Calculation—Overall State Indicator and Program Scores

States and Federal agencies negotiate to one decimal place. *Actual levels of performance* are calculated by dividing the number of successes within an indicator (numerator) by the total number of participants matching the qualifications for the given indicator (denominator). *Actual levels of performance* are reported by the state for all primary indicators of performance. In the WIOA statewide performance report (ETA-9169), *actual levels of performance* are represented by rounding to the nearest tenth of a percent, but for the purpose of performing these calculations*, actual levels of performance* and *adjusted levels of performance* are neither rounded nor truncated.

In the table below, refer to the column related to the title I Adult program for an example of Employment Rate—2nd Quarter after Exit.

- Numerator = 16,244 (Total number of participants in the denominator that were also employed second quarter after exit.)
- Denominator = 24,000 (Total number of participants that exited during the reporting period.)
- Numerator divided by Denominator $= \dfrac{16,244}{24,000} = 0.676833$
- Rate reported in Annual Report = 67.7%
- Adjusted level of performance = 75.2%

Employment Rate—2nd Quarter after Exit Results by Core Program						
Program	Title I Adult	Title I Dislocated Worker	Title I Youth	Title II AEFLA	Title III Wagner-Peyser	Title IV Vocational Rehabilitation
Numerator	16,244	13,000	20,000	9,000	6,000	31,555
Denominator	24,000	18,000	30,000	15,000	12,000	42,000
Annual Report Value	67.7%	72.2%	66.7%	60.0%	50.0%	75.1%
Adjusted Level of Performance	75.2%	72.5%	76.3%	79.7%	68.7%	65.4%

What figures are used to determine how close actual performance was to the adjusted level of performance?

Each *Indicator Score* is calculated in a similar way. For those indicators reported as a percentage, use both numerator and denominator in the next step.

The *Indicator Score* is calculated by dividing the actual outcome by the *adjusted level of performance.*

$$= \frac{\left(\frac{16,244}{24,000}\right)}{75.2\%} = .90004 \text{ (represented in the report as 90.0\%)}$$

For those indicators not reported as a percentage, such as Median Earnings in the Second Quarter after Exit, use the value in the Annual Report and divide by the *adjusted level of performance*.

How are the Overall State Indicator Scores calculated?

After the *Indicator Score* is calculated for each single primary indicator of performance, it is populated into the below matrix. Each row of *Indicator Scores* is averaged and truncated to one decimal place to produce the *Overall State Indicator Score*. In the example below, the average of the Employment Rate—2nd Quarter after Exit Indicator Scores for the six programs is 0.89985 and is truncated to one decimal place for an *Overall State Indicator Score* of 89.9%.

$$= \frac{\frac{\left(\frac{16,244}{24,000}\right)}{75.2\%}}{6} + \frac{\frac{\left(\frac{13,000}{18,000}\right)}{72.5\%}}{6} + \frac{\frac{\left(\frac{20,000}{30,000}\right)}{76.3\%}}{6} + \frac{\frac{\left(\frac{9,000}{15,000}\right)}{79.7\%}}{6} + \frac{\frac{\left(\frac{6,000}{12,000}\right)}{68.7\%}}{6} + \frac{\frac{\left(\frac{31,555}{42,000}\right)}{65.4\%}}{6} = .89985 = 89.9\%$$

Primary Indicator/ Core Program	Title I Adult	Title I Dislocated Worker	Title I Youth	Title II AEFLA	Title III Wagner-Peyser	Title IV Vocational Rehabilitation	Overall State Indicator Score
Employment 2nd Quarter after Exit	90.0%	99.6%	87.4%	75.3%	72.8%	114.9%	89.9%
Employment 4th Quarter after Exit	87.4%						
Median Earnings 2nd Quarter after Exit	111.8%						
Credential Attainment Rate	130.1%					N/A	
Measurable Skill Gains	84.1%					N/A	
Effectiveness in Serving Employers	N/A						
Overall State Program Score	100.6%						-

How are the Overall State Program Scores calculated?

After the *Indicator Score* is calculated for each primary indicator of performance, it is populated into the above matrix. Each column of *Indicator Scores* is averaged and truncated to one decimal place to produce the *Overall State Program Score*. In the example below, the average of the *Indicator Scores* for the title I Adult program is 1.00689 and is truncated to one decimal place for an *Overall State Program Score* of 100.6%, as shown in the table above.

$$= \frac{\frac{\left(\frac{16,244}{24,000}\right)}{75.2\%}}{5} + \frac{\frac{\left(\frac{15,300}{25,000}\right)}{70.0\%}}{5} + \frac{\frac{\$4,350}{\$3,890}}{5} + \frac{\frac{\left(\frac{17,950}{25,000}\right)}{55.2\%}}{5} + \frac{\frac{\left(\frac{21,600}{30,000}\right)}{85.6\%}}{5} = 1.00689 = 100.6\%$$

Title I Adult Results by Performance Indicator			
Primary Indicator of Performance	**Actual Level of Performance (Numerator/Denominator)**	**Annual Report Value**	**Adjusted Level of Performance**
Employment Rate—2nd Quarter after Exit	$\frac{16,244}{24,000}$	67.7%	75.2%
Employment Rate—4th Quarter after Exit	$\frac{15,300}{25,000}$	61.2%	70.0%
Median Earnings—2nd Quarter after Exit	$4,350	$4,350	$3,890
Credential Attainment	$\frac{17,950}{25,000}$	71.8%	55.2%
Measurable Skill Gains	$\frac{21,600}{30,000}$	72.0%	85.6%
Effectiveness in Serving Employers	N/A	N/A	N/A

Calculation—Adjusted Level of Performance

The Federal agencies estimate levels of performance based on participant characteristics and economic conditions using an objective statistical model. The pre-program year performance estimate is provided to states prior to the start of the program year during the negotiations process and is a factor in reaching agreement on the *negotiated levels of performance*. After the close of the program year, the Federal agencies will:

(1) re-estimate the coefficients in the *statistical adjustment model* with the additional year(s) of data available;
(2) apply the revised coefficients to the same pre-program year participant characteristics and economic conditions used in calculating the estimated levels of performance to generate the pre-program year estimate (*$Estimate_0$*); and
(3) apply the revised coefficients to the characteristics of the actual participants served and the actual economic conditions of the state to estimate the state's actual program year performance (*$Estimate_1$*).

Federal agencies will subtract *$Estimate_0$* from *$Estimate_1$* to obtain the *adjustment factor*. The resulting positive or negative *adjustment factor* is added to the *negotiated level of performance* to arrive at the *adjusted level of performance*. These calculations are shown in Examples 1 and 2 below. Refer to section on Determining Performance Success or Failure of the guidance for an explanation of how the *adjusted level of performance* is used to determine performance success or failure.

Example 1: Adjusted Level of Performance Calculation

Expected Level of Performance	68.9%
Negotiated Level of Performance	70.2%
$Estimate_0$	75.5%
$Estimate_1$	73.7%
Adjustment Factor	73.7% - 75.5% = -1.8%
Adjusted Level of Performance	-1.8% + 70.2% = 68.4%

Example 2: Adjusted Level of Performance Calculation

Expected Level of Performance	68.9%
Negotiated Level of Performance	70.2%
$Estimate_0$	75.5%
$Estimate_1$	78.3%
Adjustment Factor	78.3% - 75.5% = 2.8%
Adjusted Level of Performance	2.8% + 70.2% = 73.0%

WIOA Negotiations / Performance Process Flow Chart

Step 1:

States: Submit *Expected Levels of Performance* for two program years in State Plans or plan modifications (PYs A and B).

DOL/ED: Produce pre-program year performance estimates using the *statistical adjustment model*.

Required State Actions

Step 2: Before PY A begins states and DOL/ED arrive at *Negotiated Levels of* Performance for PYs A and B by considering the four factors of performance

Step 3: PY A Concludes. DOL/ED re-estimate the *statistical adjustment model* coefficients with the additional year of data available, process state data on actual outcomes and re-estimate performance levels (Estimate$_0$ and Estimate$_1$) using the re-estimated coefficients, the same objective model specification, and actual characteristics of participants and economic conditions of PY A.

The positive or negative difference between the DOL/ED estimates before and after PY A are used to adjust the *negotiated levels of performance* and calculate the *adjusted levels of performance*.
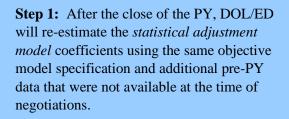
Step 5: PY B Concludes. DOL/ED re-estimate the *statistical adjustment model* coefficients with the additional two years of data available, process state data on actual outcomes and re-estimate performance levels (Estimate$_0$ and Estimate$_1$) using the re-estimated coefficients, the same objective model specification, and actual characteristics of participants and economic conditions of PY B.

The positive or negative difference between the DOL/ED estimates before and after PY B are used to adjust the *negotiated levels of performance* and calculate the *adjusted levels of performance*.

Step 4: DOL/ED determine states' performance success or failure using actual results of PY A and the *adjusted levels of performance* for PY A.

Step 6: DOL/ED determine states' performance success or failure using actual results of PY B and the *adjusted levels of performance* for PY B.
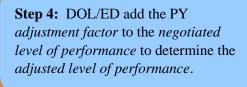
For steps 4 and 6, please see "Attachment IV—Determining Performance Success or Failure"

Determining Performance Success or Failure

Step 1: After the close of the PY, DOL/ED will re-estimate the *statistical adjustment model* coefficients using the same objective model specification and additional pre-PY data that were not available at the time of negotiations.

Step 2: DOL/ED apply the revised coefficients to the same pre-program year participant characteristics and economic conditions used in calculating the estimated levels of performance for performance negotiations prior to the program year (Estimate$_0$).

Step 3: DOL/ED apply the revised coefficients to the actual participant characteristics and actual economic conditions of the PY to generate the program year estimate (Estimate$_1$). The positive or negative percentage point difference yielded by subtracting Estimate$_0$ from Estimate$_1$ is the PY *adjustment factor*.

Step 4: DOL/ED add the PY *adjustment factor* to the *negotiated level of performance* to determine the *adjusted level of performance*.

Step 5: The actual results from the PY are then divided by *the adjusted level of performance* to determine the *individual indicator scores*.

Performance Failure occurs if any *individual indicator score* is below 50%.

Step 6: The average of *individual indicator scores* across WIOA core programs is the *overall state program score*.

Performance Failure occurs if any *overall state program score* is below 90%.

Step 7: The average of *individual indicator scores* for a single WIOA core program across performance indicators is the *overall state indicator score*.

Performance Failure occurs if any *overall state indicator score* is below 90%.

Improved Data Usage

The following table provides an example of how the Departments will leverage more data to derive more accurate *adjusted levels of performance* under the revised approach to use of the *statistical adjustment model*, compared to the original approach. In this example, under the revised approach, PY 2022 Assessments would leverage PY 2021 data, whereas that same data would not be leveraged for PY 2022 Assessments under the original approach.

Original Approach

		Availability						
		Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
		Data Points						
Timing	Activity	PY 2017	PY 2018	PY 2019	PY 2020	PY 2021	PY 2022	PY 2023
Spring 2022	PY 2022/2023 Negotiations	Available	Available	Available	Available	Not Available	Not Available	Not Available
Fall 2023	PY 2022 Assessments	Available	Available	Available	Available	Available/ Not Used	Available/ Not Used	Not Available
Fall 2024	PY 2023 Assessments	Available	Available	Available	Available	Available/ Not Used	Available/ Not Used	Available/ Not Used

Revised Approach

		Availability						
		Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
		Data Points						
Timing	Activity	PY 2017	PY 2018	PY 2019	PY 2020	PY 2021	PY 2022	PY 2023
Spring 2022	PY 2022/2023 Negotiations	Available	Available	Available	Available	Not Available	Not Available	Not Available
Fall 2023	PY 2022 Assessments	Available	Available	Available	Available	Available/ Used	Available/ Not Used*	Not Available
Fall 2024	PY 2023 Assessments	Available	Available	Available	Available	Available/ Used	Available/ Used	Available/ Not Used*

As described on page 8 of this guidance, the Departments will not use data from the program year being assessed to inform the re-estimation of the statistical adjustment model at the end of the program year.

Functional Example of Revised Approach for Using the Statistical Adjustment Model

In implementing the revised approach for using the *statistical adjustment model*, the Departments will use the most current data available to derive *adjusted levels of performance* for all six core programs, thereby furthering a consistent application of the common framework. The example below demonstrates how and when the Departments will add more current data to the *statistical adjustment model* to produce more accurate results. After the first program year, the Departments will add an additional year of data to the *statistical adjustment model*. After the second program year, the Departments will add a second additional year of data.

This example reflects a hypothetical economic upturn that occurred after RSA and a state VR program established *negotiated levels of performance* before the program years began.

Before PYs 2024 and 2025 begin:
- In its State Plan, a state VR program submits *expected levels of performance* of 46.0% for PY 2024 and 47.0% for PY 2025 for the measurable skill gains indicator.
- The *statistical adjustment* model produces a pre-program year estimate of 45.0% for PYs 2024 and 2025. This estimate is based on data from PYs 2018, 2019, 2020, 2021 and 2022. Because the negotiations take place during PY 2023, economic conditions and participant data for PY 2023 are not yet available. PY 2022 data are the most recent data available at that time.
- Using the pre-program year estimate and other negotiation factors, RSA and the state VR program agree to *negotiated levels of performance* of 47.0% for PY 2024 and 48.0% for PY 2025.

After PY 2024 ends:
- The state VR program reports an *actual level of performance* of 52.0% for PY 2024.
- RSA produces $Estimate_0$ of 50.0% that includes PY 2023 data in addition to data available at the time of negotiations which, at the time of the assessment, are the most recent data available to the Departments.
- Using PY 2023 data, the *statistical adjustment model* produces an $Estimate_1$ of 52.0% for PY 2024. This estimate is based on the actual participant characteristics and actual economic conditions in PY 2024.
- RSA calculates an adjustment factor of 2.0% (52.0% - 50.0%).
- RSA adds 2.0% to the *negotiated level of performance* of 47.0% to produce an *adjusted level of performance* of 49.0%.
- RSA divides the *actual level of performance* of 52.0% by the *adjusted level of performance* of 49.0% to produce an *individual indicator score* of 106.0%, which means the state VR program passed this performance indicator for PY 2024 pursuant to 34 CFR § 361.190(d)(1) and (2) since the *individual indicator score* was greater than 50 percent.

During PY 2025:
- The state experiences improved economic conditions.

After PY 2025 ends:
- The state VR program reports an *actual level of performance* of 52.0% for PY 2025.
- The *statistical adjustment model* produces Estimate_0 for PY 2025 of 53.0% using PYs 2023 and 2024 data in addition to data available at the time of negotiations. Of note, this is another PY's worth of data being added to the *statistical adjustment model* to ensure it incorporates the most recent economic conditions and participant data available to the Departments at the time the calculations are being done.
- Using PYs 2023 and 2024, the *statistical adjustment model* produces an Estimate_1 of 59.0% for PY 2025. This estimate is based on the actual participant characteristics and actual economic conditions in PY 2025.
- RSA calculates an adjustment factor of 6.0% (59.0% - 53.0%).
- RSA adds 6.0% to the *negotiated level of performance* of 48.0% to produce an *adjusted level of performance* of 54.0%.
- RSA divides the *actual level of performance* of 52.0% by the *adjusted level of performance* of 54.0% to produce an *individual indicator score* of 96.0%, which means the state VR program passed this performance indicator for PY 2025 pursuant to 34 CFR § 361.190(d)(1) and (2) since the *individual indicator score* was greater than 50 percent.