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VETERANS' PROGRAM LETTER NO. 05-08

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

FROM:

  
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SUBJECT: Negotiating Performance Goals for Services to Veterans for Program Year 2008

- I. **Purpose:** To provide guidance to States and Directors for Veterans' Employment and Training (DVETs) for negotiating Program Year (PY) 2008 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) 01-07, Negotiating Veteran Service Performance Goals for Program Year 2007, dated April 20, 2007.
- III. **References:** Title 38 United States Code, Section 4102A (38 U.S.C. 4102A); ET Handbook No. 406, expiration date February 28, 2009; Training and Employment Guidance Letter (TEGL) 19-06, on Negotiating Common Measures Performance Goals for Wagner-Peyser Act Funded Activities and Workforce Investment Act (WIA) Title 1B Adult and Dislocated Worker Programs, dated March 30, 2007; 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 U.S.C. 4102A, the Assistant Secretary for the Veterans' Employment and Training Service 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, 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, along with several new performance measurement approaches that are to be applied for the first time for PY 2008.

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 and were revised for application in PY 2006 and PY 2007. 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, Veterans' Employment and Training Service (VETS) annually establishes national performance targets for the One-Stop Career Center System, reflecting the positive employment outcomes for veterans that are achievable through the cumulative efforts of the State Workforce Agencies nationwide.

Recent Developments: The terminology and systems for performance measurement and reporting have changed significantly since the current grant cycle began on October 1, 2004. The key change during this period was the initiation of common measures on July 1, 2005. The measures applied for PY 2006 and PY 2007 reflect the common measures model. The same combination of eight Grant-Based measures and four One-Stop measures was applied for those two program years. For PY 2008, States will be negotiating target levels for seven Grant-Based measures and six One-Stop measures. Attachment 1 summarizes the 13 measures to be applied for PY 2008 and compares those measures with the 12 measures applied for PY 2006 and 2007.

Consolidation of Grant-Based Measures: GAO report 07-594, issued in May 2007, includes several recommendations. One recommendation proposes consolidation of all Grant-Based measures, including the measures for disabled veterans (currently applied to DVOP only) and the measures for recently separated veterans (currently applied to LVER only). Based upon the clear separation of roles and responsibilities reflected in law and in policy guidance, VETS does not intend to consolidate the Grant-Based measures that apply to those two targeted subgroups. However, for PY 2008, VETS is responding to GAO's recommendation by piloting three Grant-Based measures applicable to all veterans, based on the consolidated results from the VETS-200 C Report. One of the three consolidated measures is a weighted measure, as described below.

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 the GAO Report cited previously 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 is piloting 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).

Average Earnings: The GAO report also notes that VETS has not applied the Average Earnings (AE) measure. For PY 2008, VETS is piloting the application of the AE measure. For the Grant-Based measures, the AE will be monitored for all veterans on a consolidated basis. For the One-Stop measures, the AE will be monitored for all veterans and for 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 2008 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 Workforce Agencies should conduct a thorough analysis of the outcomes reported through PY 2006 to those currently reported and other factors that may impact future performance, prior to negotiations.

VI. **Performance Targets for Grant-Based Measures:** Target values will be negotiated with each State Workforce Agency for the four performance measures addressing the outcomes experienced by the two veteran subgroups 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 2006 results by State for the seven Grant-Based measures. The four measures that separately assess DVOP and LVER performance for the targeted subgroups were applied previously. Accordingly, States will be held accountable to achieve PY 2008 results that meet the targets negotiated for those measures.

In contrast, the three Grant-Based measures that assess DVOP/LVER performance on a consolidated basis include new measurement approaches. Therefore, the PY 2008 results achieved in response to the targets negotiated for those three measures will be assessed on a "hold harmless" basis. This means that targets are to be negotiated for the three new measures but States will not be held accountable if the PY 2008 results fail to achieve the target levels negotiated. For the weighted EER measure, section VII describes the method for calculating a starting point for negotiating a target level.

**VII. Weighted Measurement:** 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 2006. 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 Workforce 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 entered employment after receiving intensive services, and other veterans

who entered 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.

In the weighted form, the veterans who entered employment after receiving intensive services receive higher value or weight and generate greater credit. Specifically, by adding 25% of the value of the Veteran Receiving Intensive Services Numerator to the Veteran Numerator, the weighting attributes to each veteran who entered employment after receiving intensive services a value or weight that is equal to 1.25 the value or weight attributed to each veteran who entered 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 entered employment after receiving intensive services represent among all veterans who entered employment. For a State in which the veterans who entered employment after receiving intensive services represent a low proportion of all the veterans who entered employment, the difference between the un-weighted and weighted measures will be relatively small. For some States, 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. For a State in which the veterans who entered employment after receiving intensive services represent a high proportion of all veterans who entered employment, the difference between the un-weighted and weighted measures will be relatively large. When comparing performance across two program years, if a State is able, in the second year, to substantially increase the proportion that veterans who received intensive services represent among all veterans who entered employment, the difference between the un-weighted and weighted measures will be greater for the second year.

**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 Workforce Agency for the four previously applied and the two new performance measures addressing the outcomes experienced by veterans served by One-Stop Career Centers:

- Veterans' EER
- Veterans' ERR
- Veterans' AE
- Disabled Veterans' EER
- Disabled Veterans' ERR
- Disabled Veterans' 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 December 31, 2007. Attachment 6 presents the PY 2006 results by State for the six One-Stop measures. Since the EER and ERR measures for veterans and disabled veterans were applied in prior years, States will be held accountable to achieve PY 2008 results that meet the negotiated targets for these four measures. In contrast, since the Average Earnings measures were not applied previously, PY 2008 will be considered a "hold harmless" year for those two measures, as described above for the three new Grant-Based measures.

The national performance targets for PY 2008 for the six One-Stop measures are:

- Veterans EER: 61.5%
- Veterans ERR: 80.5%
- Veterans AE: \$ 15,300
- Disabled Veterans EER: 56.5%
- Disabled Veterans ERR: 79.5%
- Disabled Veterans' AE: \$ 15,500

For a proposed target that is below the national target, negotiations should seek agreement on a target that shows as much positive improvement as possible toward the national target. For a proposed target that exceeds the national target, negotiations should seek agreement on a target that makes as much contribution as possible toward the potential to reach the national target.

**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 7, 2008, States will meet with the respective DVET to negotiate the performance goals for veterans, as described in this VPL.
- B. By July 7, 2008, 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 table and must be signed by the approved State signatory.
- C. By July 11, 2008, 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 July 25, 2008, RAVETs will submitting the final, negotiated performance goals for each State, signed by the DVET and the RAVET, to Fred Mendoza 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 DLEC representative or RAVET. DLEC representatives and RAVETs may contact Patrick Hecker at the National Office at (202) 693-4709 or Fred Mendoza at the Jobs for Veterans Lead Center at (312) 353-4933.

**XII. Expiration Date:** When rescinded or superseded.

**XIII. Attachments:**

1. Previous and Current State Workforce System Performance Measures for Veterans
2. Grant-Based Performance Outcomes by State for PY 2006
3. Calculating the Veteran EER Weighted for Veterans Entering Employment Following Intensive Services for a Sample State
4. PY 2006 Data Applied to Calculate the Starting Points for Weighted Grant-Based EER Targets for PY 2008
5. A Tool for Field Use to Assist with the Calculation of the Weighted Measure
6. One-Stop Performance Outcomes by State for PY 2006
7. Memo Format for Submitting Negotiated Performance Targets for PY 2008