



## MASSACHUSETTS

# Workforce Investment Act

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**WIA Communication No. 04-36**☒ **Policy**   ☐ **Information**

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**To:** Chief Elected Officials  
Workforce Investment Board Chairs  
Workforce Investment Board Directors  
Title I Administrators  
Career Center Directors  
Title I Fiscal Officers  
DCS Regional Directors  
DCS Area Directors

**cc:** WIA State Partners

**From:** Jane Edmonds, Director, Department of Workforce Development  
Susan Lawler, Commissioner, Division of Career Services  
Jonathan Raymond, President, Commonwealth Corporation

**Date:** June 21, 2004

**Subject:** WIA Title I Performance Goals for Program Years Four and Five

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**Purpose:** To provide information on the re-negotiation of the WIA Title I performance goals for Program Years Four and Five (State FY04 and FY05.)

**Background:** As required under the Workforce Investment Act, the Commonwealth submitted to USDOL, on June 25, 2003, a modification to the Massachusetts' Unified Five-Year Plan. This modification established the performance levels for the seventeen Title I performance measures for the last two years of the plan period (program years 2003/2004, state fiscal years 2004/2005.)

Based on a review of both actual Title I performance results for program year three and also of labor market conditions currently affecting performance, the Commonwealth has re-negotiated the performance levels for two measures for program years four and five, specifically the earnings gain measures for adults and older youth. The proposed revisions to the performance goals were submitted to the USDOL Regional Office on April 6, 2004. The Regional Office has notified the Commonwealth that the proposed goal levels have been approved.

**Action Steps:** The Commonwealth must submit a modification of the state Five-Year Plan reflecting the revised performance goals for program years four and five.

Attached is a summary of these goals, along with the rationale for the revisions.

The Commonwealth provided a 30 day public comment period May 12 - June 9, 2004 on the modification. No comments were received and the plan modification has been submitted to the Department of Labor.

Local Workforce Investment Boards should use the revised statewide goals for the Adult and Older Youth earnings gain measures in the preparation of their local FY2005 Workforce Development Business Plans. The required performance goal chart (in Excel format) has been modified to reflect the changes in these measures and is attached to this issuance.

**Inquiries:** Inquiries related to this issuance should be directed to Gene White at [gwhite@commcorp.org](mailto:gwhite@commcorp.org) or 617-727-8158, ex. 1391 or to Carla Erb at [cerb@detma.org](mailto:cerb@detma.org) or 617-626-5687.

**Filing:** Please file this in your notebook of previously issued WIA communications Series Information Issuances as #04-36.

## COMMONWEALTH OF MASSACHUSETTS

### RE-NEGOTIATION OF WIA TITLE I PERFORMANCE GOALS FOR PY03/PY04

As required under the Workforce Investment Act, the Commonwealth submitted to USDOL, on June 25, 2003, a modification to the Massachusetts' Unified Five-Year Plan. This modification established the performance levels for the seventeen Title I performance measures for the last two years of the plan period (program years 2003/2004, state fiscal years 2004/2005.)

The Commonwealth submitted a proposal to the USDOL Regional Office on April 6, 2004 to re-negotiate the performance levels for two measures for program years 2003 and 2004, specifically the earnings measures for adults and older youth. There are two basic reasons for this request. First, the economic conditions of increased unemployment and lower wages have most impacted the earnings gain and earnings replacement measures for Title I. Both actual performance, as well as percentage of goal, declined in both PY01 and PY02 from the exceptional performance achieved in PY00, the first year of WIA. Performance has decreased by 45% from PY00 to PY02, and the Commonwealth failed both the Adult and Older Youth earnings gain measures in PY02.

The second reason for the negotiation request is that USDOL has revised the performance period for the PY03 and PY04 Annual Reports. Because of this change, six months of exiter performance already included in the PY02 report will be also included in the PY03 report. Given that the decrease in performance is already known for this cohort of exiters, and given the limited capability for the Commonwealth to make much improvement in these measures with new, additional results for only one-half of the program year, the Commonwealth is proposing some adjustment to these earnings measures.

The Commonwealth's performance in PY02 (state FY03) on the two measures is as follows:

<u>Measure</u>	<u>Actual</u>	<u>Goal</u>	<u>Percent</u>
Adults Earnings Gain at Six Months	\$2,765	\$3,900	70.9%
Older Youth Earnings Gain at 6 Months	\$2,149	\$3,000	71.6%

The Adult PY02 gain is only 55% of the PY00 gain of \$4,986 and the Older Youth PY02 gain is only 53% of the PY00 gain of \$4,071. While there have been some fluctuations in other performance measures, no other measures have had the steady and significant decreases over the past two years associated with these two earnings measures.

#### **Declining Economic Conditions**

While the Massachusetts workforce system has been able to maintain relatively high job placement rates during the past two years, it is clear that economic conditions have impacted the entry wages and hours per week for exiters from the Title I program. This has resulted in reduced earnings in the post-program period. There is much evidence to support that economic conditions are the principal reason for this decline.

<u>Economic Factor</u>	CY99	CY00	CY01	CY02	CY03	Pct Change CY03-CY00
Unemployment Rate	3.2%	2.6%	3.7%	5.3%	5.8%	+130%
Annual ES-202 Wages	40,391	44,329	44,976	44,982	45,400	+ 2%
Monthly UI Claimants	63,738	58,697	86,242	107,324	103,951	+ 77%
Annual UI Exhaustees	55,546	55,271	66,221	119,164	125,637	+127%

After a steady rise in average area wages, with a 10% increase in CY00 from CY99, wages have been essentially flat for three years. The Fall 2003 Regional Labor Market Information Profile produced by the Economic Research unit of the Division of Unemployment Assistance (DUA) shows that the industries with the largest number of claimants and highest job losses are industries with traditionally higher average wages. These industry sectors include Manufacturing, Professional and Business Services, and Information Technology. In addition, the most recent DUA Job Vacancy survey shows that one-third of job openings were part-time (less than 30 hours per week) and fifteen percent of jobs were temporary or seasonal. These conditions have resulted in decreased entry wages and weekly hours for many Title I exiters.

#### **Changes in USDOL Performance Period**

The USDOL Training and Employment Guidance Letter 14-03, issued November 13, 2003, has established the four quarter period for Title I exiters from April 1, 2002 through March 31, 2003 as the "exit cohort" to be used for the PY03/state FY04 Annual Report. The exiters from the first six months of this period (April 1, 2002 to September 30, 2002) were already reported in the PY02/FY03 Annual Report. The performance for this group, with recent wage matching updates, is as follows:

	<u>Exiters</u> <u>Count</u>	<u>Post-Pgm</u> <u>Earnings</u>	<u>Pre-Pgm</u> <u>Earnings</u>	<u>Earnings</u> <u>Gain</u>	<u>FY03</u> <u>Goal</u>	<u>Pct of</u> <u>Goal</u>
Adult	668	\$7,510	\$4,675	\$2,835	\$3,900	73%
Older Youth	125	\$4,143	\$1,851	\$2,292	\$3,000	76%

#### **Massachusetts Goals Compared to National and Regional Averages**

From information provided by the USDOL Regional Office, it appears that the Commonwealth's goals exceed national and regional averages for these measures by 10% to 15%. The Commonwealth is requesting a \$400 decrease in the adult goal to \$3500 and a \$300 decrease in the youth goal to \$2700. These reductions will allow the Commonwealth an opportunity to at least meet the 80% of goal minimum with the performance results already reported but still represent the intent of the Commonwealth to encourage significant earnings gain for Title I adult and youth participants.

**COMONWEALTH OF MASSACHUSETTS**

**WIA TITLE I PERFORMANCE MEASURES**

**PERFORMANCE GOALS FOR YEAR 4 AND YEAR 5 (Revised May 12, 2004)**

PERFORMANCE MEASURE	MA Year 1 (FY01) Goal	MA Year 2 (FY02) Goal	MA Year 3 (FY03) Goal	MA Year 4 (FY04) Goal	MA Year 5 (FY05) Goal
<b>ADULT</b>					
Entered Employment Rate	71.0%	72.0%	73.0%	73.5%	74.0%
Six Months Retention Rate	80.0%	81.0%	82.0%	82.0%	82.0%
Six Months Earnings Gain *	\$3,700	\$3,800	\$3,900	\$3,500	\$3,500
Employed with Credential Rate	60.0%	60.0%	60.0%	60.0%	60.0%
<b>DISLOCATED WORKER</b>					
Entered Employment Rate	77.0%	78.0%	79.0%	79.5%	80.0%
Six Months Retention Rate	87.0%	88.0%	89.0%	89.0%	89.0%
Earnings Replacement Rate	92.0%	93.0%	94.0%	94.0%	94.0%
Employed with Credential Rate	60.0%	60.0%	60.0%	60.0%	60.0%
<b>OLDER YOUTH</b>					
Entered Employment Rate	63.0%	64.0%	65.0%	65.5%	66.0%
Six Months Retention Rate	77.0%	78.0%	79.0%	79.0%	79.0%
Six Months Earnings Gain **	\$3,150	\$3,250	\$3,000	\$2,700	\$2,700
Employed with Credential Rate	50.0%	50.0%	50.0%	50.0%	50.0%
<b>YOUNGER YOUTH</b>					
Skill Attainment Rate	72.0%	73.0%	74.0%	76.0%	77.0%
Diploma Attainment Rate	55.0%	56.0%	57.0%	57.0%	57.0%
Twelve Months Retention Rate	54.0%	55.0%	56.0%	57.0%	58.0%
<b>CUSTOMER SATISFACTION</b>					
Participant Exiter (points)	70.0	71.0	72.0	75.0	75.0
Employer (points)	70.0	71.0	72.0	72.0	72.0

\* The Adult Earnings Gain has been revised from \$3,900 to \$3,500 for FY04 and FY05.

\*\* The Older Youth Earnings Gain has been revised from \$3,000 to \$2,700 for FY04 and FY05.