



MASSACHUSETTS

Workforce Investment Act

WIA Communication No. 01-58**☒ Policy ☐ Information**

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
DET Regional Directors
DET Area Directors

cc: WIA State Partners

From: Jonathan Raymond, President
Commonwealth Corporation

Date: December 27, 2001

Subject: **WIA TITLE I PERFORMANCE INCENTIVES AND SANCTIONS**

Purpose: To provide CEOs and Workforce Investment Boards with the Commonwealth's policy under the Workforce Investment Act (WIA) on both incentive awards for exemplary local performance on the Title I core measures as well as potential sanctions for failing to meet negotiated levels of performance.

Background: Section 666.400 of the WIA Final Regulations requires that States use a portion of the funds reserved for Statewide workforce investment activities under WIA Title I to provide incentive grants to local areas for exemplary performance on the local measures incorporated in the local plan. The amount of funds and the criteria used for determining exemplary performance levels needed to qualify for the incentive grants are to be determined by the Governor.

Section 666.420 of the WIA Final Regulations outlines the sanctions, technical assistance activities and corrective actions required of States if a local area fails to meet the negotiated levels of performance for the Title I core indicators.

The US Department of Labor (USDOL) issued Training and Employment Guidance Letter No. 8-99 on March 3, 2000. This TEGL describes the incentive and sanction processes to be used by USDOL in relation to the State's aggregate

performance on the core indicators. The Commonwealth has developed this policy for local performance by drawing from the outlined federal-to-state processes.

Policy: The Commonwealth will follow the attached policies and procedures in determining exemplary local performance on the Title I core measures and in issuing incentive awards. The seventeen Title I core performance measures are defined in WIA Communication 00-23 and the negotiated local level of performance for each measure are incorporated in the FY2001 Title I MOU of the Local WIA Five Year Plan.

For each local area that is determined to have achieved exemplary performance on FY2001 Title I performance, the Commonwealth will make an incentive award in the amount of \$20,000 from FY2002 WIA Title I Statewide 15% funds.

For any local area failing to meet the required local levels of performance, the Commonwealth will use the attached procedures to develop technical assistance activities and strategies to improve local performance. There are no financial sanctions for failing to meet performance levels in the first program year, other than failing to be eligible for an incentive award.

References: Workforce Investment Act of 1998, Sections 134 and 136
WIA Final Regulations, Part 666, Federal Register, August 11, 2000
USDOL TEGL 8-99, Negotiations, Incentives and Sanctions, March 3, 2000
WIA Communication 00-23, WIA Title I Performance Measures, June 7, 2000

Effective: This policy outlines the incentive and sanction processes to be used by the Commonwealth for performance results for the first program year of WIA Title I activities (federal Program Year 2000; state Fiscal Year 2001). Due to the methods and data sources used in the calculation of some of the Title I measures, the final results for the FY2001 program will not be available until December 2001. Subsequent to the Commonwealth's submission of the Annual Report of Title I Performance to USDOL in December 2001, the Commonwealth will issue to local areas the FY2002 Incentive Awards based on FY2001 performance on the core indicators.

Inquiries: Questions related to this policy should be directed to Gene White at (617) 727-8158, extension 1391.

Filing: Please file this in your notebook of previously issued WIA Communication Series Issuances as #01-58.

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 TEGL 8-99, the following ranges will be used:

- Exceeds – Score of 100% or higher of the negotiated performance level;
- Meets – Score of 80% 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 17 core measures will be classified according to these categories. The performance scores will also be clustered by four program performance groups: adults, dislocated workers, youth and customer satisfaction. The adult and dislocated worker groups are comprised of four core measures. The youth grouping includes the four older youth and three younger youth core measures. For customer satisfaction, the two measures for participant and employer satisfaction are included.

For each of the four 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 four groups. For example, if the performance scores for the four adult measures are 90, 100, 100, and 110, the average performance score for the adult group will be equal to 100 (sum of the four scores divided by four).

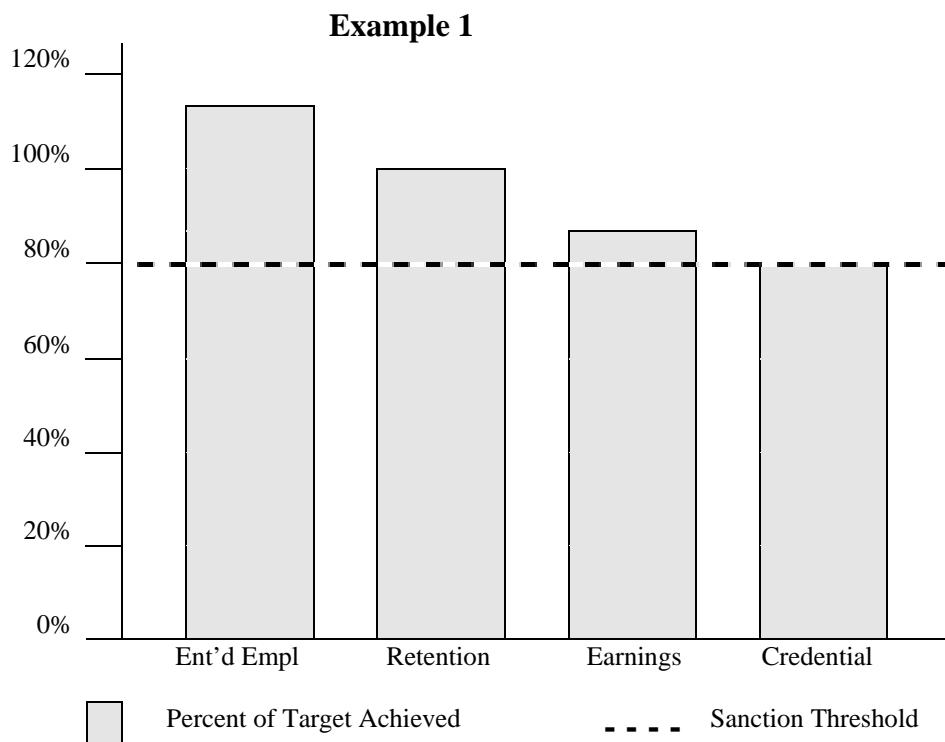
B. Incentive Awards

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

1. The performance score for each of the 17 core measures must meet or exceed performance levels, i.e., must be at 80% or higher of the negotiated performance level for each measure; and
2. The aggregate or cumulative score for each of the four program performance groups must exceed performance levels, i.e., must average 100% or higher for the adult, dislocated worker, youth and customer satisfaction performance areas.

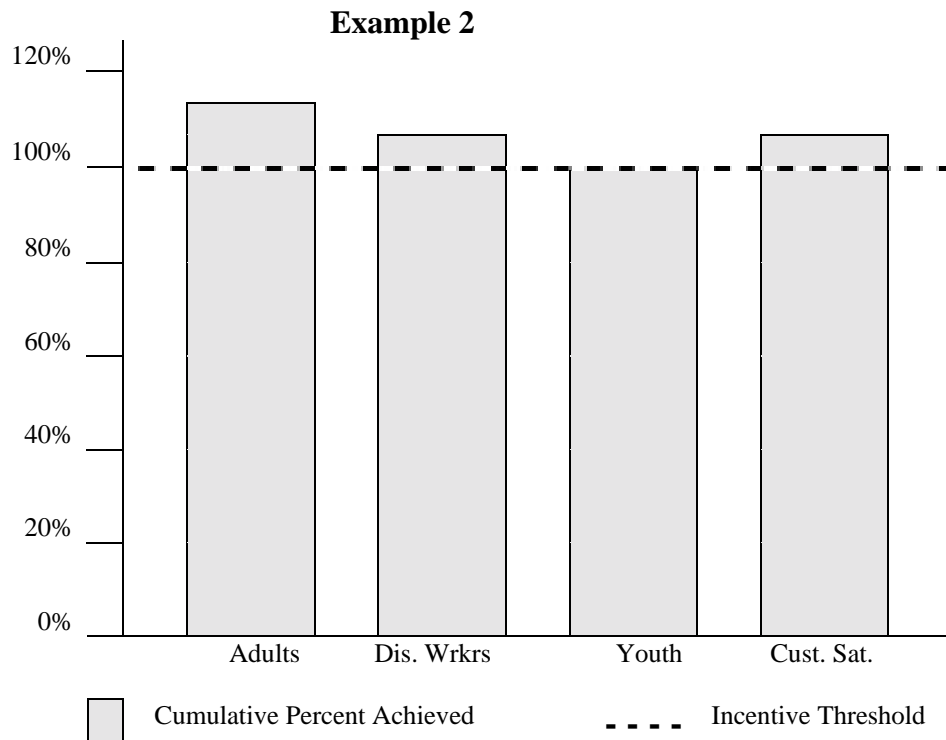
LWIBs achieving both the minimum score of 80% on every measure as well as averaging at least 100% in each of the four program groups will be determined to have achieved exemplary performance and will qualify for an incentive award allotment. The amount of the award will be \$20,000 per LWIB.

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.

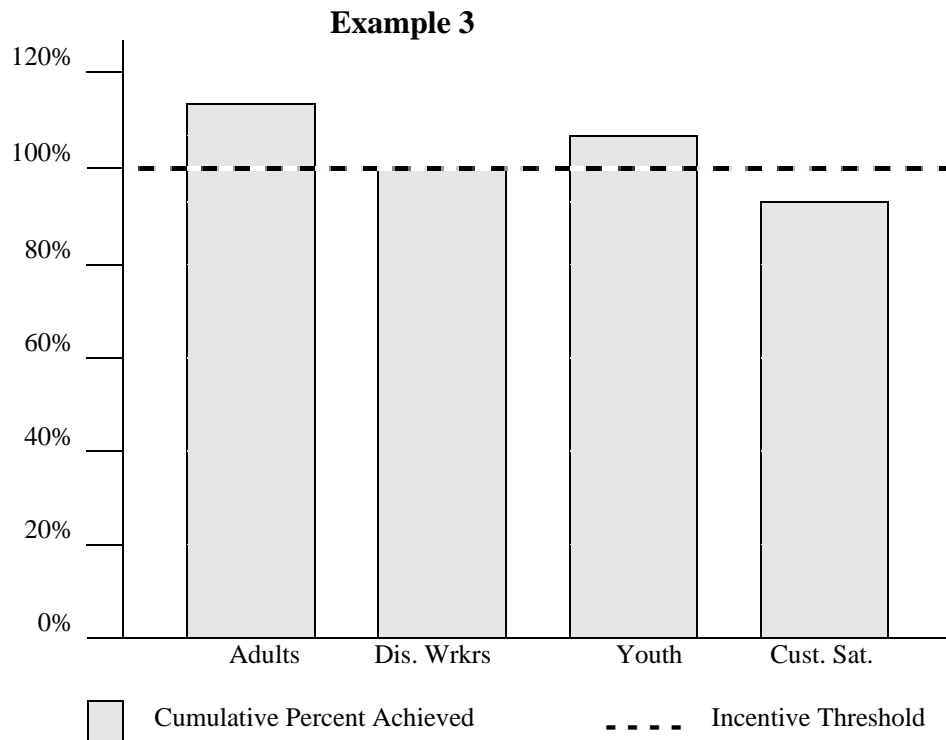


Example 1 shows the four performance measures for the adult performance group, and the extent to which an LWIB exceeded or fell below the negotiated performance levels on each of those measures. Note that the LWIB did not achieve two of the targets. However, since the performance on each of the measures was above the 80% 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 show 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 and customer satisfaction) of 100% or greater, and if the local area does not fall below 80% 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 110% cumulative score for the two customer satisfaction measures (and did not fall below 80% of negotiated target on any of the measures). The LWIB would qualify for an incentive award.



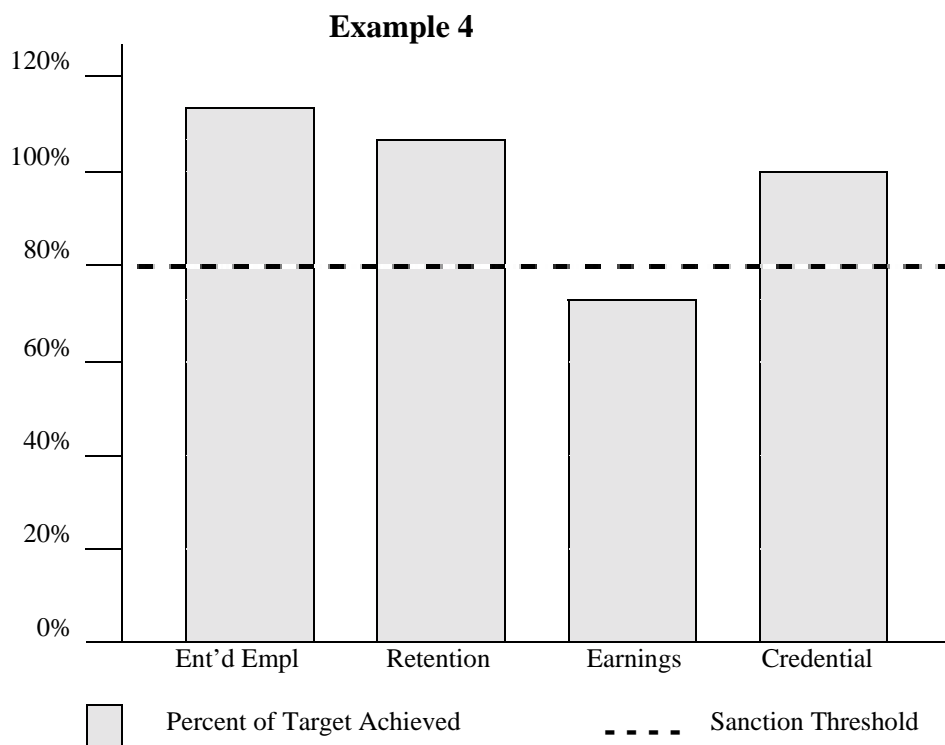
In example 3, an LWIB has cumulative program group scores of 100% or higher of negotiated performance levels in three program groups but less than 100% as a cumulative score on customer satisfaction. The LWIB would not qualify for an incentive award. The cumulative program scores will not be averaged across the four program groups to produce a single summary score for all 17 measures. An LWIB cannot make up a deficit in one program performance group by exceeding performance in another.

C. Incentive Award Process

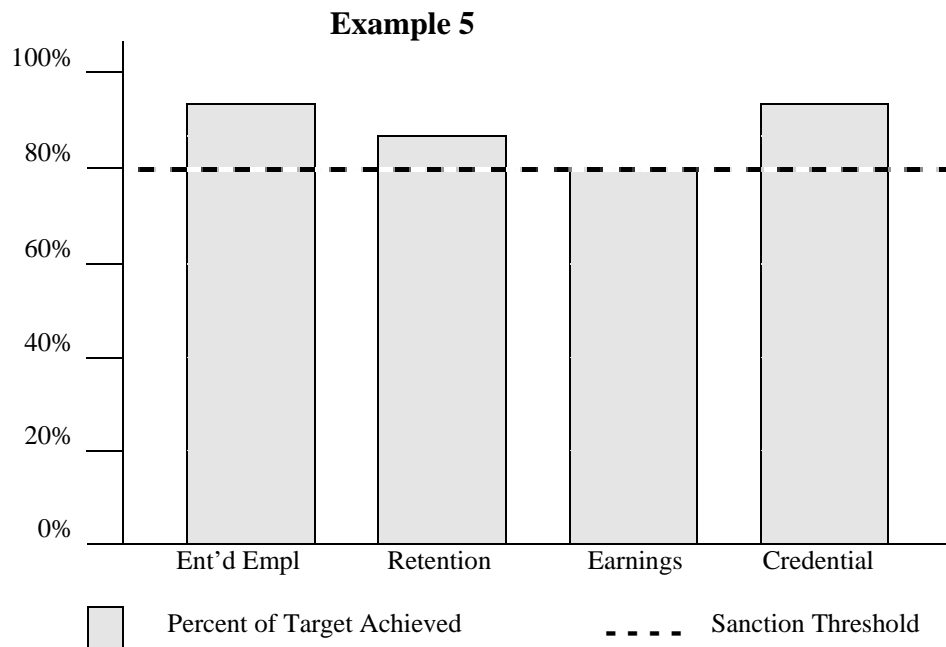
Similar to the federal-to-state incentive award process, where states are determined eligible and then must submit an application in response to the USDOL solicitation for incentive grants, the Commonwealth will require LWIBs to submit a plan for the use of incentive awards. The performance scores for 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 in December 2001 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

Local plans include the negotiated levels that have been established by each LWIB for each of the 17 core performance measures. The lowest acceptable performance score is calculated as 80% of these established 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 this threshold of 80% on any of the performance measures, 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 three measures by performing 110% on entered employment, 105% on retention, and 100% on credential attainment, 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.



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 in Year One

The first year that a LWIB experiences unacceptable performance, the Commonwealth will provide technical assistance. 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 core 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.

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.