

ATTACHMENT B

MASSACHUSETTS REQUEST TO NEGOTIATE PERFORMANCE MEASURES FOR PY 2009 AVERAGE EARNINGS MEASURES FOR WIA TITLE I DISLOCATED WORKER PROGRAM AND WIA TITLE I ADULT PROGRAM

Massachusetts is requesting negotiation of the Average Earnings performance measures for both the Dislocated Worker and Adult programs as described below. Massachusetts is proposing to maintain the goals for all other WIA Title I measures at their current PY08 levels.

Massachusetts has not equaled the Average Earnings goal for Dislocated Workers in PY06 (\$17,486 to goal of \$18,500; 95%), PY07 (\$17,513 to goal of \$18,600; 94%) and is falling below the goal as of second quarter PY08 (\$16,770 to \$18,750; 89%).

Similarly, Massachusetts has not equaled Average Earnings goals for Adults in PY06 (\$10,426 to goal of \$10,618; 98%), PY07 (\$10,666 to goal of \$10,900; 98%) and is falling below the goal as of second quarter PY08 (\$10,398 to goal of \$11,250; 92%).

The individuals comprising the performance period cohorts for PY09 will face significant downward earnings pressure based on the deep recession. Recent BLS reports have shown that the number of individuals who find work only in part-time positions and in less skilled, lower paying positions is increasing. *"In all, the number of unemployed Americans has soared to a seasonally adjusted 12.5 million in the past 12 months, pushing the unemployment rate to 8.1%. An additional 8.6 million are working part time but would prefer to have full-time work. When accounting for these workers as well as those who wanted a job but hadn't looked lately, the "underemployment" rate -- a broader measure of job-market slack -- is 14.8%."* (Wall Street Journal 3/20/09)

The Massachusetts unemployment rate (seasonally adjusted) has risen during the last year: February 2008 (4.6%); September 2008 (5.6%); and February 2009 (7.8%). All indications are that the unemployment rate will continue to rise. It is quite likely that the CY2009 annual rate will exceed 8%, compared to CY2007 rate of 4.5% and CY2008 rate of 5.3%.

The TEGL 9-08 on "Negotiating Performance Goals" includes a table in Attachment VII on the "Relationship between Performance Outcomes and Unemployment Rates and Customer Characteristics." The data in the table indicates that the impact on earnings associated with increases in the unemployment rate can be significant, as much as a \$1,347 decline for Dislocated Worker earnings and a \$944 decline for Adult earnings for each 1.0% rise in the unemployment rate. With the dramatic increases in the unemployment rate anticipated in Massachusetts during calendar year 2009, most likely two to three or even more percentage points higher than the most recent year, it is projected that Massachusetts performance on earnings will decline significantly, with trajectories similar to the national historical trends.

Given the fact that Massachusetts has not equaled negotiated earnings goals in the last several Program Years and that participants in these programs will face a deteriorating economy as they look for employment, we request a change in the Average Earnings measures in PY 2009 as follows:

PY09 Average Earnings Goal for Dislocated Workers	\$16,000
PY09 Average Earnings Goal for Adults	\$ 9,750