

## ALABAMA WORKFORCE DEVELOPMENT SYSTEM

Office of Workforce Development  
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May 3, 2007

### GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NO. PY 2006-09

**SUBJECT:** Local Area Performance Management Policy

1. **Purpose:** To transmit policies and procedures driving negotiation of local area Workforce Investment Act program performance.
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.

**GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NO. PY 2006-09**

May 3, 2007

**Page Two**

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". The signature is written in a cursive, flowing style with a large initial "S".

**Steve Walkley, Division Director  
Workforce Development Division**

Attachment

**WORKFORCE INVESTMENT ACT  
PERFORMANCE GOALS POLICY (PY07 - 08)**

- A. Initially, overall State-level and local area-level Workforce Investment Act (WIA) Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction actual program performance is calculated over three Program Years (PY 2004, 2005, and 2006). At the State level, the respective Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction PY04-PY06 averaged performance along each measure is contrasted against the corresponding State-level PY 2007 performance goals, previously negotiated with USDOL/ETA.

The percentage difference between each of these PY07 Adult, Dislocated Worker, Older Youth, Younger Youth, and customer satisfaction negotiated goals and the corresponding PY04-PY06 actual performance base lines are calculated.

The State-level base period actual performance – PY2007 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, derived from 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 existing and/or emerging 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 local workforce investment area (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 the raising of program performance minimum benchmarks.

- 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. Six Month Earnings (Adult, Dislocated Worker programs), Earnings Change in Six Months (Older Youth programs)
4. Employment and Certificate Rate
5. Skill Attainment Rate
6. Diploma or Equivalency Attainment Rate
7. Retention Rate
8. Customer (Participant, Employer) Satisfaction

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 deliver 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

## CERTIFICATE POLICY (PY 2007)

**Background:** USDOL Training and Employment Guidance Letter No. 17-05 transmits, in part, revised USDOL/Employment and Training Administration guidelines for the design and development of WIA Adult, Youth, and Dislocated Worker participant education and/or skill training programs which promote the awarding to successful program completers of *certificates* which are reasonably valid indicators of these individuals' attainment of those marketable skills and abilities demanded by local employers.

**Requirements:** As applied to State of Alabama Adult, Youth, and Dislocated Worker participant education, employment and training programs operated under and funded through the Workforce Investment Act:

A Certificate or Credential is awarded in recognition of an individual's graduated attainment of measurable technical or occupational skills generally recognized as necessary to gain initial employment or advancement within a particular occupation. The scope and degree of these above-referenced technical or occupational skills are based on standards developed or endorsed by local employer groups, or their representatives. Although such skill standards are locally based, matched against specific short- to moderate-term local labor force skill needs, the certificates awarded WIA participants under this policy should, to the extent feasible, be transportable, that is, the educational and occupational skills attested by a WIA certificate award and detailed within the text of the document may be couched both in task-specific and in more general terms, e.g., master welding license with a focus on ship-building applications.

Specifically, WIA participant Certificates/Credentials may be awarded by:

- A state educational agency, or a state agency responsible for administering vocational and technical education within a state;
- An institution of higher education described in Section 102 of the Higher Education Act (20 USC 1002) that is qualified to participate in the student financial assistance programs authorized by Title IV of that Act. This includes community colleges, proprietary schools, and all other institutions of higher education that are eligible to participate in federal student financial aid programs;
- A professional, industry, or employer organization (e.g., National Institute for Automotive Service Excellence certification, National Institute for Metalworking Skills) or a product manufacturer or developer (e.g., Microsoft Certified Database Administrator, Sun Certified Java Programmer) using a valid and reliable assessment of an individual's knowledge, skills and abilities;
- A registered apprenticeship program;
- A public regulatory agency, upon an individual's fulfillment of educational, work experience or skill requirements that are legally necessary for an individual to use an occupational or professional title or to practice an occupation or profession (e.g., Federal Aviation Administration aviation mechanic certification, State-licensed Emergency Medical Technician);
- A program that has been approved by the Department of Veterans Affairs to offer education benefits to veterans and other eligible persons;
- Job Corps centers that issue certificates; and

- Institutes of higher education that are formally controlled, or have been formally sanctioned or chartered by, the governing body of an Indian tribe or tribes.

Diploma means any certificate/credential that the state education agency accepts as equivalent to a high school diploma. This term also includes post-secondary degrees such as Associate (AA and AS) and Bachelor (BA and BS) degrees.

Education means participation in secondary school, post-secondary school, adult education programs, or any other organized program of study leading to a degree or certificate.

Employer Endorsement means that employers within a particular industry or cluster of industries recognize the validity of the certificate award as reflective of the bearers' attainment of meaningful occupational and occupation-related skills.

Post Secondary Education means a program at an accredited degree-granting institution that leads to an academic degree (i.e., AA, AS, BA, or BS).

Training Services means any WIA-funded or non WIA-funded program of training services, to include occupational/non-traditional skills training; on-the-job training; customized; cooperative training programs, skill upgrades and retraining programs; entrepreneurial training; job readiness training; and adult education and adult literacy activities.

**WIA Performance Measure Applications:** Calculations for three of the seventeen WIA statutory Adult, Dislocated Worker, and Youth performance measures, and one of the three Youth Common Measures are directly impacted by the revised definition of Certificate / Credential:

- 1) The Adult Employment and Credential Attainment measure.

(Of those adults who received training services, the number of Adult participants who were employed in the first quarter after exit and received a *credential/certificate* by the end of the third quarter after exit, divided by the number of adult participants who exited during the quarter.)

- 2) The Dislocated Worker Employment and Credential Attainment measure.

(Of those dislocated workers who received training services, the number of dislocated worker participant who were employed in the first quarter after exit and received a *credential/certificate* by the end of the third quarter after exit, divided by the number of dislocated worker participants who exited during the quarter.)

- 3) The Older Youth Credential Attainment measure.

(Number of Older Youth participants who are either employed, in post secondary education, or in advanced training/advanced training-occupational skills training in the first quarter after the exit quarter and received a *credential/certificate* by the end of the third quarter after exit divided by the number of older youth participants who exit during the quarter.)

- 4) The (14-21) Youth Attainment of a Degree or Certificate measure.

Of those enrolled in education (at the date of participation or at any time during the program), the number of participants who attain a diploma, GED, or *certificate* by the end of the third quarter after exit divided by the number of participants who exit during the quarter.

Certificates awarded by workforce investment boards or awarded in recognition of onl generic pre-employment or work readiness skills are not included in the above definitions

### **State of Alabama WIA Program Certificate/Credential Policy**

Each local area should work to incorporate into their existing and projected WIA occupational skills training and skills retraining program curricula programs and systems for the awarding, where appropriate, of occupationally-specific certificates / credentials to successful program completers. Every effort should be taken to ensure the scope and content of these certificate / credentialing programs are largely consistent with the operational criteria outlined above.

All local area – sponsored WIA trainings services programs to which this certificate / credential policy is deemed applicable must be clearly identified, and expectations for the participants' earning of the certificate /credential associated with the program must be clearly identified within the participants' individual service strategies or employment plans. It is incumbent upon local area staff to clearly communicate to participants their greater longer-term advantage in remaining active in their WIA training programs or related training activities, even beyond employment acquisition, to ensure attainment of their certificate recognition.

A local area certification / credentialing program should observe the following standards:

1. The training must have a clear structure and standardized delivery mechanisms.
2. The program is geared toward a specific set of occupational requirements with clear and measurable goals.
3. The certificate and knowledge/skills are transferable from one employer to another within the industry that recognizes the certificate.
4. The certificate must be issued by one of the organizations identified in the TEGL 17-05 definition of certificate, given above under Requirements.
5. Successful program completion is determined by a validated and reliable set of evaluation instruments.
6. There must be clear evidence from the program provider or certifying agency that a certificate is not awarded if the participant fails to successfully complete the program, demonstrate competence in associated skills, and/or pass any industry or trade specific skill-certifying board tests or examinations.

If local area staff or local area workforce investment board staff cannot determine whether a program of instruction satisfies the definition of certificate or credential based on the above criteria, the board may request the determination be made by OWD Program Integrity Section staff. Any such written request should be submitted to the Division Director, Workforce Development Division.

**WORKFORCE INVESTMENT ACT**

**INCENTIVE POLICY (PY2007-08)**

- A. Three percent of Adult, Dislocated Worker, and Youth funds will be set aside by the State for local workforce investment area (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 customer (participant and employer) satisfaction goals, and meet or exceed at least three of the four Adult performance goals, will be eligible to receive a Adult program incentive award. LWIAs which meet or exceed both customer (participant and employer) satisfaction goals, and meet or exceed 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 customer (participant and employer) satisfaction goals, and meet or exceed 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 Program Year customer satisfaction measures will not be eligible to receive an incentive award for that year's performance.

The state defines "meeting a performance goal" as LWIA performance at eighty percent to one hundred percent of 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 eighty percent of 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 Six Month Earnings performance.

- One share is linked to the LWIA's Adult Employment and Certificate Attainment Rate 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 Six Month Earnings performance.
- One share is linked to the LWIA's Dislocated Worker Employment and Certificate Attainment Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's ratio of 19 to 21 year old program exiters to all youth 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 Certificate Attainment Rate performance.

The proportion of each eligible LWIA's Youth incentive funds corresponding to that LWIA's ratio of 14 to 18 year old program exiters to all youth 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.

<b>Percentage Measures Exceeded</b>	<b>Earnings (Change) Measures Exceeded</b>	<b>%</b>
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 2007- 08)**

A. Introduction

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

Local workforce investment areas (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 goals, 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 allocation, effectively reallocating these funds to the other LWIAs, 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 LWIB, or designating an entirely new LWIB;
  - 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, attended 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.