of the time periods during which participants should have exited program service to be included in the different performance measures. This attachment will assist LWIAs in their analysis of the impact of any given factor on the different measures against which the LWIAs will be negotiating levels for PY 2014. Factors are only pertinent to negotiations when they affect the program exiters included in the time periods associated with any given outcome measure.

**D. Process for Reaching Agreement on the Local Workforce Investment Area Performance Levels:**

The process for reaching agreement on the LWIA performance goals will include the following steps, and as outlined in the attached timeline (**Attachment I**):

- I. After conducting their own analysis of factors that may affect performance, as discussed above in Part A of this section, LWIAs will propose levels of performance for each of the applicable performance measures for PY 2014 by submitting these proposed levels to VCCS. Proposed performance levels should be stated to a tenth of a percent (*format X.X%*) or to the nearest whole dollar for average earnings and must be submitted to VCCS no later than **7/21/2014**.
  - The methodology used for developing proposed levels of performance, including a description of data sources, calculations, and additional environmental factors.
  - How the target levels will promote **continuous improvement** in LWIA performance.

When submitting the proposed levels for review, LWIAs should also include a discussion on how the proposal will positively impact customer satisfaction with services received and the extent to which the proposed levels ensure optimal return on investment of Federal funds. (See WIA Section 136(b) (3) (A) (iii) and (iv).

- II. VCCS staff will review the analyses used by the local workforce area to develop the proposed performance levels and work with the LWIA to set mutually agreed-upon levels of performance. VCCS staff will take into account the environmental factors addressed by the LWIA, including current and future economic conditions. VCCS staff will consider the proposed levels in light of previously negotiated goals, past performance results, national GPRA goals, and the regression adjusted targets.
- III. VCCS staff will utilize the regression targets as a tool for determining the lower level from which to begin negotiations. Additionally, VCCS staff will consider the quality of the data presented by the LWIA, including its relevance, source, the time period from which it is drawn and whether the data are part of a trend or are anomalous.

The negotiations process will focus on whether each performance level appears appropriate in light of statutory criteria and this guidance, and the adequacy of any information the local area offers to substantiate each level.

- IV. Once the performance levels are agreed upon, the VCCS WIA Program Director will send a letter to the local workforce area board chair and the executive director confirming the finalized performance levels. This letter constitutes a modification to the local plan and serves to incorporate the agreed-upon performance goals into the local strategic plan.

#### **Local Regression Analysis:**

VCCS staff will use the regression-based performance levels as a tool in the negotiations process with all LWIAs in the PY 2014 negotiations. Previous experience with the regression model has

demonstrated that the regression-based performance levels would best serve the goal setting process as an additional tool for use in the negotiations process.

**Career Readiness Certificate (CRC) Negotiations:**

Based on a recent inquiry, VCCS staff was asked if failure to meet state approved measures could result in the application of sanctions allowable under WIA federal legislation. US DOL provided clarification to this inquiry that sanctions are allowable for state measures as long as the state engaged in a negotiation process with WIBs for state developed measures as is required for federal measures.

**Option:**

A proposed option for negotiations is that WIBs would be allowed to negotiate a rate below the current state rate of 18% for Program Year 2013 (July 1, 2013-June 30, 2014) and 25% for Program Year 2014 (July 1, 2014 – June 30, 2015) only if they have an implementation plan for attaining the CRC state measure and are able to demonstrate one or both of the following: (1) they have had a significant loss of essential staff or a loss of a contractor or (2) a significant event(s) impacting their performance that increased the number of new participants rapidly, such as a large layoff. The negotiated rate would not be less than 80% of the state rate for the year and would be reviewed and approved by VCCS staff annually. This approach is partially aligned with the federal measures, which allows performance to fall within an 80% threshold to meet a measure. For purposes of Program Year 2014, the potential level would be 20.0 ( $25.0 * .8 = 20.0$ ).

**Renegotiations of LWIA Goals:**

WIA allows for the renegotiation of performance levels if circumstances arise that result in a significant change in the factors used to develop the original performance levels. Such criteria could include significant changes in economic conditions, changes in service mix, or changes in client characteristics.

**Attachments:**

Attachment I: Recommended Timeline for the PY 2014 Negotiations Process

Attachment II: WIA GRPA Goals

Attachment III: Time Periods for Reporting Performance Information in the WIA Annual Report for PY 2014

**ATTACHMENT I**  
**Recommended Timeline**  
**Program Year 2014 Negotiations Process**

<b>Date</b>	<b>Action</b>
July 9, 2014	Performance Negotiations VWL Released to LWIAs
July 21, 2014	PY 2014 Performance Negotiations Submitted by LWIAs
August 1, 2014	PY 2014 Performance Negotiations Completed
August 14, 2014	Quarter 4 PY 2013 ETA 9090 Submitted
August 14, 2014	PY 2013 WIASRD submitted
October 1, 2014	PY 2013 Annual Report (ETA 9091) – to include Annual Report Narrative, data tables and report validation
October 15, 2014	LWIAAs informed on Performance Status (exceeded, met, and failed to meet) to include LWIAAs that are eligible for sanctions or incentives.
October 31, 2014	PY 2013 Data Validation Sample Available
October 31, 2014	LWIAAs who failed any performance measures are required to submit their Performance Improvement Plan (PIP)
December 31, 2014	LWIAAs can notify VCCS of their desire to re-negotiated PY 2014 performance measure
March 31, 2015	Last Date for PY 2014 Performance Measures Renegotiations

**ATTACHMENT II**  
**WORKFORCE INVESTMENT ACT (WIA) PERFORMANCE GOALS ESTABLISHED**  
**UNDER THE GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)**

Program	Measure	Results	TARGETS		
		PY 2012	2013	2014	2015
WIA Adults	Entered Employment	59.9	61.2	62.5	63.1
	Retention	81.9	82.0	82.1	82.1
	Average Earnings	\$13,335	\$13,684	\$13,945	\$14,194
WIA- Dislocated Workers	Entered Employment	60.0	61.2	62.3	62.8
	Retention	84.3	84.4	84.6	84.6
	Average Earnings	\$15,930	\$16,364	\$16,694	\$16,998
WIA Youth	Placement	66.0	66.4	66.8	66.9
	Attainment	62.3	62.3	62.2	62.2
	Literacy-Numeracy	47.5	46.9	46.2	46.0

**ATTACHMENT III**  
**TIME PERIODS FOR REPORTING PERFORMANCE INFORMATION IN THE**  
**WORKFORCE INVESTMENT ACT ANNUAL REPORT FOR PY 2014 AND PY 2015**

	Annual Report PY 2014	Annual Report 2015
Reporting Item	Time Period (Exit Cohort) to be Reported	
Total Participants	7/1/14 to 6/30/15	7/1/15 to 6/30/16
Total Exiters	4/1/14 to 3/31/15	4/1/15 to 3/31/16
<b>Adult and Dislocated Worker Performance Measures</b>		
Entered Employment Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
Employment Retention Rate	4/1/13 to 3/31/14	4/1/14 to 3/31/15
Average Earnings	4/1/13 to 3/31/14	4/1/14 to 3/31/15
Employment and Credential Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
<b>Youth Measures</b>		
Placement in Employment or Education Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
Attainment of Degree or Certificate Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
Literacy-Numeracy Gains*	7/1/14 to 6/30/15	7/1/15 to 6/30/16
<b>Virginia Workforce Council</b>		
Adult Employment and Credential Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
Dislocated Worker Employment and Credential Rate	10/1/13 to 9/30/14	10/1/14 to 9/30/15
Career Readiness Certificate (CRC) Attainment**	7/1/14 to 6/30/15	7/1/15 to 6/30/16

\*Literacy-Numeracy Gains is not exit-based,

\*\* Career Readiness Certificate (CRC) attainment is based on customers who were active during a Program Year, regardless of their actual date of participation or youth date of first service.