

TRAINING AND EMPLOYMENT NOTICE	NO . 03-26
	DATE August 21, 2026

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
STATE WORKFORCE ADMINISTRATORS
STATE AND LOCAL WORKFORCE BOARD CHAIRS AND DIRECTORS
STATE LABOR COMMISSIONERS
STATE LMI DIRECTORS
STATE CTE DIRECTORS
STATE ADULT EDUCATION DIRECTORS

FROM: MAREK LACO /s/
Acting Assistant Secretary

SUBJECT: Workforce Innovation and Opportunity Act (WIOA) Core Program¹ Performance Accountability Assessment for Program Year (PY) 2025

1. Purpose. Consistent with Joint Workforce Innovation and Opportunity Act (WIOA) Final Rule requirements,² the U.S. Departments of Labor and Education (the Departments) have determined it is appropriate and reasonable in Program Year (PY) 2025 for the:

- U.S. Department of Labor (DOL) to assess performance for five performance indicators under WIOA Title I core programs and three performance indicators under the Employment Service (referred to as “WIOA Title III”) core program;
- U.S. Department of Education (ED) to assess performance for five performance indicators under the Vocational Rehabilitation (“WIOA Title IV”) core program;
- U.S. Department of Education (ED) to assess performance for four performance indicators under the Adult Education and Family Literacy Act (“WIOA Title II”) core program; and
- Departments to delay assessing performance for the purpose of imposing sanctions for one performance indicator in the WIOA Title II core program to provide for the orderly transition from the requirements of the Workforce Investment Act of 1998 (WIA) to those of WIOA, as permitted under section 503(a) of WIOA.

¹ These six core programs are the Adult, Dislocated Worker, and Youth programs, authorized under WIOA title I and administered by DOL; the Adult Education and Family Literacy Act (AEFLA) program, authorized under WIOA title II and administered by the US Department of Education (ED); the Employment Service program authorized under the Wagner-Peyser Act, as amended by WIOA title III and administered by DOL; and the Vocational Rehabilitation (VR) program authorized under title I of the Rehabilitation Act of 1973, as amended by WIOA title IV and administered by ED.

² See 20 C.F.R. § 677.190(c) and 34 C.F.R. §§ 361.190(c) and 463.190(c).

The Departments' determinations, as will be described more fully herein, are consistent with the phased-in approach to performance assessments described in [Training and Employment Guidance Letter \(TEGL\) No. 11-19, Change 2](#) issued on January 6, 2025.³

2. **Action Requested.** Please distribute this information to the appropriate state and local staff, including program, reporting, performance accountability, and technical staff.

3. **Summary and Background.**

a. Summary – The Departments have determined that it is appropriate and reasonable to assess performance for the WIOA Title I, III, and IV core programs for PY 2025 for the following performance indicators as applicable:

- Employment Rate 2nd Quarter after Exit,
- Employment Rate 4th Quarter after Exit,
- Median Earnings 2nd Quarter after Exit,
- Credential Attainment Rate,
- Measurable Skill Gains, and
- The Overall State Program Scores.

The Departments have determined that it is appropriate and reasonable to assess performance for the WIOA Title II core program for PY 2025 for the following performance indicators as applicable:

- Employment Rate 2nd Quarter after Exit,
- Employment Rate 4th Quarter after Exit,
- Median Earnings 2nd Quarter after Exit, and
- Measurable Skill Gains.

The Departments have determined that it is appropriate and reasonable to assess performance for the WIOA Title I, II, III, and IV core programs for PY 2025 for the following performance indicators as applicable:

- The Overall State Indicator Scores for Employment Rate 2nd Quarter after Exit, Employment Rate 4th Quarter after Exit, Median Earnings 2nd Quarter after Exit, and Measurable Skill Gains.

The Departments have determined that the available baseline data are insufficient to produce reliable estimates using the required statistical adjustment model for the remaining performance indicators. Therefore, the Departments have determined it is necessary to use their transition authority, pursuant to section 503(a) of WIOA, to delay assessment of:

³ This guidance is a statement of the Departments' policy regarding WIOA. Other than statutory and regulatory requirements included in this guidance, the contents of this guidance do not have the force and effect of law. This guidance is intended only to provide clarity regarding existing requirements under the applicable law or agency policies.

- Effectiveness in Serving Employers for all WIOA core programs,⁴
- Credential Attainment Rate for the WIOA Title II core program,
- The Overall State Indicator Score for Credential Attainment Rate, and
- The Overall State Program Score for the WIOA Title II core program.

This means the Departments will not assess performance for the purpose of imposing sanctions for the above performance indicators for PY 2025 but will continue to use performance data for effective program management, oversight, monitoring, and continuous improvement.

States are required to submit timely and complete performance reports for PY 2025 and will be sanctioned for failure to do so.⁵ If a state is unable to submit complete and timely performance reports by October 1, 2026, due to exceptional circumstances outside of the state's control, it must notify the Departments pursuant to 20 C.F.R. § 677.185(c) and 34 C.F.R. §§ 361.185(c) and 463.185(c) and consistent with guidance set forth in TEGL 11-19, Change 2. The practical implications of the Departments' decision on sanctions implementation are explained in a series of questions and answers below.

With respect to the Title II core program, states report aggregate data annually, resulting in four times less data than is generated each year for the Titles I, III, and IV core programs for use in the statistical adjustment model. As a result, it is taking more time for the Title II model to yield reliable estimates for purposes of measuring program performance on some indicators; however, with each additional year's worth of data, the Departments have observed improvement in the model's ability to produce reliable estimates, as evidenced by the inclusion of additional indicators in the PY 2025 assessment. This continued and steady improvement constitutes progress toward the Departments' ability to assess all performance indicators for all core programs. In the meantime, the Departments have determined it is necessary to use the transition authority in section 503(a) of WIOA to provide for the orderly transition to the WIOA performance accountability requirements for all core programs.

- b. Background – Section 116 of WIOA establishes primary performance indicators that apply to the six core programs and reporting requirements that assess states' effectiveness in achieving positive outcomes for individuals and employers served by WIOA's six core programs.⁶ WIOA also requires that the Departments use a statistical adjustment model to assess state performance by adjusting negotiated performance levels for the characteristics of participants actually served throughout the program year and for the actual economic conditions within the state. WIOA requires the Departments to use the

⁴ Effectiveness in Serving Employers is a shared measure, as defined in TEGL 10-16, Change 3 *Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Core Programs*, available at [TEGL 10-16 Change 3 | U.S. Department of Labor](#).

⁵ See 20 C.F.R. § 677.185(a) and 34 C.F.R. §§ 361.185(a) and 463.185(a).

⁶ As stated in 20 C.F.R. § 677.150(d) and 34 C.F.R. §§ 361.150(d) and 463.150(d), the negotiations and sanctions process only applies to states as defined in sec. 3(56) of WIOA – each of the several states of the United States, the District of Columbia, and the Commonwealth of Puerto Rico. It does not apply to the outlying areas as defined in WIOA sec. 3(45)—American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and the Republic of Palau.

model to assess state performance and determine whether a state has met its adjusted levels of performance. The Departments developed a model and process for this purpose.⁷ To date, the implementation of a model and the performance accountability provisions have informed the Departments' performance negotiations with states, helped to prioritize technical assistance efforts, and advanced the workforce system toward a more objective and data-driven accountability structure.

WIOA instituted a new approach to performance accountability in the workforce system, and the Departments find it is taking longer to collect sufficient baseline data to produce reliable estimates from the statistical adjustment model for the Credential Attainment Indicator for the WIOA Title II core program than had been anticipated. The Departments remain focused and committed to collecting performance data and promoting robust practices related to data collection, data integrity, and complete reporting. As additional data are collected, the Departments will continue to review and refine the statistical adjustment model.

Section 503(a) of WIOA authorizes the Secretaries of Education and Labor to take such action as appropriate to provide for the orderly transition from any requirement under WIA to those under WIOA, including those related to the performance accountability system established in section 116 of WIOA. The Departments have determined that it would be inappropriate to assess for performance pursuant to section 116(b)(3)(A) of WIOA and 20 C.F.R. § 677.190, and 34 C.F.R. §§ 361.190 and 463.190, and to impose sanctions pursuant to section 116(f) of WIOA, on a state on the basis of a statistical adjustment model for which the available baseline data are not sufficient to produce reliable estimates.

Use of WIOA's transition authority to delay assessing performance and imposing sanctions is an appropriate action for an orderly transition to the WIOA performance accountability system because of the performance accountability system's reliance on the statistical adjustment model. Therefore, the Departments determined that it is necessary to use the transition authority in section 503(a) of WIOA to delay assessing performance and imposing sanctions against states that fail to meet adjusted levels of performance for those Individual Indicator Scores, as well as for the Overall State Program Scores and the Overall State Indicator Scores, for which the baseline data are not sufficient.

Except for the Effectiveness in Serving Employers performance indicator, the Departments have determined there are sufficient baseline data for the statistical adjustment model to yield consistently reliable results for all of the performance indicators for the WIOA Titles I, III, and IV core programs, as well as for Employment Rate in the 2nd Quarter After Exit, Employment Rate 4th Quarter After Exit, Median Earnings 2nd Quarter After Exit, and Measurable Skill Gains for WIOA Title II.⁸

⁷ TEGL 11-19, Change 2 *Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs*, available at [TEGL 11-19 Change 2 | U.S. Department of Labor](#).

⁸ TEGL 11-19, Change 2 *Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs* describes the Departments' phased-in approach to determining performance success or

Therefore, the Departments have determined it is appropriate for DOL and ED to continue assessing performance for those performance indicators for PY 2025 in accordance with joint WIOA regulations and the phased-in approach to performance assessments described in TEGL 11-19, Change 2. The Departments, as permitted under section 503(a) of WIOA, will delay assessing performance for the purpose of imposing sanctions for the remaining performance indicators. The following questions and answers explain what this means in practical terms.

4. Questions and Answers.

Question 1: For which primary indicators of performance and for which core programs will the Departments assess state performance for PY 2025?

Response 1: DOL and ED will assess state performance for the following Individual Indicator Scores for the WIOA Titles I and IV core programs:

- Employment Rate 2nd Quarter after Exit,
- Employment Rate 4th Quarter after Exit,
- Median Earnings 2nd Quarter after Exit,
- Credential Attainment Rate, and
- Measurable Skill Gains.

ED will assess state performance for the following Individual Indicator Scores for the WIOA Title II core program:

- Employment Rate 2nd Quarter after Exit,
- Employment Rate 4th Quarter after Exit,
- Median Earnings 2nd Quarter after Exit, and
- Measurable Skill Gains.

DOL will assess state performance for the following Individual Indicator Scores for the WIOA Title III core program:

- Employment Rate 2nd Quarter after Exit,
- Employment Rate 4th Quarter after Exit, and
- Median Earnings 2nd Quarter after Exit.⁹

The Departments will also assess state performance for the Overall State Program Score for the WIOA Title I, Title III, and Title IV core programs since the Departments will be assessing all of the Individual Indicator Scores applicable to that program. The Departments will also assess state performance for the Overall State Indicator Scores for Employment

failure for each indicator or program and states that PY 2025 will be used to collect and monitor Effectiveness in Serving Employers results to establish a credible baseline before developing the required statistical adjustment model.

⁹ The Credential Attainment Rate and Measurable Skill Gains performance indicators are not applicable to the WIOA Title III core program, pursuant to section 116(b)(2)(A)(i).

Rate 2nd Quarter after Exit, Employment Rate 4th Quarter after Exit, Median Earnings 2nd Quarter after Exit, and Measurable Skill Gains since the Departments will be assessing these Individual Indicator Scores for all of the applicable programs. See Attachment I for additional information.

Question 2: What happens if a state has a performance failure with respect to WIOA Titles I, II, III, and IV core program Individual Indicator Scores or and the WIOA Titles I, III, and IV core program Overall State Program Score for PY 2025?

Response 2: If a WIOA Title I, II, III, or IV core program, for the first time, fails to achieve an Individual Indicator Score of at least 50%, as described on page 14-15 of TEGL 11-19, Change 2, for the individual indicators that will be assessed in PY 2025 (as described in Question 1 above), the state must receive technical assistance and develop a performance improvement plan in accordance with section 116(f)(1)(A) of WIOA. If the state fails the same Individual Indicator Score for the same program, for the second consecutive time in PY 2025 or PY 2026, the Departments must impose a financial sanction in accordance with section 116(f)(1)(B) of WIOA.

If a WIOA Title I, II, III, or IV core program, for the first time, fails to achieve an Overall State Program Score or Overall State Indicator Score of at least 90 percent in PY 2025, as described on page 14-15 of TEGL 11-19, Change 2, the state must receive technical assistance and develop a performance improvement plan in accordance with section 116(f)(1)(A) of WIOA. If a state WIOA Title I, II, III, or IV core program fails to achieve an Overall State Program Score or Overall State Indicator Score of at least 90 percent, for the second consecutive time in PY 2025 or PY 2026, the Departments must impose a financial sanction in accordance with section 116(f)(1)(B) of WIOA.

Question 3: Will the Departments suspend or delay WIOA performance reporting for PY 2025?

Response 3: No, states must submit complete and timely performance information as they have done since PY 2016.

Question 4: Will states be subject to sanctions for failure to submit complete and timely reports for PY 2025?

Response 4: Yes, states are subject to sanctions for failure to submit complete and timely performance reports for all six core programs, as has been true since PY 2017. Failing to certify complete PY 2025 annual performance reports by October 1, 2026, could lead to a financial sanction through a reduction of a state's PY 2026 Governor's Reserve funds.¹⁰ For details regarding complete and timely reporting and requesting an annual reporting extension, refer to pages 11-13 of TEGL 11-19, Change 2.

¹⁰ This refers to the percentage of a state's WIOA title I allotment that the state's Governor is allowed to reserve for statewide activities under sec. 128(a) of WIOA (29 U.S.C. § 3163(a)).

Question 5: If the Departments are not using the data to assess performance for sanctions purposes, how will the Departments use performance data from PY 2025?

Response 5: The Departments will continue to use the data for the purposes of effective program management, system oversight, monitoring and internal controls, and the provision of technical assistance, including implementing methods for ensuring data reliability, as appropriate. The Departments will share performance results with states as appropriate. States should expect to review performance data for PY 2025 and prepare to engage with Federal staff to discuss, among other topics, data quality, continuous improvement, and performance results. All data reported by states, even those not used for performance assessment in a particular PY, benefit the statistical adjustment model used by the Departments by increasing the amount of data input, thereby enabling the model to produce more reliable results over time.

Question 6: Does the Departments' decision regarding assessing for performance for PY 2025 apply to PY 2026 too?

Response 6: The Departments' decision to assess state performance for certain performance indicators and overall scores based on the reliability of the statistical adjustment model applies to PY 2025 only. The Departments' decision for PY 2025 is based on a determination that sufficient baseline data are available to produce reliable estimates using the statistical adjustment model for the indicators that will be assessed for performance. In an effort to accelerate the full implementation of WIOA performance accountability requirements, the Departments will make a separate assessment of the model's reliability for PY 2026, rather than making a determination to delay assessments for both program years at this time. The Departments are therefore advancing performance assessment consistent with the reliability of the data yielded by the statistical adjustment model.

5. **Inquiries.** Please direct inquiries to the appropriate Regional Office.

6. **References.**

- TEGL 11-19, Change 2: *Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs*, issued January 6, 2025, [TEGL 11-19 Change 2 | U.S. Department of Labor](#)
- TEGL 10-16, Change 3: *Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Core Programs*, issued June 11, 2024, [TEGL 10-16 Change 3 | U.S. Department of Labor](#)

7. **Attachment(s).**

- Attachment I: Individual Indicator Scores, Overall State Program Scores, and Overall State Indicator Scores Subject to Performance Assessment in PY 2025