

## ATTACHMENT A

### DESK GUIDE

#### COMMONWEALTH OF MASSACHUSETTS

#### INCENTIVE AWARDS AND SANCTIONS FOR WIA TITLE I PERFORMANCE

##### **A. Evaluating Performance for Incentives and Sanctions**

The extent, to which each local area exceeds, meets or falls below its negotiated performance levels will be examined in the following manner. For each core performance measure, the percentage by which each area met its negotiated performance level will be calculated. For example, if an LWIB had a 70% negotiated performance level for the adult entered employment rate and the local area's actual performance was 70%, they would have achieved 100% of their negotiated performance level. If the local area's actual performance was only 35%, they would have achieved only 50% of their negotiated target level. This percentage of the negotiated level will be referred to as the performance score for each measure.

Using the process established by USDOL in TEG L No. 9-07, (10/10/2007) the following ranges will be used:

**Exceeds** – Score of 100% or higher of the negotiated performance level;

**Meets** – Score of 90% through 99.9% of the negotiated performance level; and

**Fails** – Score of less than 80% of the negotiated performance level.

The performance results for each of the applicable measures will be classified according to these categories. The performance scores will also be clustered by three program performance groups: adults, dislocated workers and youth. The adult and dislocated worker groups are comprised of 3 applicable measures:

- Entered Employment Rate;
- Employment Retention Rate; and
- Average Six Months Earnings.

The youth grouping is comprised of 4 applicable measures:

- Older Youth Entered Employment Rate;
- Older Youth Employment retention Rate;
- Younger Youth Diploma or Equivalent Rate; and
- Younger Youth Retention Rate.

For each of the three performance groups, an aggregate or cumulative performance score will be calculated from the scores for each measure in the program performance group. The aggregation approach to be used will include the simple averaging of the scores for all measures in the group. The resulting score will be the cumulative program performance score for each of the three groups. For example, if the performance scores for the 3 adult measures are 90, 100, and 110 the average performance score for the adult group will be equal to 100 (sum of the three scores divided by three).

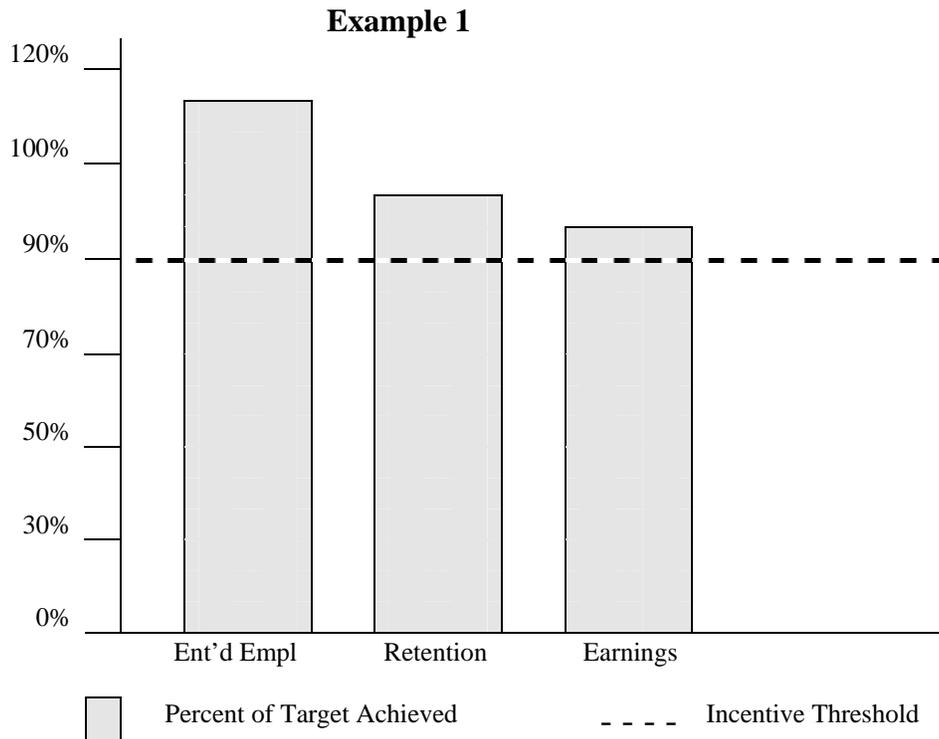
## B. Incentive Awards

To be eligible for an incentive award, a local workforce area must meet two criteria:

1. The performance score for each of the applicable measures must *meet or exceed* performance levels (i.e., must be at 90% or higher of the negotiated performance level for each measure); and
2. The aggregate or cumulative score in each of the three program performance groups must *exceed* performance levels (i.e., must average 100% or higher for the adult, dislocated worker and youth performance areas).

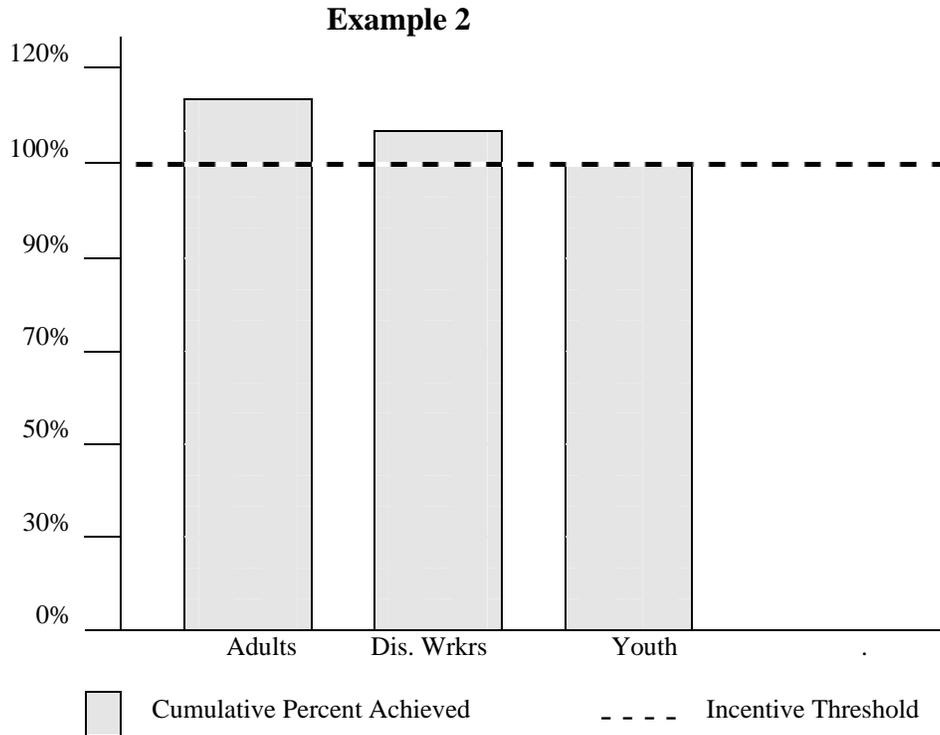
LWIBs achieving both the minimum score of 90% on every measure as well as averaging at least 100% in each of the three program groups will be determined to have achieved exemplary performance and will qualify for an incentive award allotment. The amount of the award will be \$20,000 per LWIB.

It is understood that as part of a continuous improvement strategy, LWIBs may wish to emphasize improvement on a particular measure (e.g., entered employment) which may have a slightly adverse effect on other measures in the same program performance group. To allow for these strategies, and to avoid consideration of sanctions for only missing their negotiated goal by a few percentage points, LWIBs will not be considered as having failed to meet performance levels as long as they have achieved 80% of their negotiated performance level for each measure.

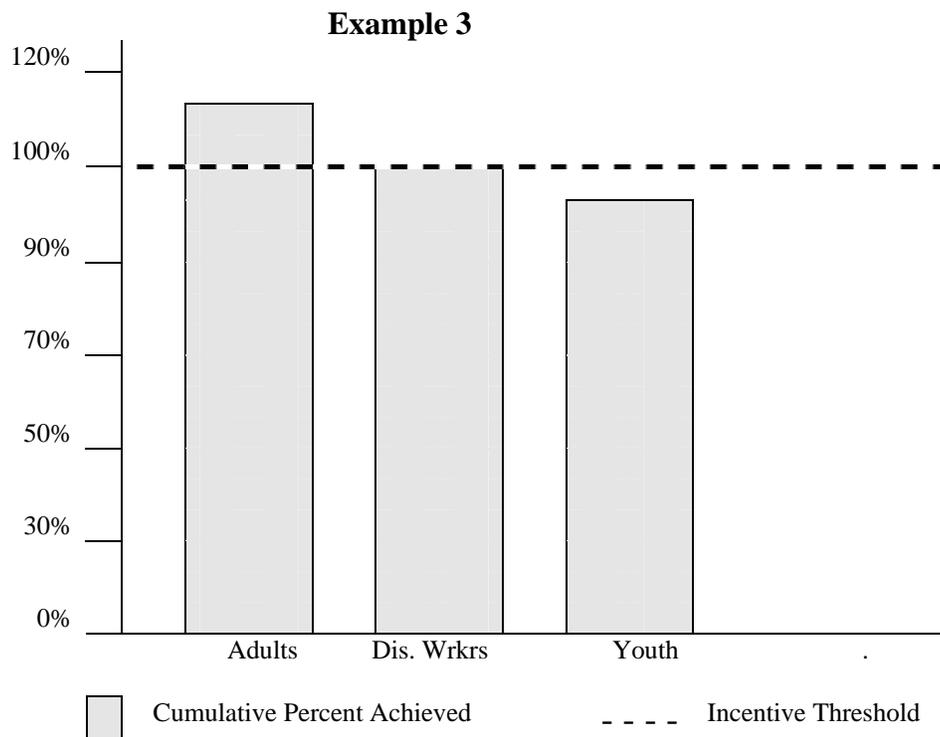


**Example 1** shows the three performance measures for the adult performance group, and the extent to which an LWIB exceeded or fell below the negotiated performance levels on each of those measures. Note that the LWIB did not achieve two of the targets. However, since the performance on each of the measures was above the 90% threshold, the LWIB is within the acceptable performance range and is not considered to have failed to meet the negotiated level.

The following two examples illustrate how the cumulative program group scores would be used to determine an LWIB's eligibility for an incentive award. In each example, the bars for each program group represent the average cumulative score for all measures in the group. Incentive awards will only be available for a local area that achieves a cumulative score in each program group (adult, dislocated worker, youth) of 100% or greater, and if the local area does not fall below 90% of the negotiated level on any one measure.



**Example 2** shows the 100% incentive threshold and cumulative program scores for each program group. An LWIB has a cumulative program score of 115% of the negotiated target for the adult program, 110% for the dislocated worker program, 100% for the youth program (and did not fall below 90% of negotiated target on any of the measures). The LWIB would qualify for an incentive award.



In **Example 3**, an LWIB has cumulative program group scores of 100% or higher of negotiated performance levels in two program groups but less than 100% as a cumulative score on Youth. The LWIB would not qualify for an incentive award. The cumulative program scores will not be averaged across the three program groups to produce a single summary score for all measures. An LWIB cannot make up a deficit in one program performance group by exceeding performance in another.

### C. Incentive Award Process

Similar to the federal-to-state incentive award process, where states are determined eligible and then must submit an application in response to the USDOL solicitation for incentive grants, the Commonwealth will require LWIBs to submit a plan for the use of incentive awards. The performance scores for each workforce area will be calculated from the data used to compile the Commonwealth's Annual Report to USDOL. Notice will be provided to LWIBs, CEOs, and Fiscal Agents by the end of October each year on which areas qualify for the incentive award. LWIBs will be requested to submit a description of the planned use of the incentive grant, with the signature of the LWIB Chair and CEO. The plan should be developed in consultation with appropriate parties including the fiscal agent, career center operators and the youth council. The incentive award grant has no cost category limitations but must be used for activities authorized under Title I. Examples include innovative programs for adults and/or youth, supplements to existing career center and youth activities, capacity building initiatives for career center and service provider staff, etc.

## D. Failing to Meet the Negotiated Levels of Performance

As the Commonwealth has not requested a waiver to adopt the Common measures, local plans continue to include the negotiated levels that have been established by each LWIB for each of the 17 core performance measures. However, in accordance with this policy issuance and consistent with performance measurement revisions implemented by USDOL (TEGL No. 9-07), local areas will only be measured against the following measures with respect to implementation of a performance improvement plan and/or financial sanction:

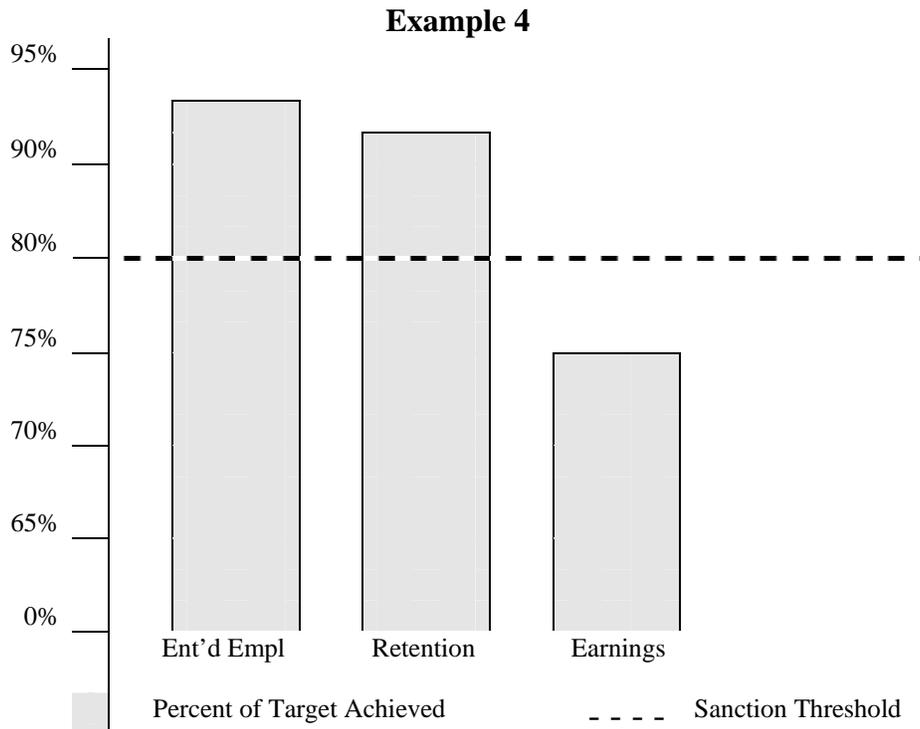
For Adults and Dislocated Workers:

- Entered Employment Rate;
- Employment Retention Rate; and
- Average Six Months Earnings.

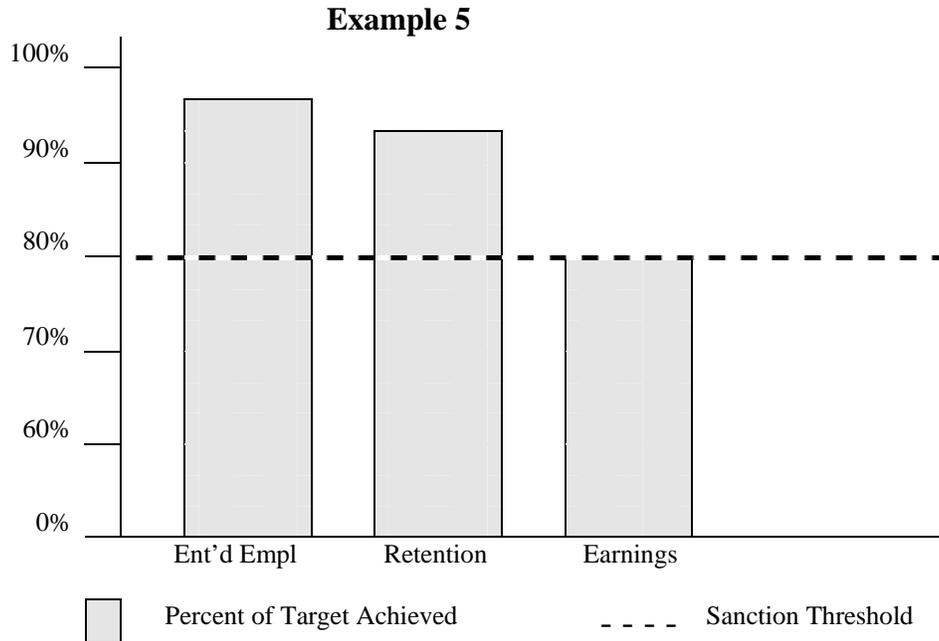
For WIA Youth the measures are:

- Older Youth Entered Employment Rate;
- Older Youth Employment Retention Rate;
- Younger Youth Diploma or Equivalent Rate; and
- Younger Youth Retention Rate.

The lowest acceptable performance score is calculated as 80% of these applicable LWIB negotiated levels. LWIBs must attain 80% of the target performance level on each measure for performance to be determined acceptable. If a local area falls below the 80% threshold for any one performance measure for two consecutive years, the LWIB may be subject to sanction. The Commonwealth will review possible sanctions on a case by case basis.



**Example 4:** An LWIB has met or exceeded its negotiated target performance on two measures by performing 93% on entered employment, 91% on retention, but only achieved 75% of the negotiated performance target for earnings change. The LWIB cannot make up for failing on one performance measure by exceeding performance on the other measures in a performance group. The LWIB may be subject to sanction if it fails this same measure for a second, consecutive year.



**Example 5:** An LWIB did not achieve 100% of the negotiated performance targets on any of the adult measures. However, the LWIB did achieve at least 80% of the negotiated performance target on each of these measures. The LWIB is determined to have met all performance levels and would not be subject to sanction.

### E. Unacceptable Performance

The first year that a LWIB experiences unacceptable performance, the Commonwealth will provide technical assistance. Regions that have failed a single performance measure for two consecutive years must have in place an approved corrective action plan, including performance benchmarks and timeframes. The technical assistance may include the development of a local performance improvement plan, recommendations on modifications to the local plan, or other actions designed to assist the local area in improving performance.

If it is determined that a local performance improvement plan is appropriate, the elements of this plan will be developed jointly with the LWIB. This plan would include the following components:

1. Statement regarding which performance measures will be improved through the implementation of the plan;
2. Analysis of the performance problem, including a description of problem solving techniques used to determine the most likely causes of the problem and a description

- of the most likely causes;
3. Identification of possible actions to improve performance, and a description of what actions the LWIB will take to improve; and
  4. A timetable for implementing the selected options.

## **F. Unacceptable Performance in Two Consecutive Years**

If a local area fails to meet the negotiated level of performance for the applicable performance measures for two consecutive program years, the Commonwealth must take corrective actions as required by §666.420 of the WIA Final Regulations. Depending on the number of measures that the local area fails to meet, and the extent to which they were not met, the Commonwealth may require a local performance improvement plan or modification to such a plan if already in place.

The corrective actions may, however, include formal sanction with the development of a reorganization plan under which the Commonwealth:

1. Requires the appointment and certification of a new Local Board;
2. Prohibits the use of particular service providers or One-Stop partners that have been identified as achieving poor levels of performance; and/or
3. Requires other appropriate actions designed to improve the performance of the local area.
4. Financial Sanction consistent with the formula levels described in the policy.

No reorganization plan will be imposed without prior consultation with the Local Workforce Investment Board and chief elected official. After discussions with the LWIB and CEO, a final statement of the required steps and actions will be issued by the Commonwealth. The local area may appeal to the Governor to rescind or revise a reorganization plan not later than thirty (30) days after receiving notice of the plan. The Governor must make a final decision within 30 days after receipt of the appeal. The Governor's final decision may be appealed by the LWIB to the Secretary of Labor not later than thirty (30) days after the local area receives the decision. The decision by the Governor to impose a reorganization plan becomes effective at the time it is issued, and remains effective unless the Secretary rescinds or revises the reorganization plan. The Secretary must make a final decision with thirty (30) days upon receipt of the appeal.