



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE DEVELOPMENT

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March 14, 2008

Workforce Investment Act (WIA) Memorandum Number WD 02-23, Change 2

Topic: Incentives or Sanctions for Local Workforce Investment Areas (LWIA) on outcomes for Program Year 2007.

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.

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 level. For each performance measure, the percentage by which the LWIA meets its negotiated performance level will be calculated. Local incentive grant funds awarded may be used for any activities allowed under WIA Title I.

Incentive awards based on performance outcomes will be split into two award categories:

- A. Percent Attainment/Number of Successful Completers
- B. Cumulative Program/Percent of Population Served

WIA Measures for Calculations:

WIA Measures (Non-Waiver States)		
Adult	Dislocated Worker	Youth
Entered Employment Rate	Entered Employment Rate	Older Youth Entered Employment Rate
Employment Retention Rate	Employment Retention Rate	Older Youth Employment Retention Rate
Average Six-Month Earnings	Average Six-Month Earnings	Younger Youth Diploma or Equivalent Rate
--	--	Younger Youth Retention Rate

WIA Measures (Waiver States)		
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/Number of Successful Completers

Each of the ten (10) 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 for this part of the incentive award, the following criteria must be met:

- 1) The area must not fall below 90 percent of the set goal on any of the ten (10) measures.
- 2) Funds distribution will be based on the extent to which each area achieves its goals. These awards will be based on a sliding-dollar amount with the parameters: 90-95 and 96-100. LWIAs achieving 96-100 will be awarded at higher than those at 90-95.

For the measures that calculated the number of exiters (entered employment, retention, etc.) the LWIA will receive a set-dollar amount multiplied by the total number of successful completers for that measure.

For measures that do not calculate a number of exiters awards will be calculated by multiplying a set-dollar amount by the number of percentage points exceeding 100 percent. (There will be a cap set on the amount of funds to be used.)

B. Cumulative Program/Percent of Population Served

The cumulative program/percent of population served section of this policy will utilize the 17 measures when calculating the aggregate.

This distribution will be made according to the cumulative program percent and population served. In order to qualify for this category of incentive funds, the LWIA must have 100 percent cumulative program scores in all four program areas: Adult, Dislocated Worker, Youth, and Customer Satisfaction.

A lump sum bonus will be awarded on the percentage of population served. The state will calculate the number of total population in the area by the number of total enrollees and rank qualifying areas using the economic factors utilized for fund allocations. Those serving the largest percentage would receive the highest funds. Awards will range from \$5,000 to \$20,000.

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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 three 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, an independent audit will be conducted.
- d. Audit 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 audits 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 audit 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 27, 2007.

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 14, 2008.

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

Effective Date: Immediate

Expiration Date: Indefinite



Susan Cowden, Administrator
Division of Workforce Development

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