

## STATE LEVEL PERFORMANCE GOALS AND LOCAL AREA NEGOTIATIONS

### EXECUTIVE SUMMARY

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This policy provides the guidance and establishes the procedure regarding final *Workforce Innovation and Opportunity Act* (WIOA) state-level negotiated performance goals for the following programs: Wagner-Peyser; and Title IB Adult, Dislocated Worker, and Youth. In addition, this Directive provides guidance to Local Workforce Development Areas (Local Areas) on negotiating Adult, Dislocated Worker, and Youth program performance goals.

The state intends to negotiate Title IB WIOA primary indicators of performance every two years with Local Areas through a negotiation process with representatives of Regional Planning Units (RPU). 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 *State Level Performance Goals and Local Area Negotiations* (WSDD-205), issued for comment on January 6, 2020. The Workforce Development Community submitted 2 comments during the draft comment period. A summary of comments, including all changes, is provided as Attachment 1.

This policy supersedes Workforce Services Directive *State Level Performance Goals and Local Area Negotiations for PY 18 and PY 19* (WSD18-13), dated May 13, 2019. 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)
  - Title 20 CFR Part 679: “What are the requirements for local planning?” (DOL Exceptions), Section 679.510

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

- Training and Employment Guidance Letter (TEGL) [11-19](#), Subject: Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs (February 6, 2020)
- TEGL [10-16](#), Change 1, Subject: Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Title I, Title II, Title III, Title IV Core Programs (August 23, 2017)
- [Workforce Services Directive](#) (WSD) 22-01, Subject: Performance Guidance (July 18, 2022)

## BACKGROUND

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Under WIOA Section 116(b), the state is required to negotiate and reach an agreement with the Department of Labor (DOL) on state-level performance goals for Wagner-Peyser, and WIOA Title IB Adult, Dislocated Worker, and Youth Programs every two years for five of the primary indicators of performance. These negotiated rates will be in the State Plan.

The policy in the State Plan supports the establishment of performance goals based on current and projected levels, which enables Local Areas in their planning efforts to provide industry-related skill attainment to participants who face barriers to employment. Increasing the percentage of participants served from identified target populations helps develop the state's vision to build and sustain regional sector pathways, and prepare a workforce for in-demand middle skill jobs. The rationale and subsequent data-driven analysis also sought to establish continuous improvement in the workforce education and training system, and ensure a return on targeted investments.

The state and Local Areas shall negotiate and reach an agreement on local-level performance goals for the same two program years (PY) as the state negotiated goals.

## POLICY AND PROCEDURES

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This policy serves to outline the definitions and procedures needed to understand the process when negotiating the five primary indicators of performance.

### Definitions

*Expected levels of performance* – Levels of performance for each primary indicator of performance for each core program submitted by the state in the initial submission of the State Plan.

*Pre-negotiated target* – The target levels after entering the most recently completed Annual Report data and data from the previous calendar year into the Statistical Adjustment Model (SAM). For example, negotiations for PY 2020 and 2021 will use the 2018 Annual Report data.

*Negotiated level of performance* – Levels of performance for each primary indicator of performance for each core program agreed to by the state and DOL, and the Local Area and the state.

*Adjusted levels of performance* – The levels of performance after being adjusted in the SAM at the end of the PY using actual data. The adjusted levels of performance will be used to determine performance success or failure.

### **Statistical Adjustment Model (SAM)**

The SAM is an objective statistical regression model developed by DOL. It is used to make adjustments for actual economic conditions, and the characteristics of participants served at the end of the PY. In compliance with the WIOA, the existing DOL issued SAM will be used to negotiate local-level performance goals. The model takes into consideration labor market factors such as employment rates and job losses and/or gains in different industries so the goals are realistic and representative of the existing economic status. In addition, the SAM incorporates participant barriers to employment that include poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and high-benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency to get an accurate representation of the population that is being served.

The SAM will provide two major functions in performance negotiations and performance assessment.

1. It is one of the tools used when reaching agreement with the Local Areas on the negotiated levels of performance. It is used to account for the expected economic conditions and the expected characteristics of participants to be served in the Local Areas.
2. It will be applied at the close of the PY to adjust for actual economic conditions experienced and actual characteristics of participants.

***When used at a local level, the SAM may not accurately adjust the data and performance measures specific to the Local Area. Local Areas should review the SAM, and how it affects their performance goals before negotiating performance goals with the state.***

### **Negotiating Performance**

The objective of the negotiation process is to define local-level performance goals that are aligned with current economic indicators, and that reflect Local Area service strategies and local achievements. The process should also build on the overall system goal of continuous improvement, providing the greatest return on workforce investments, and enabling the

regional planning implementation of the WIOA by providing industry-relevant skills attainment for individuals with barriers to employment.

The state will take into account the following factors when negotiating performance with Local Areas:

- How the levels involved compare with the negotiated levels of performance established for the state.
- Ensure that the negotiated levels account for the expected economic conditions and the expected participant characteristics based on the SAM.
- The levels involved promote continuous improvement of the indicators of performance.

The WIOA emphasizes serving individuals with barriers to employment and individuals more at-risk of not connecting to the labor market. The state encourages Local Areas to serve individuals with barriers to employment who may need higher levels of service to achieve a positive outcome. The impact of serving these customers will be accounted for in the adjusted levels of performance calculated after the PY. Local Areas are encouraged to review the SAM to understand the benefit of serving individuals with barriers on their target outcomes.

The Local Areas will negotiate with the state and reach an agreement on local-levels of performance no later than September 30<sup>th</sup>. The negotiations will take place every two years, and will negotiate two PYs at a time. Once negotiations are completed, the goals are final and second year goals cannot be renegotiated

### **Primary Indicators of Performance**

Each Local Area must negotiate performance goals for Title I Adult, Dislocated Worker, and Youth programs for each of the following primary indicators of performance:

- Employment in the second quarter after exit
- Employment in the fourth quarter after exit
- Median earnings in the second quarter after exit
- Credential attainment rate
- Measurable skill gains

For detailed information on each of the primary indicators of performance, please see *Performance Guidance* ([WSD22-01](#)).

### **The Negotiation Process**

The following table provides a timeline for the negotiations process, which occurs every two years.

<b>Action</b>	<b>Date</b>
DOL and the state will negotiate to reach state level negotiated goals.	By June 30 <sup>th</sup>

Action	Date
The state will release an IN with the state’s negotiated goals and inform Local Areas that the negotiation process has begun.	By mid-July
The state will schedule negotiations and provide the pre-negotiated target number to the Local Area.	By mid-July
Local Areas can access the previous PY’s preliminary annual report after the fourth quarter report has been certified with DOL.	August 15 <sup>th</sup>
Local Areas are required to send the state their proposed goals.	By last Friday in August
The state and RPU’s will negotiate to reach Local Area level negotiated goals.	By September 30
The state adjusts the Local Area level negotiated goals.	Early in the next calendar year following the end of the PY

### Determining Successful Performance

After the PY, the state adjusts the Local Area negotiated goals by entering the actual Annual Report data into the SAM to determine if Local Areas pass or fail performance. Further guidance on calculating performance success will be issued in a separate directive.

## ACTION

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Bring this Directive to the attention of all affected parties.

## INQUIRIES

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If you have any questions, contact the Program Reporting and Analysis Unit at [WSBManagePerformance@edd.ca.gov](mailto:WSBManagePerformance@edd.ca.gov).

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

Attachments are available on the internet:

1. [Summary of Comments \(PDF\)](#)
2. [Errata Chronology \(DOCX\)](#)