



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
 DIVISION OF WORKFORCE DEVELOPMENT
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March 13, 2009

Workforce Investment Act (WIA) Memorandum Number WD 02 – 23, Change 3

- Topic:** Incentives or Sanctions for Local Workforce Investment Areas (LWIA) on outcomes for Program Year 2008.
- Subject:** Methods used to determine the eligibility of an LWIA to receive an incentive grant; and sanctions on LWIAs falling below their goals.
- Purpose:** To provide information to an LWIA about how incentive awards will be determined and how sanctions will be imposed
- References:** Workforce Investment Act (WIA) Memorandum Number E&T 02-23, Incentives or Sanctions for Local Workforce Investment Areas (LWIA) for Program Year 2001-02, E&T 02-23, Change 1, Training and Employment Guidance Letter 9-07, Workforce Investment Act (WIA) Memorandum Number WD 02-23 Change 2.
- Background:** For consideration of incentives or sanctions, evaluation of performance will be based on the extent that the LWIA exceeds, meets, or falls below its negotiated performance levels. For each performance measure, the percentage by which the LWIA achieves its negotiated performance levels will be calculated. Local incentive grant funds awarded may be used for any activities allowed under WIA Title I.

The three (3) criteria for Incentive Awards are as follows:

- A. Percent Attainment of the Negotiated Goals: 90%
- B. Percent of the Sum of Program Outcomes: 100%
- C. Percent of Participants Served: 100%

WIA Measures for Incentive Calculations:

WIA Common Measures		
Adult	Dislocated Worker	Youth
Entered Employment Rate	Entered Employment Rate	Placement in Employment or Education
Employment Retention Rate	Employment Retention Rate	Attainment of a Degree or Certificate
Average Six-Month Earnings	Average Six-Month Earnings	Literacy and Numeracy Gains

A. Percent Attainment of the Negotiated Goals

Each of the nine (9) common measures is considered complete when four cumulative quarters of data are available. For WIA, all measures for which the LWIAs are accountable are complete at the end of the fourth quarter of a program year.

To qualify in this part of the incentive award, the following criteria must be met:

- 1) The area must not fall below 90 percent of the negotiated goal on any of the nine (9) common measures.

Failure to meet 90 percent on any of the nine (9) common measures will mean that a local area is not eligible for an incentive award.

B. Percent of the Sum of Program Outcomes

The percent of the sum of program outcomes section of this policy will utilize the nine (9) common measures when calculating the percent of the sum.

To qualify in this part of the incentive awards, the following criteria must be met:

- 1) The area must have a 100 percent cumulative program score in each of the three (3) program areas: Adult, Dislocated Worker, and Youth.

Failure to meet 100 percent cumulative program scores in each of the three program areas: Adult, Dislocated Worker, and Youth means a local area is not eligible for an incentive award.

C. Percent of Participants Served

The percent of participants served in this policy will utilize a minimum number of participants for each funding stream, Adult, Dislocated Worker, and Youth. The minimum number of participants then will be computed using the statewide average cost per participant, and the statewide formula allocation for each funding stream. The average cost per participant then will be applied to the local formula allocations, for each funding stream to get the total minimum participants. To qualify in this part of the incentive award, the following criteria must be met:

- 1) The area must not fall below 90 percent of the expected participation level. Failure to meet 90 percent of the minimum participation level for each of the funding streams means a local area is not eligible for an incentive award.

D. Calculation of Incentive Award

These tables present an Example of a calculation of incentive awards for local areas, based upon the statewide, total allocations to each funding stream, the local area's total allocations, the reserved amount, and the local area's total percent of the minimum participation levels:

Program Group	Adult	DW	Youth	Adult	12,300
State of TN Allocation	\$25,000,000	\$8,000,000	\$15,000,000	DW	8,200
Total Cost Per Participant	\$2032.52	\$975.60	\$2884.61	Youth	5,200

Eligible

	Adult	DW	Youth
Allocation	\$851,782.60	\$638,844.21	\$814,863.13
Minimum Participants	419	655	283
Total Participants	420	675	300
% of Minimum	100%	103%	106%
30 % Incentive	\$10,000.00		
35 % Incentive A/B	\$11,665.00		
35% Incentive C	\$4,375.00/\$8,000.00 Bonus		
Total	\$34,040.00		

Eligible

	Adult	DW	Youth
Allocation	\$751,782.60	\$538,844.21	\$714,863.13
Minimum Participants	370	552	248
Total Participants	370	575	270
% of Minimum	100%	104%	108%
30% Incentive	\$10,000.00		
35 % Incentive A/B	\$11,665.00		
35 % Incentive C	\$4,375.00/\$13,000.00 Bonus		
Total	\$39,040.00		

Part C

	Adult	DW	Youth
Allocation	\$750,782.60	\$830,844.21	\$720,863.13
Minimum Participants	369	852	250
Total Participants	200	675	300
% of Minimum	54%	79%	102%
30 % Incentive	\$10,000.00		
35 % Incentive A/B	\$11,665.00		
35% Incentive C	Not Eligible for Incentive or Bonus		
Total	\$21,665.00		

Not Eligible for

The local area must not fall below 90% of the minimum participation level for each funding stream. Failure to meet 90 percent on any of the three (3) funding streams will mean that a local area is not eligible for a Part C incentive award. Funds distribution will be based on meeting Part A, Part B, and Part C. Local areas will share in 30% distributed equally for all eligible local areas; 35% for those areas meeting Part A and Part B; and 35% shared equally for meeting or exceeding the minimum participation level in each of the three (3) funding streams, for which 25% is for meeting minimum levels, and up to 75% Bonus for exceeding minimum levels. Bonuses will be awarded on a set dollar amount according to rank, in increments of \$5,000.00.

Sanctions: The state has implemented mandatory technical assistance site visits as a "sanction" since WIA began. The state will continue to impose a sanction on any LWIA not meeting a 100 percent cumulative program score in at least two (2) of the program areas. In addition, for any LWIA that does not meet performance standards/goals/requirements or falls within the sanction category, the State Workforce Development Board has implemented the following procedures:

- a. State staff will notify the LWIA of noncompliance
- b. State staff will provide technical assistance to the LWIA
- c. If problem areas continue to exist for two (2) consecutive program years, an independent evaluation will be conducted.
- d. Evaluation results will be provided to the State Workforce Development Board.
- e. State Workforce Development Board will notify the LWIA Director and Local Elected Officials of the findings.
- f. The LWIA will establish a short term/long term plan of corrective action.
- g. Subsequent random evaluations will be conducted for at least one (1) year to determine progress in correcting deficiencies.
- h. The LWIA must show due diligence indicating that the identified deficiencies will not reoccur. Twenty-five percent (25%) of evaluation cost will be paid by the LWIA's administrative funds

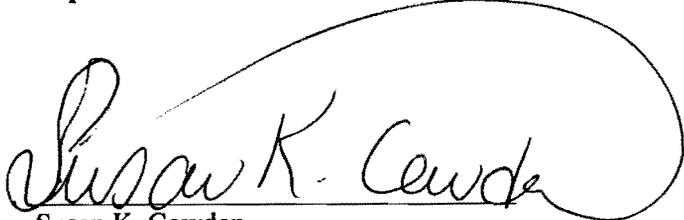
This state sanction policy is being implemented in accordance with the guidance in Federal Register 666.420 and in accordance to State Workforce Development Board, Executive Committee directives, March 13, 2009. Please note that achieving less than 90 percent on any one goal will not result in a sanction.

Authority: The State Workforce Development Board will continuously review the incentive or sanction policy to account for rapidly changing economic and demographic factors. This policy was approved by the State Workforce Development Board on March 13, 2009.

Contact: For questions regarding this policy, please contact Susie Bourque at (615) 741-4092 or 1-800-255-5872.

Effective Date: Immediate

Expiration Date: Indefinite



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Division of Workforce Development

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