

Oklahoma Employment Security Commission

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Oklahoma Employment and Training Issuance # 14-2004

DATE: October 22, 2004
TO: Grant Recipients
FROM: Michael Ferguson
SUBJECT: WIA Incentives Policy

PURPOSE: This policy addresses the criteria required to qualify for and receive monies reserved for annual incentive awards to local Workforce Investment Areas from the Governor's 15% Statewide Activities Fund.

BACKGROUND: The Workforce Investment Act of 1998, Section 136, establishes 15 core measures and standards of performance to demonstrate results of program activities, and two customer satisfaction indicators. Performance levels are negotiated annually for each of the performance measures with the expectation that continuous improvement will be realized. Numeric performance targets, agreed to by the State and the region, are passed to local boards and establish the performance threshold for the program year. Local boards and their Chief Local Elected Official then negotiate and agree on local levels of performance. Attainment of negotiated levels of performance qualifies a local area for incentive awards under Section 136 of the Act, enables continuous process improvement, and contributes to the State qualifying for an incentive award under Section 503 of the Workforce Investment Act.

Section 128 (a)(1) of the Workforce Investment Act empowers the Governor to set aside up to 15% of WIA Adult, Youth, and Dislocated Worker funds for statewide workforce investment activities. A portion of that set-aside is used to fund local area incentive awards under this policy.

MESSAGE: Incentive awards will be calculated and awarded to within-state WIA grant recipients according to the policy established herein and may be used for any activities allowed under WIA title I-B. The basis for incentive awards will be the attainment of negotiated levels of performance. Incentive grants to states under section 503 for "the development of exemplary program activities", and referenced in WIA Section 134(a)(2)(B)(iii) are not addressed in this issuance.

Incentives Policy

It is the intent of the Governor to provide annual monetary incentive awards to Workforce Investment Area boards that meet or exceed qualifying performance standards outlined in this issuance. Funding will originate from the Governor's 15% Statewide Activities Fund established pursuant to the Workforce Investment Act, Sec. 128(a)(1). There shall be a threshold to qualify for the minimum award and a scale to describe the escalation of awards based upon exceeding minimum qualifying levels of performance. The local incentive grant funds may be used for any activities allowed under WIA Title I, Subtitle B (also see Final Rules Sec. 666.410).

Qualifying for Incentive Monies

A local Workforce Investment Area will qualify for incentive monies based upon the extent to which it exceeds, meets, or falls below its negotiated performance levels for the 15 core performance measures. The two customer satisfaction indicators are excluded from the calculation and award distribution criteria because our contract with the University of Michigan Business School only provides for the provision of a *statewide* American Customer Satisfaction Index (ACSI) rating.

The percentage by which each Area meets its negotiated performance level, in a given program year, will be calculated using the following procedure. If an Area had an 80% negotiated performance level for Adult Entered Employment Rate and the Area's actual performance was 80%, the Area would have achieved 100% of their negotiated performance level and will receive a score of 100% on that individual measure. If the Area's actual performance was only 40%, they would have achieved 50% of their negotiated target level and would receive a score of 50% on that individual measure.

This analysis will then be clustered by program area:

- Adult
- Dislocated Worker
- Youth (both older and younger)

Each of these four groupings will receive its own averaged percentage score. The aggregation formula for Oklahoma will be simple averaging. Scores will be calculated by adding the individual performance levels within that group and dividing by the appropriate number of performance levels that were considered.

To qualify for incentive monies, an Area must meet three criteria. They must:

- Achieve at least 100% averaged program area score for each of the three program areas (adult, dislocated worker, and youth);
- Not have any of their individual measures fall below 80% of their negotiated performance levels; and
- Achieve a minimum threshold of twelve (12) criteria met.

Award Distribution

Once qualified to receive an incentive grant, the final approach to distributing incentive awards will include consideration of the following:

- Available State incentive program year funding
- The extent to which goals were met and/or exceeded

Award Calculation

The State will evaluate each of the qualifying Workforce Investment Areas and identify, by Area, the total number of negotiated measurements that were met at 100% or greater. The State will then combine the total of all qualifying Area's results and divide that total number of negotiated measurements met at 100% or higher into the total amount of available funds. The resulting amount will give each "met" or "exceeded" measure a dollar value which can be easily calculated out for award.

Example: Figure 1 depicts 9 Workforce Investment Areas eligible to participate in the incentive grant program because they met or exceeded 12 of their measures plus those that did not qualify. A review of statewide performance results reveals a combined 122 negotiated measures met or exceeded. Dividing 122 into the total amount of available funds (we'll use \$300,000) gives each "met" or "exceeded" measurement a dollar value of \$2,459.00. Using this example, a Workforce Investment Area with 12 total number of measurements met or exceeded (12 times \$2,459.00) would receive an incentive grant award of \$29,508.00. A graphic example of the total incentive award distribution, using this example, is at Figure 1.

Figure 1

Workforce Investment Area	Measures Met	Value Per Measure Met	Incentive Award
Area A	9	N/A	None
Area B	10	N/A	None
Area C	11	N/A	None
Area D	12	\$ 2,459.00	\$ 29,508.00
Area E	12	\$ 2,459.00	\$ 29,508.00
Area F	13	\$ 2,459.00	\$ 31,967.00
Area G	13	\$ 2,459.00	\$ 31,967.00
Area H	14	\$ 2,459.00	\$ 34,426.00
Area I	14	\$ 2,459.00	\$ 34,426.00
Area J	14	\$ 2,459.00	\$ 34,426.00
Area K	15	\$ 2,459.00	\$ 36,885.00
Area L	15	\$ 2,459.00	\$ 36,885.00
Totals	122		\$ 299,998.00

ACTION REQUIRED: This is official state policy and should be kept in your permanent policy issuance file. Share this information with your staff and anyone else who will benefit from knowing this policy.

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