

## TECHNICAL ASSISTANCE

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**Contact:** policy@dwd.in.gov  
**Program:** Workforce Innovation and Opportunity Act (WIOA)  
**Subject:** DWD Technical Assistance 2024-01  
Local Statistical Adjustment Model Tool

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### Purpose

This technical assistance supplements the Indiana Department of Workforce Development's (DWD) *WIOA Negotiations and Sanctions* policy by describing the key functions of the Local Statistical Adjustment Model (LSAM) tool, which is one of the four factors used to set local areas' negotiated levels of performance for WIOA. This tool can be accessed through the DWD Performance web page.<sup>1</sup>

### References

- WIOA Section 116
- DWD Policy 2023-18 *WIOA Negotiations and Sanctions*
- Indiana Department of Workforce Development Performance Web Page

### Content

The LSAM tool provides users with performance benchmarks along with an analysis of historical performance. The historical performance analysis displays actual levels of performance as well as historic WIOA performance outcomes.<sup>2</sup> The benchmarks aim to help negotiating parties make informed decisions, as these benchmarks are a product of rigorous analysis of the latest available data. The tool also provides performance rankings to allow comparisons among regions.

### Regional Summaries

The LSAM tool includes a "Summary Regional" tab that displays estimated levels of performance, average actual levels of performance, and spliced time-series performance data for each region. By selecting a region from the drop-down menu, the tab will provide the aforementioned data for the region selected.

The estimates are based on participant characteristics and economic conditions in prior years and gauge what a region's performance may be over the next two years. An adjustment is then completed after

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<sup>1</sup> <https://www.in.gov/dwd/performance/>

<sup>2</sup> WIOA Section 116.

each year and compared to the actual participant characteristics and economic conditions that occurred during the period of performance.

It is important to note that the estimates on the “Summary Regional” tab are only a starting point and should not be the only factor considered when determining a region’s Expected Levels of Performance, which are the levels of performance proposed by the local area to DWD for each primary indicator of performance for each program. Regions may also consider factors such as prior performance, changes to service delivery, statewide negotiated measures, and others when establishing Expected Levels of performance. DWD’s *WIOA Negotiations and Sanctions* policy provides more details on the performance negotiations process.

### ***Inputs and Outputs***

For the initial estimates, the LSAM tool uses the following as inputs:

- The most recently available Bureau of Labor Statistics (BLS) labor-market data; and
- Coefficients obtained from LSAM regressions run with actual data ranging from PY18 to the most recently available data.

The assessment of each PY will add the most recently available program participant data and updated BLS data.

Using the data inputs, the LSAM tool generates estimated levels of performance for each measure over the next two program years. It does this by estimating forecasts of future levels of performance using the aforementioned inputs. The estimated level of performance can be found in rows 7-12 of the “Summary Regional” tab.

### ***Calculation***

DWD estimates levels of performance based on participant characteristics and economic conditions using an objective statistical model. The pre-program year performance estimate is provided to states prior to the start of the program year during the negotiations process and is a factor in reaching agreement on the negotiated levels of performance. After the close of the program year, DWD will:

1. Re-estimate the coefficients in the statistical adjustment model with the additional year(s) of data available.
2. Apply the revised coefficients to the same pre-program year participant characteristics and economic conditions used in calculating the estimated levels of performance to generate the pre-program year estimate (Estimate0).
3. Apply the revised coefficients to the characteristics of the actual participants served and the actual economic conditions of the region to estimate the region’s actual program year performance (Estimate1).
4. Subtract Estimate0 from Estimate1 to obtain the adjustment factor.
5. Add the positive or negative adjustment factor to the negotiated level of performance, thus arriving at the adjusted level of performance.

The calculation process is demonstrated in the example tables below.

**Example 1: Adjusted Level of Performance Calculation (Negative Adjustment Factor)**

Expected Level of Performance	73.0%
Negotiated Level of Performance	75.9%
Estimate0 (estimate before PY)	75.9%
Estimate1 (estimate after PY)	74.8%
Adjustment Factor (estimate 1 – estimate 0)	$74.8\% - 75.9\% = -1.1\%$
Adjusted Level of Performance (negotiated level of performance + adjustment factor)	$75.9\% + (-1.1\%) = 74.8\%$
Actual Level of Performance	73.8%
Indicator Score (Actual Level of Performance/Adjusted Level of Performance)	$73.8\% / 74.8\% = 98.7\%$

**Example 2: Adjusted Level of Performance Calculation (Positive Adjustment Factor)**

Expected Level of Performance	37.0%
Negotiated Level of Performance	38.3%
Estimate0 (estimate before PY)	38.3%
Estimate1 (estimate after PY)	50.2%
Adjustment Factor (estimate 1 – estimate 0)	$50.2\% - 38.3\% = 11.9\%$
Adjusted Level of Performance (negotiated level of performance + adjustment factor)	$38.3\% + (11.9\%) = 50.2\%$
Actual Level of Performance	45.1%
Indicator Score (Actual Level of Performance / Adjusted Level of Performance)	$45.1\% / 50.2\% = 89.8\%$

**Additional Information**

The first time a local area fails to meet the agreed upon adjusted levels of performance for any of the primary indicators of performance, DWD will provide technical assistance including but not limited to assisting with the completion of the Performance Action Plan template. If a local area fails to meet the adjusted levels of performance agreed to for the same primary indicators of performance for the same core program authorized under WIOA title I for a second consecutive year, DWD will again provide technical assistance and may also request that USDOL provide technical assistance. If a local area fails to meet the adjusted levels of performance agreed to for the same primary indicators of performance for the same core program authorized under WIOA title I for a third consecutive program year, the state must take corrective actions. For more information on this process, please refer to DWD's *WIOA Sanctions and Negotiations* policy.

Questions regarding the content of this technical assistance should be directed to [policy@dwd.in.gov](mailto:policy@dwd.in.gov).