

ALABAMA WORKFORCE INVESTMENT SYSTEM

Department of Commerce
Workforce Development Division
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GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2015-16, Change 04

SUBJECT: Local Area Performance Management Policy

- 1. Purpose.** This Directive transmits the updated Incentive Awards policy.
- 2. Discussion.** The Workforce Innovation and Opportunity Act (WIOA) Section 134(a)(3)(A)(xi) provides for the awarding of incentive payments to local areas, which demonstrate exceptional WIOA program performance accountability measures described in WIOA Section 116(c). Local Workforce Development Areas that meet or exceed their negotiated performance goals are eligible to receive incentive awards. The policy previously stated in Governor's Workforce Innovation Directive No. PY2015-16, Change 03 that in order to be eligible to receive an incentive award in a category (i.e. Adult, Youth, or Dislocated Worker), a local area must meet three out of four performance measures in place for the Adult and Dislocated Worker funds and two of three performance measures in place for the Youth fund. This standard was set because goals were not set for all five performance measures. The five measures are Employment Rate (2nd Quarter post-exit), Employment Rate (4th Quarter post-exit), Median Earnings (2nd Quarter post-exit), Credential Rate (4th Quarter post-exit), and Measurable Skills Gains. Starting in Program Year (PY) 2020, however, goals were set for all five performance measures and local areas were required to report on them. Therefore, for local areas to be eligible to receive an incentive award for a funding category in PY 2021 (based on PY 2020 performance), they must meet a minimum of four out of five performance measures in that category (Adult, Youth, and Dislocated Worker). Local areas must also not have returned funds in an individual category in order to receive an incentive award for that category.

3. **Action.** Please review the attached document and retain for future reference and ensure that all appropriate staff and local chief elected officials are aware of the updated policy for incentive awards.
4. **Contact.** Any questions should be referred to Lorilei Sanders, State Programs, Planning, and Divisional Budget Management Section at (334) 353-1632 or via e-mail: lorilei.sanders@commerce.alabama.gov.

Tammy Wilkinson

Tammy Wilkinson (Nov 16, 2021 13:26 CST)

**Tammy Wilkinson, Division Director
Workforce Development Division
Alabama Department of Commerce**

11/16/2021

Date

Attachments:

Attachment 1 – Incentive Policy

Workforce Innovation and Opportunity Act (WIOA) Incentive Policy

A small percentage of the Governor's Set Aside 10 Percent funds will be made available under the Workforce Innovation and Opportunity Act (WIOA) per Section 134(a)(3)(A)(xi) for incentive awards. These awards will be based on the State's Incentive Award Policy.

Local Workforce Development Areas (LWDAs), which lose funds due to non-expenditure during the two program years allowed for the expenditure of local area funds, will not be eligible for an Incentive Award for the particular fund source (Adult, Dislocated Worker, or Youth) for which the LWDA lost funds due to non-expenditure. This policy also applies if there is a reallocation from a local workforce development area due to a failure to obligate funds at a minimum 80 percent level for the prior program year.

LWDAs, which meet or exceed four of the five WIOA Adult performance goals, will be eligible to receive an Adult program Incentive Award. LWDAs, which meet or exceed four of the five WIOA Dislocated Worker performance goals, will be eligible to receive a Dislocated Worker program Incentive Award. LWDAs, which meet or exceed four of the five WIOA Youth performance goals, will be eligible to receive a Youth program Incentive Award. Qualifying for an incentive award requires compliance with the above-noted expenditure requirements and the obligation requirements. In addition to the expenditure and obligation requirement, in order to qualify LWDAs must not be undergoing reorganization due to a third year of failure to meet performance goals. (The Employer Measures will not be considered in the awarding of Incentive funds as it does not relate to a particular fund source.)

The state defines "meeting a performance goal" as LWDA performance at ninety percent of the level at which a particular goal is set. "Exceeding a performance goal" is LWDA performance above ninety percent of the level at which a goal is set and "failing to meet a performance goal" is LWDA performance below ninety percent of the level at which a particular goal is set.

Incentive Awards will be distributed as follows:

An amount of available Adult, Dislocated Worker, and Youth Incentive Award funds corresponding to each eligible LWDA's adjusted performance year formula allocation share will be set aside.

The following process will apply using performance goals negotiated with each LWDA:

Each eligible LWDA's Adult Incentive funds will be divided into five equal portions, or shares.

- ❖ One share is linked to the LWDA's Adult Employment Rate (2nd Quarter post-exit).
- ❖ One share is linked to the LWDA's Adult Employment Rate (4th Quarter post-exit).
- ❖ One share is linked to the LWDA's Adult Median Earnings (2nd Quarter post-exit).
- ❖ One share is linked to the LWDA's Adult Credential Rate (4th Quarter post-exit).
- ❖ One share is linked to the LWDA's Adult Measurable Skills Gain (Current Quarter).

Each eligible LWDA's Dislocated Worker Incentive funds will be divided into five equal portions, or shares.

- ❖ One share is linked to the LWDA's Dislocated Worker Entered Employment Rate (2nd Quarter post-exit).
- ❖ One share is linked to the LWDA's Dislocated Worker Employment Rate (4th Quarter post-exit).
- ❖ One share is linked to the LWDA's Dislocated Worker Median Earnings (2nd Quarter post-exit).
- ❖ One share is linked to the LWDA's Dislocated Worker Credential Rate (4th Quarter post-exit).
- ❖ One share is linked to the LWDA's Dislocated Worker Measurable Skills Gain (Current Quarter).

The proportion of each eligible LWDA's Youth Incentive funds will be divided into five equal portions, or shares.

- ❖ One share is linked to the LWDA's Youth Placement in Employment/Training/Education (2nd Quarter post-exit).

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- ❖ One share is linked to the LWDA’s Youth Placement in Employment/Training/Education (4th Quarter post-exit).
- ❖ One share is linked to the LWDA’s Youth Median Earnings (2nd Quarter post-exit).
- ❖ One share is linked to the LWDA’s Youth Credential Rate (4th Quarter post-exit).
- ❖ One share is linked to the LWDA’s Youth Measurable Skills Gain (Current Quarter).

NOTE: Incentive Award allocations will be made from the data as reported to the U.S. Department of Labor as the final performance results for the previous program year. The awards are based on current program year funds, but the calculations for those awards are based on the previous program year’s performance.

Each eligible LWDA whose actual Adult, Dislocated Worker, or Youth program performance **exceeds** corresponding performance goals will receive the portion of the Incentive funds set aside for that category as indicated below.

Percentage Measures Exceeded	Earnings (Change) Measures Exceeded	%
By up to 5 percent	By up to \$500	50%
Over 5, up to 10 percent	Over \$500, up to \$1,000	75%
By greater than 10 percent	By greater than \$1,000	100%

The procedure described above may well result in awarding the LWDA’s less than the full amount of Incentive funds set aside for a particular performance category. Following this initial distribution of Incentive funds associated with the various performance measures, the full amount of any funds not awarded will be distributed in accordance with each LWDA’s composite index of actual performance against performance goals, summed overall performance categories. These composite indices will weigh only those performance categories in which the LWDA has exceeded the associated goal, that is, have an actual/goal index greater than one. In the event that **all seven LWDA’s** performance in a particular category, i.e. Adult, Dislocated Worker or Youth, should fall below the index described in this paragraph for the second distribution method, it will result in **no** LWDA receiving the residual funds in the associated category.

Any funds remaining after the two distribution methods previously described will be reclassified (per approved change to the appropriate allocation Directive) as “Other WIOA Activities” and utilized in State-Level programs.