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VETERANS' PROGRAM LETTER NO. 03-11

TO: ALL REGIONAL ADMINISTRATORS AND DIRECTORS FOR
 VETERANS' EMPLOYMENT AND TRAINING
 ALL STATE AGENCY ADMINISTRATORS
 ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND
 TRAINING ADMINISTRATION (INFO)

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 Assistant Secretary

SUBJECT: Negotiating Performance Goals for Services to Veterans for Program Year
 2011

- I. **Purpose:** To provide guidance to States and Directors for Veterans' Employment and Training (DVETs) for negotiating Program Year (PY) 2011 performance targets for Veterans served by Jobs for Veterans State Grant funded staff and through the One-Stop Career Center system.
- II. **Rescissions:** Veterans' Program Letter (VPL) 08-10, Negotiating Performance Goals for Services to Veterans for Program Year 2010, dated June 29, 2010.
- III. **References:** Title 38 United States Code (38 USC), § 4102A; ET Handbook No. 406, expiration date March 31, 2012; Training and Employment Guidance Letter (TEGL) 29-10, Negotiating Performance Goals for the Workforce Investment Act Title IB Programs and Wagner-Peyser Act Funded Activities for Program Year 2011, dated June 1, 2011; TEGL 17-05, Common Measures Policy for the Employment and Training Administration (ETA) Performance Accountability System and Related Performance Issues, dated February 17, 2006; and Government Accountability Office (GAO) Report 07-594, Labor Could Improve Information on Reemployment Services, Outcomes, and Program Impact, issued May 24, 2007 <http://www.gao.gov/new.items/d07594.pdf>
- IV. **Background:** As mandated by 38 USC, § 4102A, the Assistant Secretary for Veterans' Employment and Training has established and implemented a performance accountability system. This system measures the effectiveness of the services delivered to Veterans at two levels of the workforce system: a) the specific level represented by the Jobs for

Veterans State Grants; and b) the general level represented by the One-Stop Career Center System. There is an expectation that States will set their targets for outcomes high enough to be challenging but still remain achievable. If a State falls short of its negotiated targets for either the Grant-Based or One-Stop measures, then the Veterans' Employment and Training Service (VETS) is obligated to provide technical assistance through the appropriate DVET to help the State achieve success in providing Veterans with employment services that lead to viable opportunities for employment. The measurement methods applied at the specific and general levels of the workforce system are summarized below.

The terminology and systems for performance measurement and reporting have changed significantly during recent years. A key change was the initiation of common measures on July 1, 2005. The measures applied for PY 2006 and PY 2007 reflected the common measures model and the same combination of eight Grant-Based measures and four One-Stop measures was applied for those two program years. Starting with PY 2008, States have negotiated target levels for seven Grant-Based measures and six One-Stop measures.

Grant-Based Measures: One set of performance measures quantifies the effectiveness of services provided to Veterans by the complement of Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff in each State. Grant-Based measures were first applied in PY 2004, were revised for application in PY 2006 and PY 2007, and were revised again for application in PY 2008 and subsequent years. Negotiations are conducted annually with each State, with performance during previous periods guiding those negotiations.

One-Stop Measures: A second set of performance measures quantifies the effectiveness of each State's employment service delivery system as a whole in meeting the needs of Veterans, Transitioning Service Members and other eligible persons seeking employment. To fulfill its statutory monitoring and oversight role, VETS annually establishes national performance targets for the One-Stop Career Center System, which reflect the employment outcomes for Veterans achievable through the cumulative efforts of the State Agencies nationwide.

Weighting: The Jobs for Veterans Act requires that the Grant-Based measures include weighting to assure that special consideration is given to Veterans requiring intensive services (38 USC, § 4102A(f)(2)(B)). In addition, a recommendation of GAO Report 07-594, issued in May 2007, was, "...to implement a weighting system for the DVOP and LVER performance measures that takes into account the difficulty of serving Veterans with particular barriers to employment." For PY 2008, VETS piloted the negotiation of a single weighted Grant-Based measure on a consolidated basis (i.e., based on the consolidated results from the VETS- 200 C Report) and that measure was applied for PY 2009 and PY 2010 as well.

Average Earnings: The GAO report cited above also noted that VETS had not applied the Average Earnings (AE) measure. For PY 2008, VETS piloted the application of the AE measure and that measure was applied for PY 2009 and PY 2010 as well. For the Grant-

Based measures, the AE is applied to all Veterans on a consolidated basis. For the One-Stop measures, the AE is applied separately to all Veterans and to disabled Veterans.

V. Negotiating Performance Targets: Performance accountability is a key component of the information system used to manage the effectiveness of the workforce investment system. Therefore, States should use the negotiation of performance targets for PY 2011 as an opportunity to encourage innovation that shows continuous improvement in the provision of services to Veterans, Transitioning Service Members and other eligible persons. Historical performance data, labor market information and demographic factors play a key role in developing performance targets. Examples of economic and demographic factors that should be considered when negotiating outcomes are:

- Employment opportunities as affected by the rate of job creation/job loss in the State;
- Trends in State and sub-State unemployment; and
- The estimated number of demobilizing National Guard and Reservists in the State.

State Agencies should conduct a thorough analysis of the outcomes reported through PY 2009, interim results for PY 2010 and other factors that may impact future performance, prior to negotiations. The 13 measures to be negotiated for PY 2011 are provided as Attachment 1.

VI. Performance Targets for Grant-Based Measures: Target values will be negotiated with each State Agency for the four performance measures addressing the outcomes experienced by the two Veteran subgroups targeted to be served by DVOP specialists and LVER staff:

DVOP (Data Source: VETS-200A):

- Disabled Veterans Entered Employment Rate (EER) (following Staff Assisted Services)
- Disabled Veterans Employment Retention Rate (ERR)

LVER (Data Source: VETS-200B):

- Recently Separated Veterans EER (following Staff Assisted Services)
- Recently Separated Veterans ERR

Target values also will be negotiated for the three performance measures addressing outcomes experienced by Veterans served by DVOP specialists and/or LVER staff measured on a consolidated basis (i.e., based on the unduplicated results included in the VETS-200 C Report):

Consolidated DVOP/LVER (Data Source: VETS-200C):

- Veterans EER (following Staff Assisted Services) - Weighted
- Veterans ERR
- Veterans AE

Attachment 2 presents the PY 2009 results by State for the seven Grant-Based measures.

For the weighted EER measure, section VII describes the method for calculating a starting point for negotiating a target level. For PY 2008, the three consolidated measures were applied on a “hold harmless” basis because that was the first year those measures were applied. The hold harmless feature did not apply for PY 2009 and PY 2010 and it will not apply for PY 2011.

VII. Weighted Measurement: The two subsections below: a) explain the intent of the weighted measurement implemented by VETS; and, b) describe the calculation method.

Intent of Weighted Measurement: In the weighted form, the Veterans who enter employment after receiving intensive services receive higher value or weight and generate greater credit. Specifically, the weighting attributes to each Veteran who enters employment after receiving intensive services a value or weight that is equal to 1.25 the value or weight attributed to each Veteran who enters employment without receiving intensive services. Under this approach to weighting, every four Veterans who enter employment after receiving intensive services make a contribution to the weighted EER that is equal to the contribution made to that measure by five Veterans who enter employment without receiving intensive services. So, the successful outcomes of four Veterans who received intensive services generate the same credit for a State as the successful outcomes of five Veterans who did not receive intensive services.

The difference between the un-weighted EER and the weighted EER reflects the proportion that Veterans who enter employment after receiving intensive services represent among all Veterans who enter employment. For a State or year in which the Veterans who enter employment after receiving intensive services represent a high proportion of all Veterans who enter employment, the difference between the un-weighted and weighted measures will be relatively large. For a State or year in which the Veterans who enter employment after receiving intensive services represent a low proportion of all the Veterans who enter employment, the difference between the un-weighted and weighted measures will be relatively small. For some States or years, there will be no difference between the un-weighted and weighted measures, but the weighted EER never will be lower than the un-weighted EER.

Calculation Method: The measure to be weighted is the consolidated Entered Employment Following Staff Assisted Services Rate for Total Veterans and Eligible Persons (Row 19, Column C on the VETS-200 C Report). The weighting is implemented by adjusting the value for that measure based on the Entered Employment Following Intensive Services Numerator (Row 20, Column C on the VETS-200 C Report). Attachment 3 identifies the data elements and calculations involved in weighting the EER for a sample State based on the number of Veterans entering employment following receipt of intensive services. That attachment also identifies shortened titles for the three reported data items that are applied to calculate the weighted EER. The steps to calculate a weighted EER are presented below, with the numeric values from Attachment 3 appearing in parentheses:

1. Identify the Veteran Numerator (1,025).
2. Identify the Veteran Denominator (1,450).
3. Identify the Entered Employment Following Staff Assisted Services Rate (71%) for informational purposes only.
4. Identify the Veteran Receiving Intensive Services Numerator (210).
5. Calculate the Veteran Receiving Intensive Services Weighting Factor:
Multiply the Veteran Receiving Intensive Services Numerator (210) by 0.25 to calculate the **Veteran Receiving Intensive Services Weighting Factor (53*).**
6. Calculate the Weighted Veteran Numerator: Add the Veteran Receiving Intensive Services Weighting Factor (53) to the Veteran Numerator (1,025) to calculate the **Weighted Veteran Numerator (1,078).**
7. Calculate the Weighted Veteran EER: Divide the Weighted Veteran Numerator (1,078) by the Veteran Denominator (1,450) to calculate the **Weighted Veteran EER (74%*).**

** rounded to the nearest whole number or percent*

Column F of Attachment 4 provides a starting point for negotiating a weighted EER target for each State. The starting point is calculated by applying the data elements and calculation steps from Attachment 3, as described above, to the reported results for PY 2009. Weighted EER starting points also appear in Attachment 2, along with the un-weighted data for the Grant-Based Employment Retention measure and the un-weighted data for the Grant-Based Average Earnings measure, all of which are to be applied on a consolidated basis (i.e., based on the results reported on the VETS 200 C Report). Attachment 5 provides a calculation tool for use by VETS field staff and staff affiliated with State Agencies. By entering the key data elements into this tool, workforce professionals can calculate the effect of weighting within different scenarios.

The effect of this approach to weighting can be explained by referring to the shortened titles appearing in Attachment 3 for the reported data items that relate to the weighted EER. In un-weighted form, all the Veterans who are included in the Veteran Receiving Intensive Services Numerator also are “rolled up” into the Veteran Numerator. So, the Veteran Numerator includes some Veterans who enter employment after receiving intensive services, and other Veterans who enter employment without receiving intensive services. In un-weighted form, the Veterans of both types make equal contributions to the Veteran EER, thus receiving equal value or weight and generating equal credit. However, in the weighted form, each Veteran who enters employment after receiving intensive services receives a value or weight of 1.25 and generates greater credit, as described in the first subsection above.

VIII. Performance Targets for One-Stop Measures: States are expected to develop strategies and policies that demonstrate continuous improvement. Target values will be negotiated with each State Agency for the six performance measures addressing the outcomes experienced by Veterans served by One-Stop Career Centers:

- Veteran EER
- Veteran ERR
- Veteran AE
- Disabled Veteran EER
- Disabled Veteran ERR
- Disabled Veteran AE

Target values for these six outcome measures can be based on comparable historical data, as reported by each State on the quarterly ETA 9002 D Report, for the periods up to and including the period ending March 31, 2011. Attachment 6 presents the PY 2009 results by State for the six One-Stop measures.

In recent years, VETS has participated with other DOL agencies in developing national performance targets based upon regression analysis of prior years' results. In conjunction with this initiative, VETS applies the regression analysis results each year to establish national level One-Stop performance targets. The PY 2011 One-Stop national targets are:

- Veteran EER – 45.2%
- Veteran ERR – 71.3%
- Veteran AE - \$16,662
- Disabled Veteran EER – 42.1%
- Disabled Veteran ERR – 70.9%
- Disabled Veteran AE - \$17,096

A comparison of mid-year results for PY 2010 with a very similar set of targets for that program year indicates that the interim EER results are very close to the two targets for that measure, while the interim ERR results are substantially above the two targets for that measure, and the interim AE results are slightly below the two targets for that measure. This information is provided for reference by VETS field staff and State Agency staff in conjunction with the PY 2011 negotiations. However, these national targets are not intended to prescribe or limit the state level targets to be negotiated for PY 2011. Rather, VETS prefers to rely upon the combined expertise of VETS' field staff and State Agency staff to project PY 2011 performance targets that best accommodate the full set of conditions anticipated within each State.

IX. Strategies to Improve Performance: DVETs should work closely with States to develop new strategies if the outcomes for Grant-Based services provided by DVOP specialists and/or LVER staff and/or the outcomes for One-Stop services for Veterans fall short of negotiated targets. In those cases, the oversight by the DVET should include discussions with State staff about topics such as improving grant funded staff utilization rates, targeting areas of high unemployment, emphasizing employer outreach and job development, and identifying staff training needs.

A State that does not meet one or more of its negotiated goals for a given program year will be required to work closely with the respective DVET during the following twelve months to improve outcomes. During this period of technical assistance, the DVET will be instrumental in assisting the State with exploration of the problems or issues that impact the shortfall, and in recommending improvements designed to improve the State's capacity to meet its goals. If needed, a second year of technical assistance can be provided to ensure that the State achieves outcomes that are reflective of its economy and that contribute to the national goals. If the deficiency continues at the end of the second year of technical assistance, the DVET, in consultation with the appropriate Regional Administrator for Veterans' Employment and Training (RAVET), may place the State under a Corrective Action Plan.

X. Actions Required:

- A. Between the VPL issue date and July 15, 2011, States will meet with the respective DVET to negotiate the performance goals for Veterans, as described in this VPL.
- B. By July 15, 2011, the State will forward the negotiated performance level to the DVET. States are encouraged to use the format provided at Attachment 7 to submit their goals. If an alternative format is submitted, it must include the same information listed in the attachment and must be signed by the approved State signatory.
- C. By July 22, 2011, the DVET will forward a signed copy of the agreed performance levels to the RAVET for review.
- D. If the proposed goals are unacceptable, the RAVET may direct the continuation of the negotiation process.
- E. Not later than August 5, 2011, RAVETs will submit the final, negotiated performance goals for each State, signed by the DVET and the RAVET, to Joel Delofsky at the Jobs for Veterans Lead Center and Patrick Hecker in the National Office. Each signed memorandum will be incorporated into the respective State's approved plan for services to Veterans.

XI. Inquiries: Questions should be referred to the appropriate DVET. DVETs or other VETS staff with questions should contact their Jobs for Veterans Expert Team (JVET) representative or RAVET. JVET representatives and RAVETs may contact Patrick Hecker at the National Office at (202) 693-4709 or Joel Delofsky at the Jobs for Veterans Lead Center at (312) 353-4942.

XII. Expiration Date: When rescinded or superseded.

XIII. Attachments:

- 1. State Workforce System Performance Measures Currently Negotiated for Veterans
- 2. Grant-Based Performance Outcomes by State for PY 2009

3. Calculating the Veteran EER Weighted for Veterans Entering Employment Following Intensive Services for a Sample State
4. PY 2009 Data Applied to Calculate the Starting Points for Weighted Grant-Based EER Targets for PY 2011
5. Grant-Based Performance Measure Weighting Tool
6. One-Stop Performance Outcomes by State for PY 2009
7. Memo Format for Submitting Negotiated Performance Targets for PY 2011