

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO.</b> 16-06
	<b>DATE</b> November 2, 2006

**TO:** ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS

**FROM:** JOHN R. BEVERLY, III /s/  
Administrator,  
Office of Performance and Technology

GAY GILBERT /s/  
Administrator,  
Office of Workforce Investment

**SUBJECT:** Exclusion of the Dislocated Worker Earnings Measure from Program Year (PY) 2005 Incentive and Sanction Determinations

**1. Purpose.** To notify the States of a one year suspension of the Dislocated Worker earnings measure as a determining factor for PY 2005 incentive awards and sanctions. This notice merely suspends the use of this measure in determining incentive awards for PY 2005; it does **not** change the policy that will be used to determine incentives and sanctions in future Program Years.

**2. References.** Workforce Investment Act of 1998 (WIA) (Pub. L. 105-220) sections 174, 211, and 503, (29 U.S.C. 2919, 20 U.S.C. 9211, 9273); Training and Employment Guidance Letter (TEGL) No. 8-99, Negotiating Performance Goals, and Incentives and Sanctions Process under Title I of the Workforce Investment Act (WIA) (March 3, 2000); TEGL No. 14-00, Change 1, Workforce Investment Act Performance Reporting System (November 19, 2001); TEGL No. 14-03, Performance Reporting Submission Procedures for the Workforce Investment Act Standardized Record Data (WIASRD) and the Annual Report under Title 1-B of the Workforce Investment Act (November 13, 2003); 20 CFR part 664, 666.200 - 666.230, and 666.205.

**3. Exclusion of the Dislocated Worker Earnings Measure for PY 2005 Incentives.** For PY 2005, each state negotiated an earnings increase level for the WIA Dislocated Worker program. In order to meet or exceed this performance measure, a state must have achieved not less than 80% of the negotiated level. To exceed a negotiated level, a state's actual performance outcome needs to exceed 100% of the negotiated goal. The 80% rule functions as a preliminary qualifier for incentive eligibility. If a state's performance falls below 80% on any measure, the state is automatically out of consideration for incentives.

Many of the negotiated levels established by states for the PY 2005 Dislocated Worker earnings increase measure are negative numbers. States have asked ETA how it intends to calculate the percent difference between the negotiated target and the actual outcome when the negotiated

target is a negative number. Based on these inquiries and ETA analysis of state results for the first three quarters of PY 2005, mathematical methods were researched that would assist states in determining the percent of plan achieved, as well as provide a formula for calculating outcomes when the target and/or the actual result is negative. While it is arguably possible to calculate a percent of target achieved when the target is a negative number, ETA has come to the conclusion that the computations required are non-intuitive and complex in their application.

Therefore, ETA will exclude the Dislocated Worker earnings increase measure from incentive award and sanction determinations for PY 2005. Once again, this is a one-time exclusion of this measure from the determination process for PY 2005 only. This measure has since been changed to an average earnings measure, so the anomaly that resulted in this measure being excluded from the determination process for incentives and sanctions for PY 2005 should not be an issue in future Program Years.

**8. Action Required.** States are requested to distribute this notice to the appropriate program staff.

**9. Inquiries.** Questions regarding this one-time exclusion should be directed to the appropriate ETA regional office, or to Traci DiMartini in the National Office, at [dimartini.traci@dol.gov](mailto:dimartini.traci@dol.gov), or 202-693-3698.