



**Illinois**  
**Department of Commerce**  
& Economic Opportunity

**OFFICE OF EMPLOYMENT & TRAINING**

JB Pritzker, Governor

**WIOA NOTICE NO. 21-NOT-01, Change 2**

**TO:** Chief Elected Officials  
Local Workforce Innovation Board Chairpersons  
Local Workforce Innovation Board Staff  
WIOA Fiscal Agents and Grant Recipients  
WIOA Program Services Administrators  
Illinois workNet® Operators  
WIOA State Agency Partners  
Other Interested Persons

**SUBJECT:** WIOA Title IB Performance - Statistical Adjustment Model Implementation Pilot Project

**DATE:** April 28, 2023

**I. SUBJECT INDEX**

Performance Management

**II. PURPOSE**

To outline and provide an update to a pilot project for the implementation of the local Statistical Adjustment Model (SAM) and determine its impact on Illinois' Workforce Innovation and Opportunity Act (WIOA) Title IB Adult, Dislocated Worker, and Youth Programs performance outcomes for Program Years (PYs) 2020 through 2026. Change 1 incorporated an extension of the hold harmless from all sanctions through PY 2021. Change 2 clarifies WIOA Policy 3.6 Assessing Performance related to the Overall Program and Overall Indicator Scores. Paragraphs 4 and 5 outlines the Overall score requirements applied when assessing local performance.

**ISSUANCES AFFECTED**

**A. References:**

Workforce Innovation and Opportunity Act Sections 116(f)  
Workforce Innovation and Opportunity Act: Final Rule Section 677, Subpart B published  
at Federal Register Vol. 81, No. 161 (August 19, 2016)

Training and Employment Notice 14-21, Workforce Innovation and Opportunity Act (WIOA) Core Program Performance Accountability Assessment for Program Years (PY) 2020 and 2021<sup>1</sup> (October 27, 2021)

USDOL Training and Employment Guidelines Letter (TEGL) No. 11-19, Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs (February 6, 2020)

WIOA Policy 3.7 Incentives and Sanctions for Performance

B. Rescissions:

WIOA Notice 21-NOT-01, Change 1 WIOA Title IB Performance - Statistical Adjustment Model Implementation Pilot Project (August 12, 2022)

### III. **BACKGROUND**

The Workforce Innovation and Opportunity Act (WIOA) Section 116(c) outlines the performance accountability indicators of performance for each Title IB program to assess the effectiveness of states and local areas in achieving positive outcomes. Until Program Year (PY) 2020, the U.S. Departments of Labor and Education used their transition authority under section 503(a) of WIOA to implement a phased-in approach for determining success.

Training and Employment Guidance Letter (TEGL) 11-19 provides a negotiation framework, including utilizing a Statistical Adjustment Model (SAM). The SAM estimates performance levels before the program year to reach negotiated levels of performance and after completion of a program year in determining whether a state or local area successfully performed in meeting adjusted levels of performance for assessed indicators of performance. The SAM underwent several years of development and testing by the U.S. Department of Labor (USDOL) to identify the appropriate methodology and was implemented as a preliminary test beginning in PY 2017. By PY 2020, there was sufficient data to generate a usable model, and this was the basis for negotiations between USDOL and the State for determining levels of performance for PY 2020 and 2021.

The Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET) continues to coordinate discussions around the SAM through two workgroups consisting of local performance management representatives and statistical consultants to develop a local SAM that would simulate the State model using data from each Local Workforce Innovation Area (LWIA). The local negotiations for PYs 2022 and 2023 occurred under the old negotiation model until it was fully developed. While the model for negotiations has changed, how they are conducted has not. The primary indicators for performance are established through negotiations between the Local Workforce Innovation Boards (LWIBs), Chief Elected Officials (CEOs), and the State.

Under the SAM, following the completion of each program year, negotiated performance levels are adjusted to reflect the actual characteristics of participants served and the economic conditions experienced during the year. These levels use factors that identify the difference between the estimated levels of performance predicted before the start of the program year

compared to re-estimated levels of performance by the local SAM at the close of the program year.

Due to the complexity of the model and to ensure the effectiveness of the SAM when applied to negotiated goals, Illinois is implementing a phased-in approach to determining local areas' abilities to achieve positive outcomes. Following the application of the SAM to PY 2020 performance outcomes, additional research and revisions were determined necessary. The OET and our statistical consultants conducted a series of cooperative meetings with representatives of the local system to receive their input regarding concerns with the SAM and discuss potential revisions that would best reflect the participant characteristics and economic conditions across the state. Additionally, discussions conducted through the technical advisory workgroup included the application of the SAM for PY 2021 outcomes.

Approval has been granted to extend the hold harmless within this WIOA Notice through PY 2021 performance outcomes (for those indicators of performance assessed in PY20 and PY21) at the request of the workgroup focused on the process and planning of performance assessments. Recommendations on revisions to the SAM continue to be developed and incorporated within multiple models to determine a better set of factors at the request of a workgroup focused on the technical aspects of the process.

During the pilot, technical assistance to understand data related to performance outcomes, systems of record, and improving performance will be available for any LWIB. Additional technical assistance may include raising awareness of the performance indicators of performance, the methodology for calculating performance outcomes, and best practices for LWIBs and Title IB programs to consider in planning that will assist in achieving positive results for individuals served.

#### **IV. COMPONENTS**

The pilot for testing the local SAM began with PY 2020 outcomes and continues through PY 2026. During this phase, Illinois will review how the local SAM impacts performance outcomes through the application of the local SAM to negotiated levels of performance for PY 2020 and 2021 to determine the adjusted levels of performance and the upcoming PY 2022 and 2023 local negotiations. This review includes coordinating with statistical consultants to identify whether the current model framework accurately captures the participant characteristics and economic conditions or if there is a need to develop necessary adjustments to the model. As noted in the background, the current model framework is under review and may undergo revisions as a result of recommendations made by a technical workgroup focused on the SAM.

Because there were at least two (2) years of complete data available beginning in PY 2020 for the adjusted levels of performance for the Employment Rate – Second (2<sup>nd</sup>) Quarter after Exit for Adults and Dislocated Workers, the Employment or Education or Training Rate – Second (2<sup>nd</sup>) Quarter after Exit for Youth, and the Median Earnings Second (2<sup>nd</sup>) Quarter after Exit, the phased-in corrective action plan began with PY 2020. Full application of performance sanctions for these indicators of performance as outlined within WIOA Policy will go into effect beginning in PY 2025.

Since the Employment Rate – Fourth (4<sup>th</sup>) Quarter after Exit for Adults and Dislocated Workers, the Employment or Education or Training Rate – Fourth (4<sup>th</sup>) Quarter after Exit for Youth, the Credential Attainment, and the Measurable Skill Gains indicators of performance will not have sufficient data available until PY 2022, the implementation of corrective action for these indicators of performance will not be in effect until then. Also, the assessment of Overall Program Scores and Overall Indicator Scores will begin with the PY2022 assessments and align with the three indicators of performance above. Full application of performance sanctions for these indicators of performance as outlined within WIOA Policy will go into effect beginning in PY 2027.

Each year of the pilot, the level of accountability for LWIBs will increase until full implementation is reached in PY 2027. The required corrective action plan is outlined in the table below for an LWIB unable to successfully perform in meeting its adjusted levels of performance for PYs 2020 through 2027. Note that any LWIB unable to meet the adjusted levels of performance of the primary indicators will be held harmless from all sanctions during the first two years in which those indicators are applicable (See Table 1). The Table has further been updated to indicate the timeline for assessing the Overall Program Score and Overall Indicator Score.

In instances where the data and information for one or more of the indicators of performance do not produce sufficient, reliable, and verifiable results or USDOL provides additional guidance, Illinois reserves the right to revise the implementation timeline for this Pilot Project. This will allow for the orderly implementation of each indicator. In accordance with Training and Employment Notice (TEN) 14-21, the timeline listed in the table below accurately reflects and is consistent with implementation for States.

<b>Table 1</b> <b>WIOA Title IB Performance – Corrective Action Implementation Plan</b> <b>Program Year (PY) Indicates First Year of Implementation</b>							
Action	Employment Second (2 <sup>nd</sup> ) Quarter after Exit <sup>[1]</sup>	Employment Fourth (4 <sup>th</sup> ) Quarter after Exit <sup>[1]</sup>	Median Earnings Second (2 <sup>nd</sup> ) Quarter after Exit	Credential Attainment	Measurable Skill Gains	Overall Program Score	Overall Indicator Score
SAM Applied to Negotiated Levels of Performance to Determine Adjusted Levels of Performance	PY20	PY22	PY20	PY22	PY22	PY22	PY22
Local Performance Negotiations Require Utilization of SAM	PY22/PY23	PY22/PY23	PY22/PY23	PY22/PY23	PY22/PY23	PY22/23	PY22/23
Implementation of Corrective Action for Not Meeting the Adjusted Levels of Performance:							
Hold Harmless of Not Meeting Performance Requirements for Corrective Action	PY20	PY20	PY20	PY20	PY20	PY20	PY20
General Technical Assistance Provided by State	PY20	PY20	PY20	PY20	PY20	PY20	PY20
Optional Technical Assistance upon Request by LWIB	PY20	PY20	PY20	PY20	PY20	PY20	PY20
Mandatory Technical Assistance for Not Meeting Performance of One or More Adjusted Levels of Performance	PY22	PY24	PY22	PY24	PY24	PY24	PY24
Recommend Performance Improvement Plan	PY22	PY24	PY22	PY24	PY24	PY24	PY24
Mandatory Performance Improvement Plan	PY23	PY25	PY23	PY25	PY25	PY25	PY25
Development of Reorganization Plan for Not Meeting Performance of Same Adjusted Level of Performance for Three Consecutive Years	PY24	PY26	PY24	PY26	PY26	PY26	PY26
Full Implementation of Corrective Action and Sanctions	PY25	PY27	PY25	PY27	PY27	PY27	PY27

<sup>[1]</sup> Note that for WIOA Title IB Youth, these indicators include placement in education or training.

**V. ACTION REQUIRED**

The LWIB, CEO, One-Stop Operator, and other LWIA representatives including local board staff, WIOA Program Directors, WIOA partners, recipients, and subrecipients shall review this notice and distribute it to all appropriate individuals within the organization.

**VI. INQUIRIES**

Inquiries should be directed to DCEO, Mark Burgess at [mark.a.burgess@illinois.gov](mailto:mark.a.burgess@illinois.gov).

**VII. EFFECTIVE DATE**

This notice is effective on release.

**VIII. EXPIRATION DATE**

This notice will remain in effect until amended or rescinded by DCEO, Office of Employment and Training.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julio Rodriguez', with a stylized flourish at the end.

Julio Rodriguez, Deputy Director  
Office of Employment and Training

JR:ld

Attachments: None