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TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS

FROM: JANE OATES
Assistant Secretary

SUBJECT: Negotiating Performance Goals for the Workforce Investment Act (WIA) Title 1B Programs and Wagner-Peyser Act Funded Activities for Program Year (PY) 2012

1. Purpose. To inform states of the guidelines for negotiating WIA Title 1B program performance and customer satisfaction goals and performance levels for Wagner-Peyser Act funded activities for PY 2012. These performance goals, once agreed upon between the State and the Employment and Training Administration (ETA), will be incorporated into the State's Strategic Plan.

2. References.

- WIA Section 136;
- WIA regulations at 20 CFR Part 666 and Part 661;
- *Workforce Investment Act Annual Report: General Reporting Instructions and ETA Form 9091*, Revised 2010;
- *ETA 9002 and VETS 200 Data Preparation Handbook*, ET Handbook No. 406, released in February 2009;
- Training and Employment Notice No. 8-10 *Workforce Investment Act Self–Service Participant Reporting - What, Where and How*;
- Training and Employment Guidance Letter (TEGL) No. 21-11, *Requirements for 2012 State Workforce Plans*;
- TEGL No. 29-10, *Negotiating Performance Goals for the Workforce Investment Act, Title 1B Programs and Wagner-Peyser Act Funded Activities for Program Year (PY) 2011*;
- TEGL No. 9-07, *Revised Incentive and Sanction Policy for Workforce Investment Act Title 1B Programs*;

RESCISSIONS TEGL 29-10 TEGL 29-10, Change 1	EXPIRATION DATE Continuing

- TEGL No. 17-05 and 17-05 Change 2, *Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues*; and
- TEGL No. 11-01, and 11-01 Change 1, *Guidance on Revising Workforce Investment Act State Negotiated Levels of Performance.*

3. Background. The intent of this guidance is to clarify the performance measures for which States will be held accountable in PY 2012, provide an outline of the negotiations process, and provide a description of the factors that should be considered during the negotiation of State and local performance goals. Additional information is available on ETA's performance Web site at http://www.doleta.gov/performance/guidance/negotiating.cfm. In addition, this guidance provides national performance targets required for the Government Performance and Results Act of 1993 (GPRA) and the more recent GPRA Modernization Act of 2010 (Pub. L. 111-352), also referred to as the GPRA goals. The GPRA goals are used by Congress and the Office of Management and Budget to (OMB) evaluate the success of Federal programs, including those operated by States and local areas.

As the economy began to severely contract in 2009, the U.S. Department of Labor (Department) developed a regression model that explicitly took into account changes in labor market conditions when setting the national GPRA targets, holding constant the characteristics of the participants being served. This model was subsequently applied to the common performance measures at the State and local level for use in their negotiations of performance goals with ETA. The model is to be utilized as a tool to assist State and local areas negotiate State and local performance targets for the common measures. The regression targets should be utilized as a starting point when negotiating performance goals for PY 2012.

4. Changes to the Negotiations Process. Negotiations will continue to take place between the States and corresponding ETA regional offices. Specific guidance regarding contacts and time frames will be provided to the States by the appropriate regional office.

As with previous negotiations, States must establish PY 2012 performance levels for the Wagner-Peyser Act component of the State Plans when they negotiate performance levels for the WIA Title 1B programs. In order to ensure negotiated goals are in alignment with the vision and strategic goals described in the new State Plans, the option to extend previous years' goals without a negotiation process is not available for PY 2012. All States must negotiate their PY 2012 performance goals in accordance with the guidance contained herein. The regression adjusted performance targets for all states and local areas are available at https://sites.google.com/site/wiaexchange/home (which State and Regional personnel can access using an existing Google account or by creating an account and requesting access to the page) for use in PY 2012 negotiations. (See section 10 for further discussion about the regression adjusted targets.)

The State Plan guidance for PY 2012 describes the options States have for the date of their State Plan submission (see TEGL 21-11, http://wdr.doleta.gov/directives/attach/TEGL/tegl_21_11_acc.pdf). If a State submitted its full State Plan by April 16, 2012, then the proposed performance levels for PY 2012 were also due to

the appropriate Regional Administrator no later than April 16, 2012. If a State requested, and was approved for, a temporary extension of its PY 2011 State Plan into PY 2012, then the State may also temporarily extend its PY 2011 performance goals. States must submit their proposed PY 2012 performance goals at the time of the full State Plan submission. The deadline for the extended submission timeline is no later than September 17, 2012, as outlined in TEGL 21-11. With regard to the extended timeline, States that submit their full State Plans after April 16, 2012 will operate under the PY 2011 performance goals until the final performance goals for PY 2012 have been negotiated and agreed upon, which must be no later than December 31, 2012. Once PY 2012 performance goals have been negotiated and agreed upon, they will be implemented retroactively to July 1, 2012.

5. Methodology for Assessing Performance Against Negotiated Levels. For both WIA Title 1B programs and Wagner-Peyser Act programs, the floor of the range for acceptable performance is 80 percent of the negotiated level of performance. Performance on an individual measure will be interpreted based on the position of the outcome relative to the negotiated performance goal using the Exceeds, Meets, and Fails criteria defined below.:

- **Exceeds** - when the actual performance achieved against an individual performance measure is in excess of 100 percent of the negotiated level of performance for the measure;

- **Meets** - when the actual performance achieved against an individual performance measure falls in the range of 80 to 100 percent of the negotiated level of performance for the measure; and

- **Fails** - when the actual performance achieved against an individual performance measure is less than 80 percent of the negotiated level of performance.

For example, if a state negotiates a 90 percent goal for the employment retention rate indicator, the State would:

- **Exceed** the goal if the actual performance level achieved was greater than 90 percent;

- **Meet** the goal if the actual performance level achieved was greater than or equal to 72 percent and less than 90 percent; and

- **Fail** the goal if the actual performance level achieved was less than 72.0 percent.

While whole percentages are used in this example, it should be noted that this is simply because 80 percent of the negotiated 90 percent happens to be exactly 72 percent. There will be no rounding up in interpreting performance results as negotiated performance levels and results are stated to the tenth of a percent. This means that, in the above example, 89.9 percent would be considered a Meet. States may continue to use additional distinctions to differentiate performance within the **Meets** category.

These three categories are consistent with WIA regulations (http://www.doleta.gov/performance/guidance/laws_regs.cfm):

> 666.220(b)(3) The State exceeded the State negotiated levels of performance for title I, the levels of performance under title II and the levels for vocational and technical programs under Carl D. Perkins Vocational and Technical Education Act. (WIA sec. 503 (b));
>
> 666.230(c) (2) The extent to which the negotiated levels of performance were exceeded; and
>
> 666.240(d) Only performance that is less than 80 percent of the negotiated levels will be deemed to be a failure to achieve negotiated levels of performance.

6. WIA Incentive Grant Eligibility. For WIA Title 1B programs there are two levels in measuring performance for incentive awards: 1) the individual measure, which must exceed 90 percent of the negotiated goal; and, 2) the average for a specific cluster of measures, which must exceed 100 percent for states to be considered eligible for an incentive. For more information please refer to TEGL 09-07 regarding the specific guidelines around incentive grant eligibility.

7. Applicable Performance Measures for the PY 2012 Performance Negotiations Process. The negotiations process will focus on establishing 20 agreed-upon levels of performance for WIA and Wagner-Peyser Act programs for those States reporting statutory measures. The 20 performance measures include the 17 statutory WIA indicators of performance (15 Adult, Dislocated Worker, and Youth program measures and two customer satisfaction indicators) and three Wagner-Peyser Act performance measures.

For those States that requested a waiver to report common performance measure outcomes only, and received approval to do so in accordance with the waiver authority granted to the Secretary of Labor at WIA section 189(i)(4), the negotiations process will focus on establishing a total of nine agreed upon levels of performance for the WIA Adult, Dislocated Worker and Youth programs and the three Wagner-Peyser Act measures. For these States, the three adult common measures will be applied separately to the WIA Adult and Dislocated Worker programs, and the three youth common measures will be applied to the WIA Youth program. The table below summarizes the performance measures involved in the negotiations process. States with an approved common measure waiver will only have to negotiate the common and Wagner-Peyser measures listed in the table. The remaining States will have to negotiate goals for the WIA measures and Wagner-Peyser measures identified in the table.

Applicable Performance Measures

WIA Measures				Common Measures			Wagner-Peyser Measures (All States)
Adult	**Dislocated Worker**	**Youth**	**Customer Satisfaction**	**Adult**	**Dislocated Worker**	**Youth**	
Entered Employment Rate	Entered Employment Rate	Older Youth Entered Employment Rate	Participant American Customer Satisfaction Index	Entered Employment Rate	Entered Employment Rate	Placement in Employment or Education	Entered Employment Rate for Total Exiters
Employment Retention Rate	Employment Retention Rate	Older Youth Employment Retention Rate	Employer American Customer Satisfaction Index	Employment Retention Rate	Employment Retention Rate	Attainment of a Degree or Certificate	Employment Retention Rate for Total Exiters
Employment and Credential Rate	Employment and Credential Rate	Older Youth Credential Rate		Average Six Months Earnings	Average Six Months Earnings	Literacy and Numeracy Gains	Average Six Months Earnings for Total Exiters
Average Six Months Earnings	Average Six Months Earnings	Older Youth Earnings Change					

WIA Measures				Common Measures			Wagner-Peyser Measures (All States)
Adult	**Dislocated Worker**	**Youth**	**Customer Satisfaction**	**Adult**	**Dislocated Worker**	**Youth**	
		Younger Youth Skill Attainment					
		Younger Youth Diploma or Equivalent Rate					
		Younger Youth Retention Rate					

Below are the source documents with definitions and related reporting specifications for the applicable performance measures:

- **The 17 WIA performance measures**
  - TEGL No. 17-05, *Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues* (http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf); and
  - *Workforce Investment Act Annual Report: General Reporting Instructions and ETA Form 9091*, Revised 2010 (http://www.doleta.gov/performance/guidance/WIA/WIAAnnualReportSpecifications.pdf); and,

- **The WIA Youth program common measures**
  - TEGL No. 17-05, *Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues* (http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf);
  - TEGL No. 17-05, Change 2, *Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues*(http://wdr.doleta.gov/directives/attach/TEGL17-05c2acc.pdf); and
  - *Workforce Investment Act Annual Report; General Reporting Instructions and ETA Form 9091*, Revised 2010 (http://www.doleta.gov/performance/guidance/WIA/WIAAnnualReportSpecifications.pdf);

As required since PY 2007, all States must continue to collect and report against the three youth common performance measures for the entire youth population (older and younger youth combined) in PY 2012. However, when considering performance measures in the incentive awards and sanctions determinations for States, the reported common measures outcomes will only be considered for those States that have received an approved waiver to implement and report against "WIA common performance measures only." ETA will not consider performance against these measures for those states that are accountable for outcomes on the full 17 WIA statutory measures.

Please note that for purposes of WIA incentive awards and sanctions determinations, the applicable performance measures are listed in TEGL 9-07, *Revised Incentive and Sanction Policy for WIA Title IB Programs* (http://wdr.doleta.gov/directives/attach/TEGL09-07.pdf).

- **The three Wagner-Peyser Act program performance measures**
  - TEGL No. 17-05, *Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues* (http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf); and
  - *ETA 9002 and VETS 200 Data Preparation Handbook*, ET Handbook No. 406, released in February 2009 (http://www.doleta.gov/performance/guidance/WIA/ET-406-Handbook-Expiration-022809_tookout%20on%20mar-16-07.pdf).

States should also be aware that the Veterans' Employment and Training Service (VETS) will issue separate guidance on negotiating PY 2012 veterans' performance targets with State workforce agencies. This negotiation of specific levels of performance for veterans includes: 1) performance targets for veterans served by One-Stop employment services; and, 2) grant-based performance targets for veterans served through the Jobs for Veterans state grants.

8. Reaching Agreement on State Performance Levels. States should use negotiated levels of performance to drive continuous improvement and enhance customer satisfaction. In proposing performance targets for both WIA Title 1B and Wagner-Peyser Act programs, States should negotiate their goals within the context of integrated service delivery, priority of service, local economic conditions, customers served and workforce solutions that contribute to the economic competitiveness of their state and local areas.

A. Customers to Be Served

Customers served by the local area may have a significant impact on outcomes depending on the type of services provided and other factors unique to the population. In accordance with WIA Section 195(1), which states that services should be targeted to, "those who can benefit from, and who are most in need of, such opportunities," ETA encourages States to serve those individuals with barriers to employment and individuals more at-risk of not connecting to the labor market, including those who were incarcerated, homeless, veterans, individuals with disabilities, and out-of-school youth. States should bring appropriate and sufficient information to the negotiation process that demonstrates either their past performance in serving these populations and/or their current strategy for serving these populations. Note that the regression model explicitly takes these factors into account when estimating the regression adjusted targets.

ETA will consider adjusting performance targets to accommodate States currently serving a significant number of at-risk individuals who need higher levels of service to achieve a positive labor market outcome and who are not accounted for in the model. States that have ongoing initiatives for serving at-risk individuals, who are not included in the regression model, may work with their respective Regional Administrator to negotiate appropriate goals for PY 2012. During the negotiations process, States must provide data to support adjustments of goals based on numbers of individuals with barriers currently being served. This data should show increasing numbers of at-risk individuals in past performance years. As well, the State must demonstrate that participants with these barriers will exit in the negotiated performance year, as well as how these individuals will quantitatively impact the performance outcomes.

When negotiating youth goals, States should consider the importance of serving the neediest youth, especially out-of-school youth, including youth in foster care, youth in the juvenile justice system, children of incarcerated parents, migrant youth, as well as youth with disabilities and Native American youth. States that transition to serving a higher percentage of these more difficult to serve populations should take this into account when proposing performance levels for the youth goals since serving a greater percentage of the neediest youth may impact outcomes. Again, it is important to note that the regression model accounts for many, if not all, of these groups. States that are serving a greater percentage of omitted groups should provide evidence that shows how outcomes may be impacted by serving this population, citing academic or other studies that identify the quantitative impact.

Efforts to expand services to at-risk populations are consistent with WIA legislation. WIA Section 101(13) defines "eligible youth" as a "low-income individual between the ages of 14 and 21 who is deficient in basic literacy skills, a school dropout, homeless, a runaway or foster child, pregnant or parenting, an offender, or an individual who requires additional assistance to complete an educational program or hold employment." Section 112 (b)(17)(A)(iv) requires that the State Plan, "describe how the state will serve the employment and training needs of dislocated workers (including displaced homemakers), low-income individuals (including recipients of public assistance), individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals and individuals with disabilities)." Section 134(d)(4)(E) requires that priority must be given to recipients of public assistance and other low-income individuals for intensive services and training services.

When negotiating goals for the adult program, States proposing new efforts to increase access to services for special populations who may face significant barriers (such as veterans, older workers, individuals with disabilities, migrant or seasonal farm workers, Indian and Native Americans or Temporary Assistance for Needy Families recipients) should provide evidence to show how these new efforts will impact WIA Adult, WIA Dislocated Worker and/or Wagner-Peyser Act outcomes. If these populations are included in the regression adjustment methodology then changes in these groups are already accounted for. If the groups are not included, the State should provide scholarly evidence that quantifies the level of impact to expect. ETA supports efforts that will help States better tap into a wider variety of available workers. Available performance data indicate that the workforce investment system's employment and training programs have positive impacts on individuals' employment, including traditionally underserved populations. ETA expects States to document how outcomes are impacted by changes in the mix of participants served.

For future negotiations, ETA invites States to suggest mechanisms for expanding services to at-risk populations within our current performance framework. Suggestions should be e-mailed to ETAperforms@dol.gov.

B. Continuous Improvement

WIA Section 136 (b)(3)(A)(iv)(III) encourages continuous performance improvement or, "the extent to which performance levels involved, promote continuous improvement in performance on the performance measures by state workforce agencies ensure optimal return on investment for Federal funds." Continuous improvement should be considered in all aspects of the negotiations process. Utilizing the tools available for negotiation of state performance goals, such as the regression model targets, GPRA goals, and previous year's results, provide an informational foundation from which expected performance can be agreed upon, but should be considered a starting point from which to negotiate towards improvement upon past performance.

C. Tools for Proposing Levels of Performance

The following tools and process guidelines provide a uniform framework for States to use to set performance goals that demonstrate this commitment. These tools and guidelines are designed to aid the negotiations process. Final performance levels must be negotiated and agreed upon by the State and the ETA Regional Administrator no later than June 30, 2012, for those states that have submitted their full State Plan by April 16, 2012, and no later than December 31, 2012 for those States that request and are approved for an extension on the submission date of their State Plans as explained in greater detail in TEGL 21-11.

Prior to proposing levels of performance for the applicable performance measures to the appropriate Regional Administrator to begin the negotiations process, as discussed further in Part B of this section (and **Attachment I and II**), States should review and make use of the following resources/tools to ensure that these factors have been considered in determining proposed levels and that there is a sound rationale for their proposed levels of performance:

I. *Past performance*. States should use historical, annual performance information (PY 2006-2010) to determine projected levels of performance for PY 2012. Recent quarterly performance results should also be used to inform the performance path the State is following. Wagner-Peyser Act funded activities began reporting against the common performance measures in PY 2005 and now have more than six full years of data on which to base future performance projections. The Department anticipates that States will submit proposed levels of performance that reflect continuous improvement in service provision and quality.

While States should have ready access to their own historical performance information, various tools and resources are available to examine all States' performance data, including State by State files (www.doleta.gov/Performance/results/wia_national_performance.cfm); VETS' performance data (http://www.dol.gov/vets/vetoutcomes/index.htm); and Bureau of Labor Statistics (BLS) data for employment, industries, counties, average earnings, etc. (www.bls.gov/cew/home.htm). When using BLS data as a guide, States should be careful to consider the timeframes covered by BLS employment and wage information, and the relative time periods in which WIA and Wagner-Peyser Act exiters enter employment and obtain post-program earnings.

II. *GPRA goals*. Throughout the performance negotiations process, States should be aware of GPRA goals the Department established through PY 2014. The regional offices will use GPRA goals as one of several benchmarks by which to gauge their States' proposed performance levels in the context of these national system goals. GPRA is an important mechanism by which Congress and OMB evaluate the success of Federal programs, including those operated by States and local areas. GPRA goals for the Department's WIA Adult and Dislocated Workers and Wagner-Peyser Act programs, in addition to other national programs, are listed in **Attachment III**, and more information is available at http://www.doleta.gov/Performance/goals/gpra.cfm.

III. *The effects of economic and demographic variables and other factors*. WIA Section 136(b)(3)(A)(iv) (see http://www.doleta.gov/usworkforce/wia/wialaw.htm#sec136) addresses additional factors, such as differences in economic conditions, characteristics of participants, and services to be provided, that should be considered in the negotiation process.

Attachment IV contains a description of the time periods during which individuals should have exited program services to be included in the different performance measures. This attachment will assist states in their analysis of the impact of a given variable on the different measures against which the state will be negotiating levels for PY 2012 (and including in their WIA Annual Report submissions for PY 2012).

D. Process for Reaching Agreement on State Performance Levels

The process for reaching agreement on State performance goals will include the following steps, and as outlined in the attached timeline (**Attachment I and II**):

I. After conducting their own analysis of factors that may affect performance, as discussed above (in Part A of this section), States will propose levels of performance for each of the applicable performance measures for PY 2012 by submitting these proposed levels to the Regional Administrator serving the State. Proposed performance levels should be stated to a tenth of a percent (XX.X%). If a State submitted its full State Plan by April 16, 2012, then the State submitted its proposed performance levels to the appropriate Regional Administrator April 16, 2012. If a State requested and was approved for a temporary extension of its PY 2011 plan for a portion of PY 2012, then the State must submit its proposed performance goals at the time of full plan submission. Full State Plans must be submitted by September 17, 2012, as outlined in TEGL 21-11 section 10. However, Regional Offices will work with States to begin the negotiations process in parallel with the planning process in order to ensure that final levels are agreed upon by June 30, 2012, for States that have submitted their full State Plans by April 16, 2012 or, where the PY 2011 plans have been extended, by that time in which the full State Plans have been accepted and approved, to be completed no later than December 31, 2012.

When submitting the proposed levels, States should provide the following as support for the levels (see Section I and II of the State Integrated Workforce Plan Requirements or Part I Section F of the Unified Planning Guidance):

- The methodology used for developing proposed levels of performance, including a description of data sources, calculations, and additional environmental factors (such as those previously addressed in TEGL 9-07, and discussed in sections 5-7 of this guidance).
- How the target levels will promote **continuous improvement** in State performance.

When submitting the proposed levels for review, States should also include a discussion of how the proposed levels will positively impact customer satisfaction with services received and the extent to which the proposed levels ensure optimal return on investment of Federal funds. (See WIA Section 136(b)(3)(A)(iii) and (iv).)

II. The Regional Office will review the analyses used by the State to develop the proposed performance levels and work with the state to set mutually agreed upon levels of performance. Regional Offices will take into account the environmental factors addressed by the State, including current and future economic conditions. The Regional Office will consider the proposed levels in light of previously negotiated goals, past performance results, national GPRA goals, and the regression adjusted targets. The Regional Administrator will utilize the regression adjusted targets as a tool in determining a lower bound, or floor, from which to begin negotiations. Additionally, Regional Offices will consider the quality of the data presented by the State, including its relevance, source, the time period from which it is drawn and whether the data are part of a trend or are anomalous.

The negotiations process will focus on whether each performance level appears appropriate in light of statutory criteria and this guidance, and the adequacy of any information the State offers to substantiate each level. If a Regional Office determines, through their analysis, that a State could increase its proposed performance levels to more fully support continuous improvement and customer satisfaction strategies, negotiations with the State to obtain mutually agreed upon higher performance levels will take place.

III. Once the performance levels are agreed upon, the Regional Administrator will send a letter to the State confirming the finalized performance levels. This letter constitutes a modification to the State Plan and serves to incorporate the agreed upon performance goals into the State Strategic Plan.

9. Inclusion of Performance Goals in State Plans. States are required to submit *proposed* levels of performance by April 16, 2012, unless the State has requested a temporary extension of its PY 2011 State Plan for a portion of PY 2012. If the State has an approved extension of the State Plan submission, then the State must submit its proposed levels with their full State Plan no later than September 17, 2012. States must submit the proposed performance levels with their State Plan. States should note that the proposed levels of performance are subject to the same public review and comment requirements that apply to State Plans and Plan modifications. When the State submits the proposed levels to ETA, the State should confirm that it has made the proposed levels available to the public for review and comment.

In accordance with the new State planning guidance as identified in TEGL 21-11, in cases where final agreement on performance goals has not been reached until after the State Plan has been approved, the Regional Administrator's letter advising the States of the agreed upon goals will constitute a modification to the State Plan. For subsequent revisions to performance goals during the life of the State Plan, the Regional Administrator's letter advising the State of the agreed upon goals will also constitute a modification to the State Plan. The State must ensure that the agreed upon goals are included in the State's official copy of the State Plan, and that any published State Plan, on the State's Web site or through other forums, includes the agreed upon goals. ETA will incorporate these performance goals into the Regional and National Office copies of the State Plan.

10. State and Local Regression Analysis. The Department, through the relevant Regional Office, will use the regression-based performance levels as a tool in the negotiations process with all States in the PY 2012 negotiations process. In a similar manner, States are encouraged to utilize the regression-based performance levels as a tool to aid their negotiations with their local areas. Previous experience with the regression model pilot project has demonstrated that the regression-based performance levels would best serve the goal setting process as an additional tool for use in the negotiations process. Regional administrators as well as the States are in no way precisely bound to the regression-adjusted targets; instead, they should employ the regression targets as a floor upon which to build from in order to ensure continuous improvement as outlined in the WIA Section 136 (b)(3)(A)(iv)(III).

This TEGL also provides WIA and Wagner-Peyser Act GPRA goals. These goals support the FY 2013 Congressional Budget Justification, and were developed using a national regression model. National GPRA goals serve as an additional guide for negotiations; however, ETA encourages States and local workforce boards to negotiate performance goals according to the local area labor market and economic conditions.

11. Renegotiation of State Goals. WIA allows for the renegotiation of performance levels if circumstances arise that result in a significant change in the factors used to develop the original performance levels. Such criteria could include significant changes in economic conditions, changes in service mix, or changes in client characteristics. States should notify their Regional Office of any intent to renegotiate their performance. States that renegotiate goals should note that renegotiation after the end of any program year's second quarter (December 31st) eliminates that State from being eligible to receive a WIA incentive grant. TEGL 11-01, Change 1 offers further guidance on renegotiating State goals.

Under 20 CFR 661.230(b)(2), a change in performance indicators is considered a substantial change that must be officially incorporated into the State Plan through a modification. Therefore, States must submit modifications to the State Plan reflecting the agreed upon performance levels. These plan modifications are subject to the same public review and comment requirements that apply to the development of the original State Plan. Therefore, the State must provide an opportunity for public comment on the modification prior to submission to the Regional Office. The agreed upon performance levels are incorporated into the State plans when the Regional Administrator approves the State's modification of its plan. Regional offices will monitor State progress toward achievement of the targets and may request a corrective action plan if a State does not appear on track to achieve its negotiated levels.

12. Action Requested. States are requested to distribute this information to the appropriate State and local staff.

13. Inquiries. Questions concerning this guidance should be directed to the appropriate Regional Office.

14. Attachments.

Attachment I:	Recommended Timeline for the Standard Negotiations Process
Attachment II:	Recommended Timeline for the Extended Negotiations Process
Attachment III:	WIA and Wagner-Peyser Employment Service Performance Goal Levels Established for the Fiscal Year 2012 Congressional Budget Justification and the Government Performance and Results Act
Attachment IV:	Time Periods for Reporting Performance Information in the WIA Annual Report for PY 2011 to PY 2012

ATTACHMENT I
RECOMMENDED TIMELINE FOR A FULL STATE PLAN SUBMISSION BY APRIL 16, 2012 NEGOTIATIONS PROCESS

Date	Action
March - April 2012	Employment and Training Administration (ETA) Regional Offices provided technical assistance on strategic planning as requested by State, including procedures for negotiating performance goals.
No later than April 16, 2012	States formally submitted State Plans to ETA, including the proposed or final performance goals.
May and June 2012	Regional Offices review States' proposed performance goals and work with States to arrive at mutually agreed upon goals.
June 30, 2012	Regional Administrators send approval letter to States regarding the final performance goals. ETA incorporates final performance goals into State Plans.
December 31, 2012	States must notify their Regional Offices by the end of the second quarter if they plan to renegotiate their performance goals and still be considered for that program year's incentive grants (additional criteria must be met also).
March 31, 2013	State may renegotiate their performance goals through the end of the third quarter. **States renegotiating their goals after the end of the second quarter will not meet that eligibility criterion for that program year's Workforce Investment Act incentive grants.**

ATTACHMENT II

RECOMMENDED TIMELINE FOR THE FULL STATE PLAN SUBMISSION BY SEPTEMBER 17, 2012 NEGOTIATIONS PROCESS

Date	Action
March - April 2012	Employment and Training Administration (ETA) Regional Offices provided technical assistance on strategic planning as requested by State, including procedures for negotiating performance goals. States submitted a request to extend their current State Plan, waivers, and performance goals.
No later than September 17, 2012	States formally submit State Plans to ETA, including the proposed or final performance goals.
May through December 2012	Regional Offices review States' proposed performance goals and work with States to arrive at mutually agreed upon goals.
July through December 2012	Regional Administrators send approval letter to States regarding the final performance goals. ETA incorporates final performance goals into State Plans.
December 31, 2012	States must notify their Regional Offices by the end of the second quarter if they plan to renegotiate their performance goals and still be considered for that program year's incentive grants (additional criteria must be met also).
March 31, 2013	State may renegotiate their performance goals through the end of the third quarter. **States renegotiating their goals after the end of the second quarter will not meet that eligibility criterion for that program year's Workforce Investment Act incentive grants.**

ATTACHMENT III

WORKFORCE INVESTMENT ACT (WIA) AND WAGNER-PEYSER EMPLOYMENT SERVICE (WP ES) PERFORMANCE GOALS ESTABLISHED FOR THE FISCAL YEAR 2013 CONGRESSIONAL BUDGET JUSTIFICATION AND THE GOVERNMENT PERFORMANCE AND RESULTS ACT

Program	Measure	Results	TARGETS		
		2010	2012	2013	2014
WIA Adults	Entered Employment	55.2	56.7	57.1	57.9
	Retention	80.0	80.1	80.1	80.1
	Earnings	13,801	14,450	14,765	15,086
WIA Dislocated Workers	Entered Employment	57.3	58.6	58.9	59.6
	Retention	81.9	82.0	82.0	82.1
	Earnings	17,550	18,346	18,737	19,136
WIA Youth	Placement	59.0	59.7	59.9	60.2
	Attainment	59.5	59.6	59.7	59.7
	Literacy	41.5	40.8	40.7	40.4
National Emergency Grants (NEGs)[a]	Entered Employment	69.4	70.7	71.0	71.7
	Retention	83.8	83.9	83.9	84.0
	Earnings	17,155	17,935	18,318	18,709
WP ES[b]	Entered Employment	48.4	49.9	50.3	51.0
	Retention	78.0	78.1	78.1	78.1
	Earnings	13,884	14,510	14,818	15,133

Targets were set based on the estimated effect of unemployment rates on program performance outcomes and Office of Management and Budget's assumptions about future unemployment rates and the Consumer Price Index for all Urban Consumers (CPI-U). The base for setting performance targets is the performance results for Program Year 2010, the most recent program year for which performance results are available. Performance outcomes are aligned with the unemployment rates and CPI-U within the quarters for which each measure is derived for the outcome in each program year.

(a) Estimates from WIA Dislocated Worker were used to set targets for these programs, since Workforce Investment Board area identifiers were not available for NEG-only records.

(b) These estimates are based on WP ES individual records from Pennsylvania and Texas. Individual record data for WP ES are not a required collection; however, these data are collected in these two States through the Workforce Investment Streamlined Performance Reporting system pilot.

ATTACHMENT IV

TIME PERIODS FOR REPORTING PERFORMANCE INFORMATION IN THE WORKFORCE INVESTMENT ACT ANNUAL REPORT FOR PY 2011 AND PY 2012

	Annual Report PY 2011	Annual Report PY 2012
Reporting Item	**Time Period (Exit Cohort) to Be Reported**	
Total Participants	7/1/11 to 6/30/12	7/1/12 to 6/30/13
Total Exiters	4/1/11 to 3/31/12	4/1/12 to 3/31/13
Employer Customer Satisfaction	1/1/11 to 12/31/11	1/1/12 to 12/31/12
Participant Customer Satisfaction	1/1/11 to 12/31/11	1/1/12 to 12/31/12
Adult and Dislocated Worker Performance Measures		
Entered Employment Rate	10/1/10 to 9/30/11	10/1/11 to 9/30/12
Employment Retention Rate	4/1/10 to 3/31/11	4/1/11 to 3/31/12
Six Months Average Earnings	4/1/10 to 3/31/11	4/1/11 to 3/31/12
Employment and Credential Rate	10/1/10 to 9/30/11	10/1/11 to 9/30/12
Older Youth Performance Measures		
Entered Employment Rate	10/1/10 to 9/30/11	10/1/11 to 9/30/12
Employment Retention Rate	4/1/10 to 3/31/11	4/1/11 to 3/31/12
Earnings Change	4/1/10 to 3/31/11	4/1/11 to 3/31/12
Employment and Credential Rate	10/1/10 to 9/30/11	10/1/11 to 9/30/12
Younger Youth Performance Measures		
Skill Attainment Rate	4/1/11 to 3/31/12	4/1/12 to 3/31/13
Youth Diploma or Equivalent Rate	4/1/11 to 3/31/12	4/1/12 to 3/31/13
Retention Rate	4/1/10 to 3/31/11	4/1/11 to 3/31/12