

WIOA Guidance Letter 18-03



DATE: June 4, 2018
TO: LWDB Executive Directors
FROM: Mike Beene, Director Workforce Services
CC: Workforce Services, Fiscal, CRC
RE: Local Area Performance Negotiations

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Purpose: The purpose of this Guidance Letter is to provide Local Workforce Development Boards (LWDBs) with information on the process for negotiating local area Workforce Innovation and Opportunity Act (WIOA) performance goals for PY 2018 and PY 2019.

References: WIOA Sec. 116(b) and (c); 20 CFR 677.170(c); 20 CFR 677.210; TEGL 9-17

Background: WIOA Sec. 116(b)(3)(A)(iv)(II) mandates that States will reach agreement with the Department of Labor and the Department of Education for the primary indicators of performance for each of the core programs. Subsequently, States must work with local areas for WIOA Title I programs. The local board, the chief elected official, and the Governor must negotiate and reach agreement on local levels of performance based on the State negotiated levels of performance.

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State Performance Measures

The State of Kansas has negotiated the primary indicators of performance with the Department of Labor for PY 2018 and PY 2019. Those performance measures are as follows:

<u>Adult Indicator</u>	<u>PY2018 & PY2019</u>
Employment Rate 2nd Quarter After Exit	78.7%
Employment Rate 4th Quarter After Exit	76.6%
Median Earnings 2nd Quarter After Exit	\$6,225
Credential Attainment within 4 Quarters After Exit	67.4%

<u>Dislocated Worker Indicator</u>	<u>PY2018 & PY2019</u>
Employment Rate 2nd Quarter After Exit	81.7%
Employment Rate 4th Quarter After Exit	80.2%
Median Earnings 2nd Quarter After Exit	\$8,084
Credential Attainment within 4 Quarters After Exit	69.0%

<u>Youth Indicator</u>	<u>PY2018 & PY2019</u>
Employment Rate 2nd Quarter After Exit	72.6%
Employment Rate 4th Quarter After Exit	67.4%
Credential Attainment within 4 Quarters After Exit	63.3%

<u>Wagner Peyser Indicator</u>	<u>PY2018 & PY2019</u>
Employment Rate 2nd Quarter After Exit	67.9%
Employment Rate 4th Quarter After Exit	68.2%
Median Earnings 2nd Quarter After Exit	\$4,701

For Title II Adult Education and Family Literacy programs, the only performance indicator negotiated will be measurable skill gains, and it will be negotiated with the Department of Education.

No levels of performance will be negotiated for the Vocational Rehabilitation State grant programs for PY 2018 and PY 2019.

Local Area Negotiation Process

The following process will be used by the State and local areas for negotiating local area performance measures.

- Step 1 – The State will evaluate the proposed State/Federal Performance Measures using the Statistical Adjustment Model and suggest proposed measures for State/Federal Negotiations
- Step 2 – Local Area input is solicited particularly as the measures would apply to a local area’s ability to meet those measures. Local Areas are encouraged to provide alternative levels of performance based on changes in demographics served or planned to serve, changes in service strategies, changes in economic conditions, changes in employment levels, major changes in business services including new large employers, or major layoffs from a sizeable employer or group of employers in a local area.
- Step 3 – The State will finalize negotiations with the Federal Department of Labor based on analysis using the Statistical Adjustment model and input from the local areas.
- Step 4 – The State will release final approved State negotiated levels to the local areas and update the State Plan accordingly.
- Step 5 – The State invites local areas to present any proposed local area adjustments based on the criteria listed in Step 2 above. Local Areas must adjust for their expected economic conditions and expected characteristics of participants to be served in the local area using the Statistical Adjustment Model developed at the Federal level. Local areas must use verifiable and replicable data such as but not limited to Bureau of Labor Statistics data, local management information systems data, KANSASWORKS system data, official LWDB actions, etc. as supporting documentation under the Federally developed Statistical Adjustment Model. Local Areas should present any proposed adjustments in writing to WorkforceSvcs@ks.gov with supporting documentation.
- Step 6 – The State meets (in person or via teleconference) with the appointed representative(s) of the Local Chief Elected Official (CEO) and LWDB for final negotiation and/or acceptance of levels of performance.
- Step 7 – The LWDBs will update Local Plans accordingly to reflect performance goals. The State will notify the Department of Labor (DOL) Regional office that negotiations are complete.

Using the Statistical Adjustment Model

The objective statistical adjustment model required under sec. 116(b)(3)(A)(viii) of WIOA and described in 20 CFR 677.170(c) must be:

1. Applied to the core programs' primary indicators upon availability of data which are necessary to populate the model and apply the model to the local core programs;
2. Used to reach agreement on local negotiated levels of performance for the upcoming program year; and
3. Used to establish adjusted levels of performance at the end of a program year based on actual conditions, consistent with WIOA sec. 116(c)(3).

Until all indicators for the core program in a local area have at least 2 years of complete data, the comparison of the actual results achieved to the adjusted levels of performance for each of the primary indicators only will be applied where there are at least 2 years of complete data for that program.

The Federal Department of Labor has developed a statistical adjustment model with State-wide data for the purpose of negotiating State-level performance measures. The statistical adjustment model can be found here:

<https://www.doleta.gov/performance/guidance/docs/PY2018-2019-WIOA-Negotiation-Tool.xlsx>

To use the statistical adjustment model, a local area must click on the summary tab and select “Kansas” as the State. The tool will automatically populate Target Outcomes, Predicted Outcomes and the PY 2011 – PY 2015 simulated WIOA outcomes for Title I and Title III core programs. Local areas can then click on individual tabs for the Title I and Title III core programs and make adjustments to the Latest PY data.

For example, in Kansas, the latest PY data (which is PY 2015) for the Adult Employment Rate, 2nd Quarter After Exit shows a percentage of 45.9% of females in that cohort. If a local area is now serving a substantially larger number of females in the Adult program, say 55%, then a local area could insert that percentage. In this example, increasing the percentage of females increases both the Target Outcome and the Predicted Outcome. Local areas must not change any of the coefficient numbers used for calculations. Local areas must also use documentation as described in Step 5 as a basis for changing the demographic percentages in the Statistical Adjustment Model.

Local areas may only request changes to performance goals using the Statistical Adjustment Model when there are substantial changes in Step 2 calculation factors that are projected to impact performance goals by more than 5%.

Local areas should keep in mind that the Statistical Adjustment Model will be used to establish adjusted levels of performance at the end of a program year based on actual conditions.

Changes in performance goals negotiated as a result of projected changes in Step 2 factors that are not realized in the year-end actual conditions will be reversed retroactively for the program year.

Finalizing Local Performance Measures

The Kansas Department of Commerce (Commerce), as the agency appointed by the Governor to implement WIOA, will work with each local area request for changes to performance levels. Commerce reserves the right to deny any and all requests that will likely negatively impact the overall State performance for any core indicators. Commerce will also deny any requests that do not promote continuous improvement or do not ensure optimal return on the investment of Federal funds.

The LWDB, the CEO, and the Governor must negotiate and reach agreement on local levels of performance no later than **September 30, 2018**. To allow time for negotiations to be completed by the deadline, a local area must notify Commerce by **September 1, 2018** of its intent to negotiate performance levels, and submit the necessary supporting documentation. If a local area has not requested any changes to performance levels or the negotiation is not completed by these deadlines, then the local area will be held to the same performance levels as the State of Kansas.

For questions or additional technical assistance, please contact Dennis Cooper @ (316) 771-6810, Dennis.Cooper@ks.gov or Trent Howerton @ (785) 230-8094, Trent.Howerton@ks.gov