

WORKFORCE ADMINISTRATION
Workforce Innovation and Opportunity Act Title I-B
Informational Broadcast
IB # 18-007
Statistical Adjustment Model
Effective Immediately

The Workforce Innovation and Opportunity Act (WIOA) section 116, *Performance Accountability System*, requires the use of a Statistical Adjustment Model (SAM) when setting levels of performance to meet WIOA performance indicators. WIOA requires the negotiation of levels of performance for each of the primary indicators to be conducted at the State level.

The goal of the statistical approach to negotiate local levels of performance is to account for factors that may affect levels of performance and separate them from those factors that program administrators are able to control. A properly specified statistical model will appropriately adjust performance goals for States serving harder-to-serve populations and/or in economies facing more difficult labor market conditions. The statistical model objectively quantifies how, and to what extent, each of these factors affects levels of performance—i.e., actual outcomes..

The Department of Labor (DOL) plans to update the statistical model's latest data from the Bureau of Labor Statistics (BLS) and the latest participant records from Program Year (PY) 2015 on Workforce Investment Act (WIA) program participant records. The model will go through revisions as far as variables after further research determines what did and did not work in the first round.

The SAM will be used to make adjustments to the negotiated levels after the close of the program year. Arizona submitted the PY 2016 Annual Report Oct 15, 2017 and we hope to receive further guidance in the coming year.

Detailed information about each WIA program participant's characteristics, program activities, and outcomes were submitted to DOL on a quarterly basis. Each quarterly submission file contained the ten most recent quarters of information on all participants who received funded services during that time span. WIA records from Program Year

(PY) 2005 (July 1, 2005 through June 30, 2006) to PY 2014 (July 1, 2014 through June 30, 2015) and Wagner-Peyser (WP) records from PY 2012 (July 1, 2012 through June 30, 2013) to PY 2014.

Explanation of Variables

Table 1 contains the descriptions of the explanatory variables based on participant characteristics.

Table 1. Explanatory Variables on Participant Characteristics

| Variable Description | Adult | DW | Youth | WP |
|---|--------------|-----------|--------------|-----------|
| Female | x | x | x | x |
| 14<=Age<=15 | | | x | |
| 16<=Age<=17 | | | x | |
| Age=18 | | | x | |
| 19<=Age<=20 | | | x | |
| 26<=Age<=35 | x | x | | x |
| 36<=Age<=45 | x | x | | x |
| 46<=Age<=55 | x | x | | x |
| 56<=Age<=65 | x | x | | x |
| 66<=Age | x | x | | x |
| Hispanic ethnicity | x | x | x | x |
| Race: Asian (not Hispanic) | x | x | x | x |
| Race: Black (not Hispanic) | x | x | x | x |
| Race: Hawaiian/Pacific Islander (not Hispanic) | x | x | x | x |
| Race: American Indian or Native Alaskan (not Hispanic) | x | x | x | x |
| Race: More than one (not Hispanic) | x | x | x | x |
| Highest grade completed: Less than High School graduate | x | x | x | x |
| Highest grade completed: High school equivalency | x | x | x | x |
| Highest grade completed: Some college | x | x | x | x |
| Highest grade completed: Certificate or Other Post-Secondary Degree | x | x | x | x |
| Highest grade completed: Associate degree | x | x | | x |
| Highest grade completed: Bachelor degree | x | x | | x |
| Employed at participation | x | x | x | |
| Individual with a disability | x | x | x | |
| Veteran | x | x | | |
| Had earnings in 2nd and 3rd preprogram quarters | x | x | | x |
| Had earnings in 3rd preprogram quarter | x | x | | x |
| Had earnings in 2nd preprogram quarter | x | x | | x |
| Received services financially assisted under the Wagner-Peyser Act | x | x | x | |
| Limited English-language proficiency | x | x | x | |
| Single parent | x | x | | |
| Low income | x | x | x | |

| Variable Description | Adult | DW | Youth | WP |
|---|-------|----|-------|----|
| TANF recipient | x | x | x | |
| Other public assistance recipient | x | x | x | |
| Homeless | x | x | x | |
| Offender | x | x | x | |
| Unemployment insurance claimant, non-exhaustee | x | x | x | |
| Unemployment insurance claimant, exhaustee | x | x | x | |
| Received supportive services | x | x | | |
| Received needs-related payments | x | x | | |
| Received intensive services | x | x | | |
| Received training services | x | x | | |
| Established Individual Training Account (ITA) | x | x | | |
| Pell grant recipient | x | x | x | |
| Received pre-vocational activity services | x | x | | |
| Pregnant or parenting youth | | | x | |
| Youth who needs additional assistance | | | x | |
| Youth enrolled in education at or during program participation | | | x | |
| Youth enrolled in education at exit | | | x | |
| Youth enrolled in education at participation | | | x | |
| Youth with basic literacy skills deficiency (at or below 8th grade) | | | x | |
| Youth that is or was in foster care | | | x | |
| Youth that received educational achievement services | | | x | |
| Youth that received employment opportunities | | | x | |
| Youth participated in an alternative school | | | x | |
| Average educational functioning level for Youth participants | | | x | |
| Average standardized pre-test score | | | x | |
| Average standardized post-test score | | | x | |

Table 2 contains the information on the economic variables including unemployment rate, and industrial structures (employment level).

Table 2. Explanatory Variables on Economic Conditions

| Economic Variable | Definition |
|-------------------|--|
| UnempRate | Not seasonally adjusted quarterly unemployment rate |
| NatResEmp | Percentage of total employment in NAICS 1133-Logging, and Sector 21-Mining |
| ConstEmp | Percentage of total employment in Sector 23-Construction |
| ManfEmp | Percentage of total employment in Sectors 31, 32, 33-Manufacturing |
| TechEmp | Percentage of total employment in Sector 51-Information, Sector 52-Finance and Insurance, Sector 53-Real Estate and Rental and Leasing, Sector 54-Professional, Scientific, and Technical Services, Sector 55-Management of Companies and Enterprises, and Sector 56-Administrative and Waste Services |
| EdHealthEmp | Percentage of total employment in Sector 61-Educational Services, and Sector 62-Health Care and Social Assistance |
| LeisHospEmp | Percentage of total employment in Sector 71-Arts, Entertainment, and Recreation, and Sector 71-Accommodations and Food Services |

| | |
|----------------|--|
| OtherServEmp | Percentage of total employment in Sector 81-Other Services |
| PublicAdminEmp | Percentage of total employment in Federal, State, and Local Government |

Summary

1. Many performance indicators are still in the baseline period. Local Workforce Development Area (LWDA) staff must ensure they are reporting accurate data in the most expeditious manner possible. This data will feed into the SAM for the first few years.
2. Characteristics of hard-to-serve youth are factored into the SAM and will be used to lower LWDA targets accordingly after the close of the program year.
3. Youth who are employed part-time are included in the median earnings indicator and the impact to this performance measure should be considered during performance negotiations because these youth will not earn as high earnings. LWDA staff can provide data indicating how many youth participants are employed part-time and the State may adjust the performance targets accordingly.
4. Measurable Skills Gains (MSGs) set for participants late in the program year are included in the MSG performance indicator and the impact to this performance measure should be considered during performance negotiations. LWDA staff can provide data indicating how many participants have MSGs set late in the program year and the State may adjust the performance targets accordingly.

Resources

- [*Understanding the Statistical Model and Its Use in Negotiations*](#)
- [*Overview – Statistical Adjustment Model Methodology 12-1-2015*](#)
- [*WIOA Youth Performance Accountability*](#)
- [*The Workforce Investment Act Accountability System: The Role of Performance Measures in Service Delivery*](#)
- [*Training and Employment Guidance Letter \(TEGL\) 26-15 Negotiating Performance Goals for the Workforce Innovation and Opportunity Act \(WIOA\)*](#)

Title I Programs and the Wagner-Peyser Employment Service as amended by Title III, for Program Year (PY) 2016 and PY 2017

- *TEGL 09-17 Negotiating Performance Goals for the Workforce Innovation and Opportunity Act (WIOA) Title I Programs and the Wagner-Peyser Act Employment Service as amended by Title III of WIOA, for Program Years (PYs) 2018 and PY 2019*