

ALABAMA WORKFORCE DEVELOPMENT SYSTEM

**Alabama Department of Workforce
Workforce Development
50 N. Ripley St.
Montgomery, Alabama 36130**

ADMINISTRATIVE DIRECTIVE NO. PY2025-08

SUBJECT: Performance Management Policy for Regions

1. Purpose. This Directive transmits policies and procedures for performance goals negotiations, Incentive Awards, and Sanctions for Regions.

2. Discussion. The Workforce Innovation and Opportunity Act (WIOA) Section 116(c)(2) requires negotiation of performance goals between the State and Regions (board and chief elected official). WIOA Section 134(a)(3)(A)(xi) provides for the awarding of Incentive Awards to Regions which demonstrate exceptional WIOA program performance accountability measures described in WIOA Section 116(c). Regions that meet or exceed their negotiated performance goals are eligible to receive Awards. WIOA Section 116(g) indicates the Sanctions that may be levied against Regions which perform below their negotiated performance goals.

State policy regarding Incentive Awards as well as Sanctions has been developed in accordance with WIOA requirements.

Policy does not allow for Awards to be made to a particular fund source if the Region loses funds due to non-expenditure of Adult, Youth, and Dislocated Worker funds for the two program years allowed. Also, if the Region loses funds due to any reallocation caused by the obligation of less than 80 percent of a program year's funds, the Region will not receive an Award for that fund source.

3. Action. Please review the attached documents and retain for future reference and ensure that all appropriate staff and chief elected officials are aware of the policy for Incentive Awards and Sanctions.

4. Contact.

Any questions should be referred to Lorilei Sanders, Supervisor, State Programs, Planning, and Divisional Budget Management Section at (334) 353-1632 or via e-mail: lorilei.sanders@workforce.alabama.gov.

Tammy Wilkinson

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

02/20/2026

Date

Attachments:

Attachment 1 – Performance Goals Policy
Attachment 2 – Incentive Policy
Attachment 3 – Sanctions Policy

Workforce Innovation and Opportunity Act (WIOA) Performance Goals Policy

The State will provide each Region the opportunity to negotiate Adult, Dislocated Worker, and Youth program performance goals, and the “Indicator for Services to Employers” performance goal(s) annually. Any negotiation shall use the previous year’s level of each affected performance measure as a starting point. It shall be the responsibility of each Region to demonstrate why adjustments are necessary, and how adjustments will not negatively impact the ability of the Region to effectively serve individuals and employers.

The initial Program Year performance goals are calculated by using the State-level performance goals previously-negotiated with USDOL/ETA as a starting point. State-level Adult, Dislocated Worker, Youth, and the Indicator for Services to Employers previous year’s performance goals are contrasted against the corresponding current year State-level performance goals previously negotiated with the U.S. Department of Labor/ Employment and Training Administration (USDOL/ETA). The percentage change between the previous year’s Adult, Dislocated Worker, Youth, and Services to Employers performance goals and the current year’s negotiated goal for each is determined.

The State-level percentage change associated with each of the Adult, Dislocated Worker, Youth, and Services to Employers is applied to each local area’s previous year Adult, Dislocated Worker, Youth and Services to Employers performance goal(s). This action generates local area Adult, Dislocated Worker, Youth, and Services to Employers baselines for performance goal negotiations. Each Region’s performance baseline is supportive of and consistent with the corresponding overall State-level performance goal, and yet is reflective of each Region’s demonstrated relative past achievement level with respect to a particular WIOA performance category.

Region performance measures baselines, derived from that Region’s past performance, suggest reasonable levels of future WIOA program performance, but do not establish such future levels of performance. Consistent with the provisions of WIOA Section 116(c)(3), State and Region negotiations shall take into account the specific economic, and other characteristics of the populations to be served in the Region during such program year using the statistical adjustment model developed per WIOA Section 116(b)(3)(A)(viii).

Subsequent RWDA performance goals should reflect a graduated continuous improvement. It is emphasized, however, that such continuous improvement involves heightened program quality to an equal, if not greater, extent than it does the raising of program performance minimum benchmarks.

WIOA Performance Measures:

The following WIOA performance measures apply beginning with Program Year 2025. The Region's program performance for Program Year 2025 is based on these WIOA Performance measures.

Section 116 of the WIOA specifies core indicators of performance for workforce investment activities in adult, dislocated worker, and youth programs.

WIOA Performance Measures – Effective July 1, 2025:

Adult and Dislocated Worker:

1. Employment Rate (2nd Quarter post-exit)
2. Employment Rate (4th Quarter post-exit)
3. Median Earnings (2nd Quarter post-exit)
4. Credential Rate (4th Quarter post-exit)
5. Measureable Skills Gain (Current Quarter)

Youth:

1. Placement in Employment/Training/Education (2nd Quarter post-exit)
2. Placement in Employment/Training/Education (4th Quarter post-exit)
3. Median Earnings (2nd Quarter post-exit)
4. Credential Rate (4th Quarter post-exit)
5. Measureable Skills Gain (Current Quarter)

Employer Measures:

Retention with Same Employer (2nd Quarter After Exit and 4th Quarter After Exit).

Quarterly reports will contrast Region's current actual performance levels against their associated performance goals. Renegotiation of the performance goals may be requested by a Region if circumstances arise to warrant such a request. Following the submission of the final Program Year reports, the actual performance level of each Region contrasted against their negotiated goals will serve as the basis for the awarding of Incentives or the imposition of Sanctions.

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.

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

RWDAs, which meet or exceed three of the five WIOA Adult performance goals, will be eligible to receive an Adult program Incentive Award. RWDAs, which meet or exceed three of the five WIOA Dislocated Worker performance goals, will be eligible to receive a Dislocated Worker Program Incentive Award. RWDAs, which meet or exceed three 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 and obligation requirements. In addition to the expenditure and obligation requirement, in order to qualify RWDAs 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 RWDA performance at ninety percent of the level at which a particular goal is set. "Exceeding a performance goal" is RWDA performance above ninety percent of the level at which a goal is set and "failing to meet a performance goal" is RWDA 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 RWDA's adjusted performance year formula allocation share will be set aside.

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

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

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

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

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

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

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

- ❖ One share is linked to the RWDA's Youth Placement in Employment/Training/Education (4th Quarter post-exit).
- ❖ One share is linked to the RWDA's Youth Median Earnings (2nd Quarter post-exit).
- ❖ One share is linked to the RWDA's Youth Credential Rate (4th Quarter post-exit).
- ❖ One share is linked to the RWDA'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 RWDA 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 RWDAs 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 RWDA'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 RWDA has exceeded the associated goal, that is, have an actual/goal index greater than one. In the event that all seven RWDA'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 RWDA 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.

Workforce Innovation and Opportunity Act (WIOA) Sanctions Policy

A. Introduction:

WIOA Section 116(g) addresses actions to be taken by the State when a Region fails to meet performance standards during any program year.

Regions which fail to meet any of the five Section 116(b)(2)(A) Adult and Dislocated Worker performance goals, or any of the five Section 116(b)(2)(A) Youth performance goals, or have failed to meet overall goals, may incur Sanctions per WIOA Section 116(g).

Pursuant to information provided by the USDOL/ETA, the WIOA performance measures were implemented beginning July 1, 2025, e.g., Program Year 2025.

B. First and Second Program Year:

Following the first program year of failure to meet performance goals, the State shall provide the Regions with technical assistance. The assistance may include help in the development of a performance improvement plan or modified regional plan.

Determinations regarding the type of technical assistance to be provided will be made by State staff. These activities will be funded with Governor's Set Aside funds.

The Region will develop and formally submit a corrective action plan to the State. This plan, which will reflect the input of both State and Region staff, should be designed to have a significant impact on the Region's performance during the final two quarters of the following program year, i.e., to bring performance up to acceptable levels. The State may accept or reject the Region's submitted corrective action plan.

The Region will report monthly on the progress achieved under the corrective action plan, beginning 45 days following the plan's implementation.

C. Third Program Year:

Per WIOA Section 116(g)(2), if such failure continues for a third consecutive year, the Governor shall take corrective actions, which shall include development of a reorganization plan which the Governor shall –

- i. require the appointment and certification of a new Region board, consistent with the criteria established under Section 107(b);
- ii. prohibit the use of eligible providers and one-stop partners identified as achieving a poor level of performance; or

- iii. take such other significant actions as the Governor determines are appropriate.

Should a Region reorganization plan be imposed, every effort will be made to observe the following sequence of events:

1. Initial meetings between State and Region staff will address the general scope and nature of the reorganization plan. Among the options considered at this meeting will be specific recommendations from the State, which may include:
 - a. Appointment and certification of a new Region Board consistent with WIOA Section 107(b);
 - b. Prohibiting the use of eligible providers and One-Stop partners identified as achieving a poor level of performance per WIOA Section 116(g)(2)(A)(ii); or
 - c. Such other actions as the Governor determines are appropriate per WIOA Section 116(g)(2)(A)(iii).

Prior to the reorganization plan implementation, the Region will be afforded the opportunity to appeal, not later than thirty (30) days after receiving notice of the reorganization plan per WIOA Section 116(g)(2)(B)(i), to the Governor to rescind or revise such plan. In such case, the Governor shall make a final decision not later than thirty (30) days after receipt of the appeal per WIOA Section 116(g)(2)(B)(i). If the Region is dissatisfied with the results of the hearing, it may appeal its reorganization directly to the Secretary of Labor per WIOA Section 184(b).

Per WIOA Section 116(g)(2)(B)(ii), the Region board and chief elected official for a Region may, not later than 30 days after receiving a decision from the Governor pursuant to WIOA Section 116(g)(2)(B)(i), appeal such decision to the Secretary of Labor. Per 20 CFR 683.650(d), appeals to the Secretary of Labor (made under 20 CFR 683.650) must be submitted by certified mail, return receipt requested, to the Secretary, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210, Attention: ASET. A copy of the appeal must be simultaneously provided to the Governor.

The Secretary will notify (20 CFR 683.650(e)) the Governor and the appellant in writing of the Secretary's decision within forty-five (45) days after receipt of the appeal. In making this determination, the Secretary may consider any comments submitted by the Governor in response to the appeals.

The decision made by the Governor under WIOA Section 116(g)(2)(B)(i) shall become effective at the time the Governor issues the decision pursuant to such clause. Such decision shall remain effective unless the Secretary of Labor rescinds or revises such plan pursuant to WIOA Section 116(g)(2)(B)(ii).

Please note that WIOA's Implementing Regulations at 20 CFR 683.650 (b) preclude Sanctions noted at (20 CFR 683.650(a), revoking either all or part of the Region's plan or a reorganization, do not come effective until the time for appeal has expired or the Secretary has issued a decision as noted above.

2025-08 Performance Goals Incentives and Santions Policy

Final Audit Report

2026-02-20

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