



OFFICIAL

Workforce Development Agency, State of Michigan (WDASOM)

Policy Issuance (PI) 12-26

E-mailed: 1/23/2013 (tk)

Date: January 23, 2013

To: Michigan Works! Agency (MWA) Directors

From: Gary Clark, Director, Office of Talent Development Services (**SIGNED**)
Workforce Development Agency, State of Michigan (WDASOM)

Subject: Performance Incentive Grants to Local Areas for Employment and Training Activities under the Workforce Investment Act (WIA) of 1998 for Program Year (PY) 2012 (July 1, 2012 through June 30, 2013).

Programs Affected: WIA

Rescissions: None

References: WIA of 1998

The U.S. Department of Labor Training and Employment Guidance Letter (TEGL) No. 09-07, "Revised Incentive and Sanction Policy for Workforce Investment Act Title 1B Programs," issued October 10, 2007.

Background: Section 136 of the WIA specifies 17 performance measures for the state and local areas, to be evaluated annually, with the attainment of 90 percent or more of the negotiated performance level as the current standard of successful achievement of a performance measure to qualify for incentive funding. Each performance measure has a funding allocation. The attainment by a MWA of 90 percent or more of the negotiated performance level for each and all of the 17 performance measures establishes the minimum criteria for Performance Incentive funding eligibility. However, to *share* in the funding for any one of the 17 performance measures, a MWA must *exceed* the negotiated level for that particular performance measure.



Workforce Development Agency, State of Michigan

Victor Office Center | 201 North Washington Square, 5th Floor | Lansing, Michigan 48913
michigan.gov/bwt | 517.335.5858 | TTY 888.605.6722

The WDASOM is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

The WDASOM, based on PY 2011 performance outcomes, is awarding a total of \$50,000 in PY 2012 Statewide Activities funding as Performance Incentive grants. Performance Incentive grants are an increment beyond the WIA Title I formula program funds allocated to local areas as a positive reward for successful efforts to improve service to the WIA customers and to achieve performance goals.

The following 17 WIA performance measures are the criteria used to evaluate the attainment of the MWA (and state) performance for a program year:

Adult Program Activities:

1. Entered Employment Rate
2. Employment Retention Rate at Six Months
3. Average Earnings in Six Months
4. Employment and Credential Rate

Dislocated Worker Program Activities:

5. Entered Employment Rate
6. Employment Retention Rate at Six Months
7. Average Earnings in Six Months
8. Employment and Credential Rate

Youth Program Activities:

Youth Ages 19 Through 21:

9. Entered Employment Rate
10. Employment Retention Rate at Six Months
11. Average Earnings Change in Six Months
12. Credential Rate

Youth Ages 14 Through 18:

13. Skill Attainment Rate
14. Diploma or Equivalent Rate
15. Retention Rate

Overall Program Activities:

16. Participant Customer Satisfaction
17. Employer Customer Satisfaction

The performance level necessary for a local area to become eligible to receive an incentive award is established for each performance measure, subject to negotiation between the state and the MWA. Actual local performance is determined as a percent of the negotiated performance level for each performance measure. The degree by which actual performance meets, exceeds or falls below the planned performance level, as expressed by the percent, determines successful—or unsuccessful—performance.

Policy:

PY 2012 Performance Incentive Grants

Based on PY 2011 negotiated performance levels, the WDASOM is awarding a total of \$50,000 in Appropriation Year 2012 WIA Statewide Activities funding as Performance Incentive grants to the 20 MWAs that attained at least a 90 percent or greater performance level on all 17 performance measures and exceeded, that is, attained a performance level of 100 percent or greater on at least *one* of the 17 performance measures. A MWA's share of the Performance Incentive funds—or a performance measure—is based on the relative percentage of its WIA Title I formula allocation.

The methodology for the distribution of Performance Incentive grants based on PY 2011 performance outcomes is as follows:

- The total funds available for incentive awards will be divided equally between the 17 performance measures.
- A MWA must achieve at least 90 percent of its planned performance level for each and all of the 17 performance measures to qualify for incentive grant eligibility.
- A MWA that *exceeds* its planned performance level, i.e., a performance level of 100 percent or greater for a performance measure, shares in the incentive award for that particular performance measure.
- The incentive award for each performance measure will be divided among all the MWAs that exceeded their negotiated performance level for that performance measure, with the distribution based on the MWA's relative share (percentage) of the WIA Title I formula allocation.

Performance Incentive funding is exempt from the required 85 percent annual expenditure rate for the WIA funding. Performance Incentive funding, however, is subject to the two-year funding duration limitation.

Therefore, Performance Incentive funding awarded in this policy issuance must be expended by June 30, 2014. Performance Incentive funding

awarded in this PI unexpended as of June 30, 2014, will be reclaimed by the WDASOM.

Performance Incentive funding can be utilized for any activity authorized under the WIA Title IB, including funding for approved training. Participants need not be reported under Statewide Activities if concurrently enrolled in another WIA program.

Performance Incentive funding has a 10 percent administration limitation.

Fiscal Information

The MWA will process all cash requests through the Management of Award for Recipients System (MARS) in accordance with the MARS Manual. The MWA must have on file appropriate documentation to support each cash draw.

All reporting of fiscal expenditures of the funds provided through this grant must be reported to the WDASOM on a quarterly basis. All quarterly financial expenditure reports are due to the WDASOM no later than the 20th calendar day after the end of the calendar quarter. In the event that the due date falls on a weekend or state government holiday, the report is due on the last business day prior to the 20th. Submit reports to the MARS system at <http://www.michigan.deleg-mars.org/>. If there are any questions, please call Kerry Trierweiler at (517) 241-1788.

Profit Limitations

Profit: Profit under this award, including sub-awards, is an allowable cost. However, profit is payable only to commercial organizations and must be negotiated as a separate element of each contract's price. Profit rates can be negotiated from zero percent up to a maximum of ten (10) percent. Profit rates can only be applied against the commercial organization's personnel-related costs (i.e., salaries, wages, and benefits) for the staff that contributed to the organization's unique capacity to manage and achieve the performance of the contract.

Factors to consider when negotiating profit are the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. Under cost reimbursement contracts there is little to no risk to the commercial organization, therefore profit is usually not warranted. Profit must be tied to performance and cannot be paid as a guaranteed fixed fee. Profit is earned when performance outcomes are attained and is disbursed when those outcomes are validated.

Profit cannot be paid in addition to performance payments or incentive payments.

PY 2013 Performance Incentive Grants

Guidance for PY 2013 Performance Incentive grants will be forthcoming under separate cover.

Action: MWA officials, for qualifying agencies, shall prepare and submit a Budget Information Summary (BIS) form (BWT-345, 5/09), an Approval Request Form (BWT-344, 5/09), and a brief narrative to the WDASOM detailing the use or activities for which the Performance Incentive funding will be expended. The Performance Incentive narrative and BIS form must be submitted electronically to the WDASOM via Ms. Teresa Keyton at keytont@michigan.gov within 30 days from the date of this policy issuance.

One hard copy of the Approval Request Form, with original signatures, must be submitted to the WDASOM within 30 days from the date of this policy issuance to:

Mr. Gary Clark, Director
Office of Talent Development Services
Victor Office Building
201 North Washington Square, 5th Floor
Lansing, MI 48913

Inquiries: Questions regarding this policy issuance should be directed to your WIA state coordinator.

This policy issuance is available for downloading from the Internet system. Please contact Ms. Keyton at (517) 335-7418, for details.

The information contained in this policy issuance will be made available in alternative format (large type, audio tape, etc.) upon special request received by this office.

Expiration

Date: June 30, 2014

GC:LMS:tk
Attachments

Plan/Modification Approval Request Instructions

1. Michigan Works! Agency (MWA): Enter the name of the MWA.
2. MWA Number: Enter the number assigned to the MWA.
3. Plan Title: Enter the appropriate title(s) for the plan being submitted.
4. Plan/Modification Number: Each plan number will begin with the calendar year, e.g., 10. The modification will begin with 00, and subsequent changes will be next in sequence from 00, i.e., 10-01, 10-02, etc. NOTE: the Management Awards to Recipients financial transaction process may have the designation “Version 1,” “Version 2,” etc.
5. Program Period: Identify the program period covered by this plan.

The required signatories (or their WDASOM approved alternates) are designated in accordance with the Michigan Department of Energy, Labor & Economic Growth/Bureau of Workforce Programs PI 07-13, issued August 29, 2007. Signatures are required from the Workforce Development Board Chair and the Chief Elected Official(s).

APPROVAL REQUEST

1. Michigan Works! Agency (MWA):	2. MWA Number:
3. Plan Title(s):	
4. Plan/Modification Number:	5. Plan Period:

THE CHIEF ELECTED OFFICIAL(S) AND WORKFORCE DEVELOPMENT BOARD (WDB)
HEREBY REQUEST APPROVAL OF THIS DOCUMENT

Authorized Chief Elected Official	Date
Authorized Chief Elected Official	Date
Authorized Chief Elected Official	Date
WDB Chairperson	Date

BWT-344 (5/09)

The Workforce Development Agency, State of Michigan (WDASOM), in compliance with applicable federal and state laws, does not discriminate in employment or in the provision of services based on race, color, religion, sex, national origin, age, disability, height, weight, genetic information, marital status, arrest without conviction, political affiliation or belief, and for beneficiaries only, citizenship or participation in any federally assisted program or activity.

Budget Information Summary (BIS) Instructions

Section I - Identification Information

1. Michigan Works! Agency (MWA): Enter the name of the MWA.
2. MWA Number: Enter the number assigned to the MWA.
3. Program Title: Enter the program name. For example, Workforce Investment Act.
4. Policy Issuance Number: Enter the Policy Issuance number that the Budget Information Summary covers.
5. Plan Period: Enter the start and end dates of the plan period, e.g., 07/01/09 to 06/30/10.
6. Grant Name: Enter the name of the grant associated with the funding being awarded.
7. Project Name: Enter the name of the project associated with the funding being awarded.

Section II - Total Funds Available

1. Appropriation Year (AY) Funding
 - a. Enter the current AY allocated funding.
 - b. Enter amount transferred in from another program, if any, and indicate which program the amount came from.
 - c. Enter amount transferred out to another program, if any, and indicate which program the amount was transferred to.
 - d. Enter the sum of lines 1a, 1b, and 1c to show the total allocation.

Section III - Current AY Planned Expenditures by Cost Category

1. Administration: Enter amount of allocation planned for administration.
2. Program: Enter amount of allocation planned for program costs.

If Youth:
 - a. Enter amount of allocation planned for in-school youth.
 - b. Enter amount of allocation planned for out-of-school youth.

Budget Information Summary (BIS) Form

SECTION I – IDENTIFICATION INFORMATION

1. Michigan Works! Agency (MWA) Name:	2. MWA Number:
3. Program Title:	4. Policy Issuance Number: 12-26
5. Plan Period:	6. Grant Name: AY 12 WIA Statewide Activities
7 Project Name: Performance Incentive	

SECTION II – TOTAL FUNDS AVAILABLE

Allocation	Amounts
1. Appropriation Year (AY) Funding	
a. Current AY Funding	\$
b. Transfer in from: Adult [] Dislocated Worker []	\$
c. Transfer out to: Adult [] Dislocated Worker []	\$
d. Total Current AY funding	\$

SECTION III - CURRENT AY PLANNED EXPENDITURES BY COST CATEGORY

Cost Category	Amounts
1. Administration	\$
2. Program	\$
If Youth, complete a and b	
a. Program Funding Amount for In-School Youth	\$
b. Program Funding Amount for Out-of-School Youth	\$

BWT-345 (5/09)

The Workforce Development Agency, State of Michigan (WDASOM), in compliance with applicable federal and state laws, does not discriminate in employment or in the provision of services based on race, color, religion, sex, national origin, age, disability, height, weight, genetic information, marital status, arrest without conviction, political affiliation or belief, and for beneficiaries only, citizenship or participation in any federally assisted program or activity.

WORKORCE DEVELOPMENT AGENCY, STATE OF MICHIGAN

WIA Incentive Awards for PY 2011 Performance

Appropriation Year 2012 Funds

Michigan Works! Agency	Incentive Award (\$)
ACSET	4,792
Berrien/Cass/Van Buren	2,297
Calhoun ISD	1,707
Capital Area	2,853
Career Alliance	3,604
Central Area	0
City of Detroit	0
Eastern U.P.	710
Kalamazoo-St. Joseph	2,250
The Job Force	1,275
Livingston County	997
Macomb/St. Clair	0
Muskegon County	1,693
Northeast	1,272
Northwest	2,391
Oakland County	8,256
Ottawa County	1,514
Region 7B	0
Saginaw/Midland/Bay	2,637
South Central	2,297
SEMCA	5,461
Thumb Area	0
Washtenaw County	2,129
West Central	1,213
Western U.P.	652
Total	50,000

WDA October 23, 2012