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TO: ALL SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM (SCSEP) GRANTEEES

FROM: EMILY STOVER DeROCCO
Assistant Secretary 

SUBJECT: SCSEP Performance Measures and Goals for Program Year 2007

- Purpose.** To provide all SCSEP grantees with the notice of proposed revised performance measures policy that will become effective at the beginning of Program Year (PY) 2007 (July 1, 2007), and to describe the process for reaching agreement on PY 2007 performance goals for the designated core measures.
- References.** 2006 Amendments to the Older Americans Act (OAA-2006), Public Law (Pub. L.) 109-365; 20 CFR Part 641.
- Background .** On October 17, 2006, President Bush signed into law OAA-2006. Title V of OAA-2006 authorizes the Senior Community Service Employment Program (SCSEP). The law requires the Department of Labor (DOL) to establish and implement new SCSEP measures of performance by the start of PY 2007 after consultation with stakeholders and to reach agreement with grantees on performance goals prior to the awarding of grants. DOL solicited stakeholder input on the definition and implementation of the performance indicators through a Federal Register notice, 72 Federal Register 5999 (February 8, 2007). A summary of the resulting comments will be posted on the SCSEP Web site (www.doleta.gov/seniors). DOL considered these comments in developing the soon-to-be-published Interim Final Rule on SCSEP performance accountability. This guidance letter provides notice of the OAA-2006 performance measures requirements in order to facilitate the

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process for reaching agreement on PY 2007 performance goals. This guidance is intended to be consistent with requirements of the forthcoming Interim Final Rule on SCSEP Performance Accountability. Grantees are expected to follow this guidance in establishing goals for PY 2007.

4. Performance Measures.

- A. **Core Indicators.** Section 513(b)(1) of OAA-2006 establishes the following core indicators of performance:
1. Hours (in the aggregate) of community service employment;
 2. Entry into unsubsidized employment;
 3. Retention in unsubsidized employment for six months;
 4. Earnings;
 5. The number of eligible individuals served; and
 6. The number of most-in-need individuals served (the number of participating individuals described in Subsection (a)(3)(B)(ii) or (b)(2) of Section 518).
- B. **Additional Indicators.** Section 513(b)(2) of OAA-2006 establishes the following additional indicators of performance:
1. Retention in unsubsidized employment for one year;
 2. Satisfaction of the participants, employers, and their host agencies with their experiences and the services provided; and
 3. Any other indicators of performance that the Secretary determines to be appropriate to evaluate services and performance.
- C. The core indicators and additional indicators of performance are applicable to each grantee without regard to whether such grantee operates the program directly or through sub-recipients. Grantees must assure that their subrecipients are collecting and reporting program data. (Section 513(a)(1) of OAA-2006)
- D. Section 513(a)(3) of OAA-2006 requires that SCSEP grantees agree to be evaluated on the core indicators of performance and to report information on the additional indicators of performance, both as an eligibility requirement for application, and as a condition for award.

5. Definitions of Performance Indicators.

- A. DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will define the core indicators as follows:
1. "Hours of community service employment" is defined as the total number of hours of community service provided by SCSEP participants divided by the number of hours of community service funded by the grant, after adjusting for

differences in minimum wage among the states and areas. Paid training hours are excluded from this measure.

2. "Entry into unsubsidized employment" is defined by the following formula: of those who are not employed at the date of participation, the number of participants who are employed in the first quarter after the exit quarter divided by the number of adult participants who exit during the quarter.
3. "Retention in unsubsidized employment for six months" is defined by the following formula: of those who are employed in the first quarter after the exit quarter, the number of adult participants who are employed in both the second and third quarters after the exit quarter divided by the number of adult participants who exit during the quarter.
4. "Earnings" is defined by the following formula: of those participants who are employed in the first, second and third quarters after the exit quarter, total earnings in the second quarter plus total earnings in the third quarter after the exit quarter divided by the number of participants who exit during the quarter.
5. "The number of eligible individuals served" is defined as the total number of participants served divided by a grantee's authorized number of positions, after adjusting for differences in minimum wage among the states and areas.
6. "Most-in-need," or "the number of participating individuals described in subsection (a)(3)(B)(ii) or (b)(2) of Section 518," is defined by counting the total number of the following characteristics for all participants and dividing by the number of participants served. As discussed in the attachment, participants are characterized as most-in-need if they:
 - a. have a severe disability
 - b. are frail
 - c. are age 75 or older
 - d. meet the eligibility requirements related to age for, but do not receive, benefits under Title II of the Social Security Act (42 U.S.C. 401 et seq.)
 - e. live in an area with persistent unemployment and are individuals with severely limited employment prospects
 - f. have limited English proficiency
 - g. have low literacy skills
 - h. have a disability
 - i. reside in a rural area
 - j. are veterans who meet the criteria of the Jobs for Veterans Act (Pub. L. 107-288)
 - k. have low employment prospects

- l. have failed to find employment after utilizing services provided under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.)
- m. are homeless or at risk for homelessness

B. DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will define the additional indicators as follows:

1. "Retention in unsubsidized employment for one year" is defined by the following formula: of those who are employed in the first quarter after the exit quarter, the number of participants who are employed in the fourth quarter after the exit quarter divided by the number of participants who exit during the quarter.
2. "Satisfaction of the participants, employers, and their host agencies with their experiences and the services provided" is defined as the results of customer satisfaction surveys administered to each of these three customer groups. DOL will prescribe the content of the surveys.

6. Reaching Agreement on Performance Goals.

A. Initial agreement. DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that before the beginning of each program year DOL and each grantee will reach agreement on expected levels of performance for each core indicator. However, for the "most-in-need" measure, PY 2007 will serve as a baseline year. (See Section 6(B) below.) DOL anticipates that the IFR will establish the following steps, based on the procedures established in 20 CFR 641.730:

1. DOL will propose a baseline performance level for each core indicator, taking into account any statutory performance requirements; the need to promote continuous improvement in the program overall and for each grantee; the grantee's past performance; and the statutory adjustment factors articulated in paragraph 7 (A)-(E) below.
2. A grantee may then request a revision to DOL's initial performance level goal determination. The grantee must base the request on supporting data which may concern the statutory adjustment factors articulated in Section 513 (a)(2)(C) of OAA-2006, but is not limited to those factors. It is permissible for a grantee to supply data on "other appropriate factors as determined by the Secretary."
3. DOL may thereafter revise the performance level goal in response to the data provided. DOL will then establish the expected levels of performance for the core indicators by June 22. Grantees who agree with the expected level of

performance may then be awarded their PY 2007 funds. If a grantee does not agree with the expected level of performance, DOL may not award any funds. A grantee may submit comments to DOL regarding the grantee's satisfaction with the expected levels of performance.

4. At the conclusion of negotiations concerning the performance levels with all grantees, DOL will make available for public review the final negotiated expected levels of performance for each grantee, including any comments submitted by the grantee regarding the grantee's satisfaction with the negotiated levels. (Section 513(a)(2)(C) of OAA-2006)
 5. The minimum percentage for the expected level of performance for the entry into unsubsidized employment core indicators for each grantee is:
 - a. twenty one percent for PY 2007
 - b. twenty two percent for PY 2008
 - c. twenty three percent for PY 2009
 - d. twenty four percent for PY 2010
 - e. twenty five percent for PY 2011(Section 513(a)(2)(E)(ii)(I-V) of OAA-2006)
- B. Exception for most-in-need for PY 2007. Because OAA-2006 expanded the list of most-in-need characteristics, neither DOL nor the grantees will have sufficient data to set a goal for measuring performance for PY 2007. Accordingly, DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that PY 2007 will be treated as a baseline year for the most-in-need indicator, so that the grantees and DOL may collect sufficient data to set a meaningful goal for this measure for PY 2008. This is the only indicator that will not have an expected level of performance for PY 2007.
7. Goal Adjustments during the Program Year. DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that after DOL and grantees reach agreement on the core indicator levels, those levels may only be revised in response to a request from a grantee based on data supporting one or more of the following statutory adjustment factors in Section 513(a)(2)(C) of OAA-2006:
- A. High rates of unemployment or of poverty or of participation in the Temporary Assistance for Needy Families (TANF) program established under Part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), in the areas served by a grantee, relative to other areas of the state involved or Nation;
 - B. Significant downturns in the areas served by the grantee or in the national economy;

- C. Significant numbers or proportions of participants with one or more barriers to employment, including individuals described in Subsection (a)(3)(B)(ii) or (b)(2) of Section 518 as amended by Pub. L. 109-365 (most-in-need), served by a grantee relative to such numbers or proportions for grantees serving other areas of the state or Nation;
 - D. Changes in Federal, state, or local minimum wage requirements; and
 - E. Limited economies of scale for the provision of community service employment and other authorized activities in the areas served by the grantee.
8. **PY 2007 Grant Applications.** Upon the establishment of final goals as described in Section 6(a), DOL anticipates that each applicant will draft a performance narrative for inclusion in its PY 2007 grant application. DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that all applicants must address the steps they will take to meet their PY 2007 goals. In addition, DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that any applicant whose PY 2006 baseline performance indicates that it will not achieve its PY 2006 goal on any performance measure must describe the steps it is taking to correct the deficiency. Further, DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish that the applicant must specifically indicate how it will meet its goal for that measure in PY 2007. DOL anticipates that the grantee's regional Federal Project Officer shall review the performance narrative and request changes if appropriate. Upon approval by the regional Federal Project Officer, DOL anticipates that the narrative will be included in the grantee's PY 2007 grant award.
9. **Aggregate Calculation of Performance.** DOL anticipates that the practice established in 20 CFR 641.740(a) of evaluating grantee performance in the aggregate will continue. Not later than 120 days after the end of each program year, DOL will determine whether a grantee has met the expected levels of performance (including any adjustments to such levels) by aggregating the grantee's core indicators. The aggregate is calculated by combining the percentage of goal achieved on each of the individual core indicators to obtain an average score. A grantee will fail to meet its performance measures when it does not meet 80 percent of the agreed-upon level of performance for the aggregate of all the core indicators. Performance in the range of 80 to 100 percent constitutes meeting the level for the core performance measures. Performance in excess of 100 percent constitutes exceeding the level for the core performance measures.
10. **Technical Assistance and Corrective Efforts.**
- A. Section 513(d)(1)(A) of OAA-2006 requires that as soon as practicable after July 1, 2007, DOL will determine if a SCSEP grantee has met the expected levels of

performance in PY 2006 for the agreed to performance goals established for PY 2007. If DOL determines that the grantee failed to meet PY 2007 goals in PY 2006, DOL will provide technical assistance to help the grantee meet those expected levels of performance in PY 2007.

- B. Section 513(d) of OAA-2006 prescribes technical assistance and corrective efforts that should be implemented if grantees fail to meet the performance measures described in this document. DOL will determine whether a grantee fails, meets, or exceeds agreed upon levels of performance for the core indicators. The statute describes the consequences for failing to meet the performance levels as follows:

1. National Grantees

- a. Determination: Not later than 120 days after the end of each program year, DOL will determine if a national grantee has met the expected levels of performance (including any adjustments to such levels) for the core indicators of performance. (Section 513(d)(2)(A) of OAA-2006)
- b. Consequences:
 - i. If DOL determines that a national grantee fails to meet the expected levels of performance, after each year of such failure, DOL will provide technical assistance and will require such grantee to submit a corrective action plan not later than 160 days after the end of the program year.
 - ii. The corrective action plan must detail the steps the grantee will take to meet the expected levels of performance in the next program year.
 - iii. Any national grantee that has failed to meet the expected levels of performance for four consecutive years (beginning with PY 2007) will not be allowed to compete in the subsequent grant competition but may compete in the next such grant competition after the subsequent competition. (Section 513(d)(2)(B) of OAA-2006)

2. State Grantees

- a. Determination: Not later than 120 days after the end of each program year, DOL will determine if a state grantee has met the expected levels of performance (including any adjustments to such levels) for the core indicators of performance. (Section 513(d)(3)(A) of OAA-2006)
- b. Consequences:
 - i. If DOL determines that a state fails to meet the expected levels of performance, DOL after each year of such failure, will provide technical assistance and will require the state to submit a corrective action plan not later than 160 days after the end of the program year.
 - ii. The corrective action plan must detail the steps the state will take to meet the expected levels of performance in the next program year.

- iii. If DOL determines that the state fails to meet the expected levels of performance for three consecutive program years (beginning with PY 2007), DOL will require the state to conduct a competition to award the funds allotted to the state under Section 506(e) of OAA-2006 for the first full program year following its determination. The new grantee will be responsible for administering the SCSEP in the state and will be subject to the same requirements and responsibilities as the former state grantee. (Section 513(d)(3)(B) of OAA-2006)
 3. Evaluation: DOL anticipates that we will annually evaluate, publish, and make available for public review, information on the actual performance of each grantee with respect to the levels achieved for each of the core indicators of performance, compared to the expected levels of performance, and the actual performance of each grantee with respect to the levels achieved for each of the additional indicators of performance. The results of DOL's annual evaluation will be reported to Congress. (Section 513(c) of OAA-2006)
11. **Incentives.** DOL is authorized by Section 517(c)(1) of OAA-2006 to use recaptured SCSEP funds to provide incentive awards. DOL will issue future guidance on financial and non-financial performance-related incentives, defining the timing, circumstances, standards, and procedures that DOL will use in exercising its discretion to provide awards.
12. **Data Submission and Quality Requirements.** DOL anticipates that we will continue the practice established in Older Worker Bulletin 04-06 of holding grantees accountable for submitting required SCSEP participant data to the SCSEP Performance and Results QPR (SPARQ) system in a timely manner. As specified in the General Special Clauses section of the SCSEP grant agreements, grantees who do not submit sufficient useable data may be subject to administrative penalties unless they can document that the failure to submit useable data was due to circumstances beyond their control. Administrative penalties for non-profit organizations are articulated at 29 CFR Section 95.62 and for state and local governments at 29 CFR Section 97.43.
13. **Action Required.** Grantees must review and use this guidance to prepare for the PY 2007 goal setting process.
14. **Inquiries.** Questions should be directed to Judith Gilbert at (202) 693-3938 (gilbert.judith@dol.gov) or the appropriate regional Federal Project Officer.
15. **Attachment.** Definitions of "Most-in-Need" Characteristics

Attachment: Definitions of “Most-in-Need” Characteristics

DOL anticipates that the Interim Final Rule on SCSEP Performance Accountability will establish the following definitions:

At risk for homelessness means an individual is likely to become homeless and the individual lacks the resources and support networks needed to obtain housing.

Disability means a disability attributable to mental or physical impairment, or a combination of mental and physical impairments, that results in substantial functional limitations in one or more of the following areas of major life activity: (A) self-care; (B) receptive and expressive language; (C) learning; (D) mobility; (E) self-direction; (F) capacity for independent living; (G) economic self-sufficiency; (H) cognitive functioning; and (I) emotional adjustment. (42 U.S.C. Section 3002(13))

Frail means an individual 55 years of age or older who is determined to be functionally impaired because the individual-- (A)(i) is unable to perform at least two activities of daily living without substantial human assistance, including verbal reminding, physical cueing, or supervision; or (ii) at the option of the state, is unable to perform at least three such activities without such assistance; or (B) due to a cognitive or other mental impairment, requires substantial supervision because the individual behaves in a manner that poses a serious health or safety hazard to the individual or to another individual. (42 U.S.C. Section 3002(22))

Homeless includes (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and (2) an individual who has a primary nighttime residence that is: A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); B) an institution that provides a temporary residence for individuals intended to be institutionalized; or C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodations for human beings. (42 U.S.C. Section 11302 (a))

Limited English proficiency means individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English.

Low employment prospects means the likelihood that an individual will not obtain employment without the assistance of the SCSEP or another workforce development program. Persons with low employment prospects have a significant barrier to employment. Significant barriers to employment may include but are not limited to: lacking a substantial employment history, basic skills, and/or English-language proficiency; lacking a high school diploma or the equivalent; having a disability; being homeless; or residing in socially and economically isolated rural or urban areas where employment opportunities are limited.

Low literacy skills means the individual computes or solves problems, reads, writes, or speaks at or below the 8th grade level or is unable to compute or solve problems, read, write, or speak at a level necessary to function on the job, in the individual’s family, or in society.

Persistent unemployment means that the annual average unemployment rate for a county or city is more than 20 percent higher than the national average for two out of the last three years.

Rural means an area not designated as a metropolitan statistical area by the Census Bureau; segments within metropolitan counties identified by codes 4 through 10 in the Rural Urban Commuting Area (RUCA) system; and RUCA codes 2 and 3 for census tracts that are larger than 400 square miles and have population density of less than 30 people per square mile.

Severe disability means a severe, chronic disability attributable to mental or physical impairment, or a combination of mental and physical impairments, that-- (A) is likely to continue indefinitely; and (B) results in substantial functional limitation in 3 or more of the following areas of major life activity: (i) self-care, (ii) receptive and expressive language, (iii) learning, (iv) mobility, (v) self-direction, (vi) capacity for independent living, (vii) economic self-sufficiency. (42 U.S.C. Section 3002(48))

Severely limited employment prospects means a substantially higher likelihood that an individual will not obtain employment without the assistance of the SCSEP or another workforce development program. Persons with severely limited employment prospects have more than one significant barrier to employment; significant barriers to employment may include but are not limited to: lacking a substantial employment history, basic skills, and/or English-language proficiency; lacking a high school diploma or the equivalent; having a disability; being homeless; or residing in socially and economically isolated rural or urban areas where employment opportunities are limited.

Veteran means an individual who is a “covered person” for purposes of the Jobs for Veterans Act, 38 U.S.C. Section 4215(a)(1).