

ALABAMA WORKFORCE INVESTMENT SYSTEM

**Department of Economic and Community Affairs
Workforce Development Division
401 Adams Avenue
Post Office 5690
Montgomery, Alabama 36103-5690**

April 18, 2014

GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NO. PY2009-01, Change 3

SUBJECT: Local Area Performance Management Policy

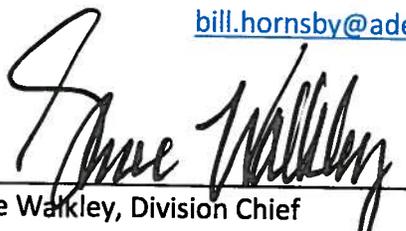
1. Purpose. This Directive transmits revised policies and procedures for Local Workforce Investment Area (LWIA) performance goals negotiations, incentive awards, and sanctions. These updated policies replace the previously issued Performance Goals Policy, Incentive Policy, and Sanctions Policy previously issued via GWDD No. PY2009-01 and Change 1 to GWDD PY2009-01.

2. Discussion. A waiver was granted beginning with Program Year 2010 to allow the State to replace the 17 (seventeen) performance measures under WIA Section 136(b) with the 9 (nine) Common Performance Measures. This waiver permits the State to negotiate and report WIA outcomes against the Common Performance Measures only. This waiver has subsequently been approved through Program Year 2016 (June 30, 2017). The policies and procedures for the LWIA Performance Goals Negotiations, Incentive Awards, and Sanctions were revised to incorporate this approved waiver for Program Year 2010. Change 3 further revises the Performance Goals, Incentive Awards, and Sanctions Policies. Specifically, the Sanctions Policy was revised to comply with the recommendations by the U.S. Department of Labor, Employment and Training Administration staff during their on-site WIA Comprehensive Review of April 7-11, 2014.

Also, Training and Employment Guidance Letter (TEGL) Number 17-05 and TEGL 17-05, Change 2 provide pertinent information regarding the Common Measures and the Youth Literacy/Numeracy Measure.

3. Action. Please review the attached documents and retain for future reference.

4. Contact. Any questions should be referred to Bill Hornsby, State Programs and Divisional Budget Management Section at (334) 242-5847 or bill.hornsby@adeca.alabama.gov.



Steve Wakley, Division Chief
ADECA, Workforce Development Division



Date

Attachment 1: Performance Goals Policy
Attachment 2: Incentive Policy
Attachment 3: Sanctions Policy

WORKFORCE INVESTMENT ACT PERFORMANCE GOALS POLICY

The State will provide each Local Workforce Investment Area (LWIA) the opportunity to negotiate Workforce Investment Act (WIA) Adult, Dislocated Worker, and Youth program performance goals on an annual basis. The negotiations of LWIA Adult, Dislocated Worker, and Youth performance goals shall utilize the State-level performance goals previously-negotiated with the U.S. Department of Labor (USDOL) as a starting point. It shall be the responsibility of each LWIA to clearly demonstrate to the State why adjustments to the goals are necessary, and how such adjustments will not negatively impact the ability of the LWIA to effectively deliver workforce development services to individuals eligible for and in need of those services. Consistent with the provisions of WIA Section 136(c)(3), State and local area negotiations shall take into account the specific economic, demographic, and other characteristics of the populations to be served in the local area. Renegotiation of the performance goals may be requested by local area if circumstances arise to warrant such a request.

Section 136 of the Workforce Investment Act specifies core indicators of performance for workforce investment activities in adult, dislocated worker, and youth programs. Fifteen core measures apply to the adult, dislocated worker, and youth programs and two measures of customer satisfaction apply across the three funding streams for a total of 17 required measures. A waiver has been granted through Program Year 2016 to allow the State to replace the 17 (seventeen) Performance Measures under WIA Section 136 with the 9 (nine) Common Measures. This waiver permits the State to report WIA outcomes against the common performance measures indicated below.

Adult and Dislocated Worker

1. Entered Employment Rate
2. Employment Retention Rate
3. Average Six Month Earnings

Youth

1. Literacy or Numeracy Gains
2. Placement in Employment or Education
3. Attainment of Degree or Certificate

Quarterly reports will contrast LWIA's current actual performance levels against their associated performance goals for each of the 9 (nine) Common Measures. Following the submission of the final Program Year report to the USDOL, the actual performance level of each LWIA contrasted against their negotiated goals will serve as the basis for the awarding of incentives or the imposition of sanctions.

WORKFORCE INVESTMENT ACT INCENTIVE POLICY

Beginning with Program Year 2011 through Program Year 2013, no Governor's 10 Percent Set Aside funds were made available to the states. Therefore, the State applied for and was granted waivers through June 30, 2014 to alleviate the requirement to award incentives to the LWIAs for exemplarily program performance. For Program Year 2014 Congress restored 3.75 percent of the Governor's Set Aside "10 Percent" funds. Therefore, for Program Year 2014 and beyond (as long as funds are made available), the State will make Incentive Awards available to LWIAs based on the State's Incentive Award Policy.

LWIAs, which meet or exceed all three Adult performance goals, will be eligible to receive an Adult program Incentive Award. LWIAs, which meet or exceed all of the three Dislocated Worker performance goals, will be eligible to receive a Dislocated Worker program Incentive Award. LWIAs, which meet or exceed all of the three Youth performance goals, will be eligible to receive a Youth program Incentive Award.

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.

Incentive Awards will be distributed as follows:

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 three 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 Average Six Month Earnings performance.

Each eligible LWIA's Dislocated Worker Incentive funds will be divided into three 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 Average Six Month Earnings performance.

The proportion of each eligible LWIA's Youth Incentive funds will be divided into three equal portions, or shares.

- One share is linked to the LWIA's Youth Literacy or Numeracy Gains performance.
- One share is linked to the LWIA's Placement in Employment or Education performance.
- One share is linked to the LWIA's Youth Attainment of Degree or Certificate.

NOTE: Incentive Award allocations will be made from the data as reported to the U.S. Department of Labor as the final performance results for the previous program year. The awards are based on current program year funds, but the calculations for those awards are based on the previous program year's performance.

Each eligible LWIA whose actual Adult, Dislocated Worker, or Youth program performance **exceeds** corresponding performance goals will receive the portion of the Incentive funds set aside for that category as indicated below.

Percentage Measures Exceeded	Earnings (Change) Measures Exceeded	%
By up to 5 percent	By up to \$500	50%
Over 5, up to 10 percent	Over \$500, up to \$1,000	75%
By greater than 10 percent	By greater than \$1,000	100%

The procedure described above may well result in awarding the LWIAs less than the full amount of Incentive funds set aside for a particular performance category. Following this initial distribution of Incentive funds associated with the various performance measures, the full amount of any funds not awarded will be distributed 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. In the event that **all three LWIA's** performance in a particular category, i.e. Adult, Dislocated Worker or Youth, should fall below the index described in this paragraph for the second distribution method, it will result in **no** LWIA receiving the residual funds in the associated category.

Any funds remaining after the two distribution methods previously described will be reclassified (per approved change to the appropriate allocation Directive) as "Other WIA Activities" and utilized in State-Level programs.

WORKFORCE INVESTMENT ACT SANCTIONS POLICY

A. Introduction:

WIA Section 136(h) addresses actions to be taken by the State when a Local Workforce Investment Area (LWIA) fails to meet performance standards.

LWIAs, which fail to meet any of the three Section 133(b)(2)(A) Adult performance goals, any of the three Section 133(b)(2)(B) Dislocated Worker performance goals, or any of the three Section 128(b)(2)(A) Youth performance goals have failed to meet its overall goals for the affected program; therefore may incur sanctions.

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 Governor's Set Aside funds.

The LWIA will develop and formally submit a corrective action plan to the State. This plan, which will reflect the input of both State and LWIA staff, should be designed to have a significant impact on the LWIA's performance during the final two quarters of the following program year, i.e., to bring performance up to acceptable levels. The State may accept or reject the LWIA's submitted corrective action plan.

The LWIA will report monthly 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 (5%) 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.

A LWIA that falls into this category will be very carefully monitored by the State. If the first two quarters of the program year following the period of failed performance suggest that the LWIA's final second year performance may result in a second consecutive year of failed performance goals, the State shall immediately begin discussions on what form any resulting LWIA sanctions would likely take in regard to this issue.

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 State, which may include:
 - a. Appointment and certification of a new LWIB;
 - b. Prohibiting the use of certain service providers;
 - c. Such other actions as the Governor determines are appropriate.
2. The reorganization plan will be imposed within forty-five calendar days following this State/LWIA meeting. Prior to the reorganization plan implementation, the LWIA will be afforded the opportunity to appeal to the Governor to rescind or revise such plan. If the LWIA is dissatisfied with the results of this hearing, it may appeal its reorganization directly to the Secretary of Labor, observing all relevant procedures governing such an appeal which follow.
 - 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 within 30 days of notification, 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 State and LWIA staff, for the purpose of reconsidering the LWIA reorganization strategies.

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Each eligible LWIA's Dislocated Worker Incentive funds will be divided into three 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 Average Six Month Earnings performance.

The proportion of each eligible LWIA's Youth Incentive funds will be divided into three equal portions, or shares.

- One share is linked to the LWIA's Youth Literacy or Numeracy Gains performance.
- One share is linked to the LWIA's Placement in Employment or Education performance.
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