

PY 2013 Negotiations

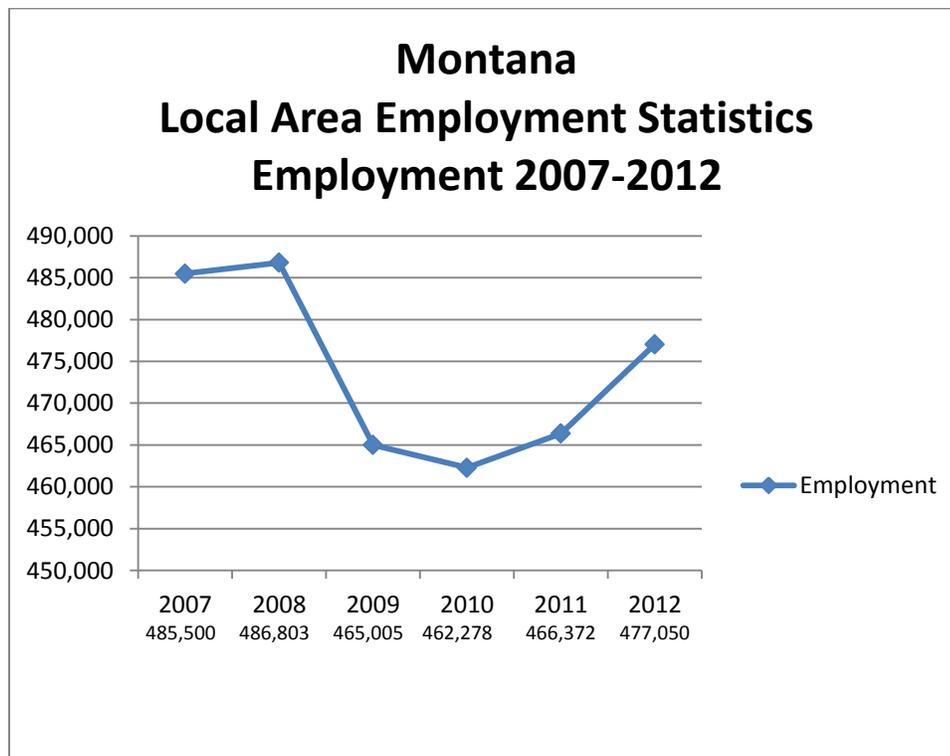
Montana's unemployment rate has gone from an average 3.7% in PY 2007 to a high of 7.0% in 2010 and 2011, then down to 5.6% in March 2013.

Montana now ranks 12th for the lowest unemployment rate in the nation. However, the State of Montana was declared an Area of Substantial Unemployment (ASU) for PY 2012 WIA formula allocations. All of Montana's counties were considered a contiguous area with an unemployment rate higher than 6.5%. In March 2013, 30 Montana counties still had an unemployment rate higher than the state's unemployment rate.

Several of the counties with high unemployment rates are home to Native American reservations which have limited employment opportunities. During PY 2012 and the first three quarters of PY 2011, approximately 10% of WIA Adults and 28% of WIA Youth identified themselves as Native American.

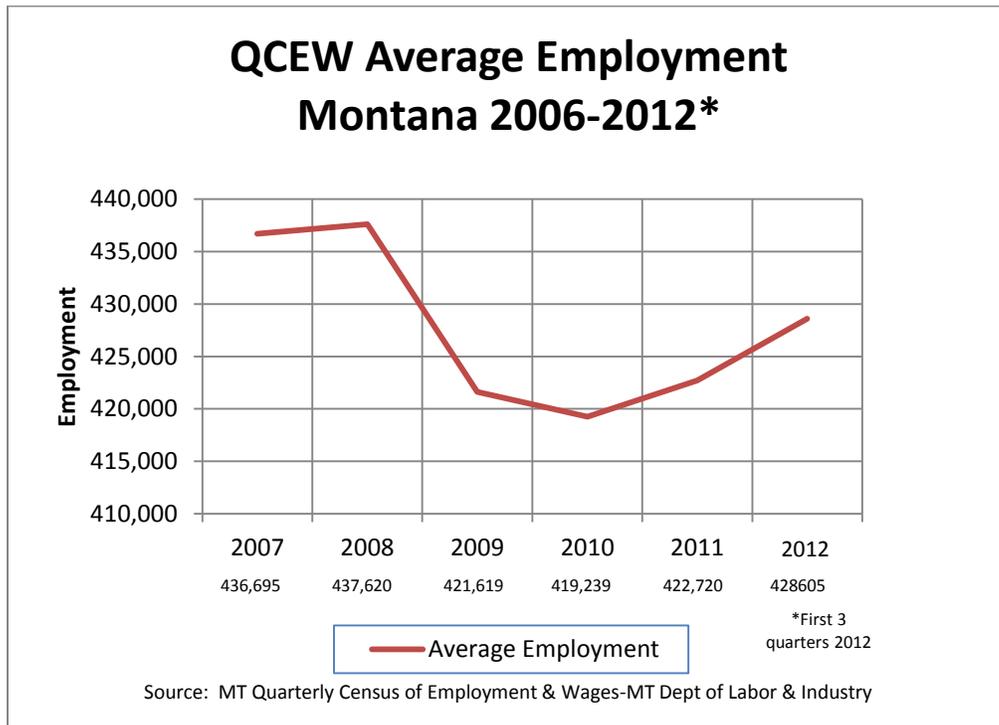
It is reasonable to consider that since our unemployment rates have been considerably higher than what they were prior to 2008 that Montana's Entered Employment and Employment Retention rates for WIA Adult and Dislocated Worker would fall.

Montana's Local Area Unemployment Statistics show that employment estimates have dropped considerably from PY 2007 through PY 2010. There has been an upswing in employment numbers starting in PY 2010, but Montana still lags behind the high employment levels of PY 2008 by 2%.



Montana Quarterly Census Employment and Wages (QCEW) 2012 annual average employment is 2.1% lower than what was reported in 2008. Montana Current Employment Statistics data also showed a decrease for annual average. Total Private Employment dropped from 2008 to

2011 by 4.1%. While these decreases do not seem large compared to the nation’s decreases, they have a definite impact on Montana’s employment opportunities.



During the negotiation period in June 2007, Montana’s unemployment rate was stable at around 3.7%. The Entered Employment, Employment Retention, and Average Earnings performance rates were not adversely affected by this low unemployment rate. More employment opportunities were available to WIA participants who either found jobs through core and intensive services, or who completed training and found jobs as a result of the training.

1. WIA Adult Performance

Entered Employment:

The following chart shows the gradual decline in Montana’s reported Entered Employment performance for both Adult and Dislocated Worker populations through PY 2008 to the first three quarters of PY 2012.

Montana						
Entered Employment Performance						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Adult	Adult	Adult	Adult	Adult	Average
1st qtr	86.5	81.3	82.9	73.9	76.2	80.2
2nd qtr	76.3	94.3	58.2	74.7	77.6	76.2
3rd qtr	95.7	70.4	64.7	83.6	66.7	76.2
4th qtr	92.5	79.3	60.8	74.4	not available	
Average	87.8	81.3	66.7	76.7	73.5	77.2

Employment Retention:

Montana's Employment Retention performance hasn't decreased significantly due to higher unemployment rates. We have been able to meet performance at the 80% negotiated rate so far. Performance rates decreased for Adults in PY 2010-11 but are rising for PY 2012 although there is still some fluctuation in the performance levels.

Montana						
Employment Retention Performance						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Adult	Adult	Adult	Adult	Adult	Average
1st qtr	89.7	87.6	91.6	84.1	87.5	88.1
2nd qtr	88.6	88.1	76.9	83.6	89.5	85.3
3rd qtr	87.6	82.9	80.7	85.2	82.4	83.8
4th qtr	86.0	91.6	80.6	85.5	not available	
Average	88.0	87.6	82.5	84.6	86.5	85.8

Average Earnings:

Average Earnings have remained fairly stable, surpassing negotiated values for the majority of PY 2010 through 2012. Montana's 2011 QCEW annual average wage was \$35,792, while reported performance for WIA Adults for the first three quarters of PY 2012 is approximately 87% of the annual average wage.

Montana						
Average Earnings						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Adult	Adult	Adult	Adult	Adult	Average
1st qtr	\$13,270.70	\$12,525.00	\$9,018.60	\$13,049.80	\$15,099	\$12,593
2nd qtr	\$13,826.50	\$9,640.10	\$12,442.10	\$12,651.00	\$17,631	\$13,238
3rd qtr	\$19,925.30	\$11,464.80	\$12,408.30	\$13,523.90	\$14,223	\$14,309
4th qtr	\$13,186.80	\$8,611.20	\$12,129.40	\$15,404.80	not available	
Average	\$15,052	\$10,560	\$11,500	\$13,657	\$15,651	\$13,284

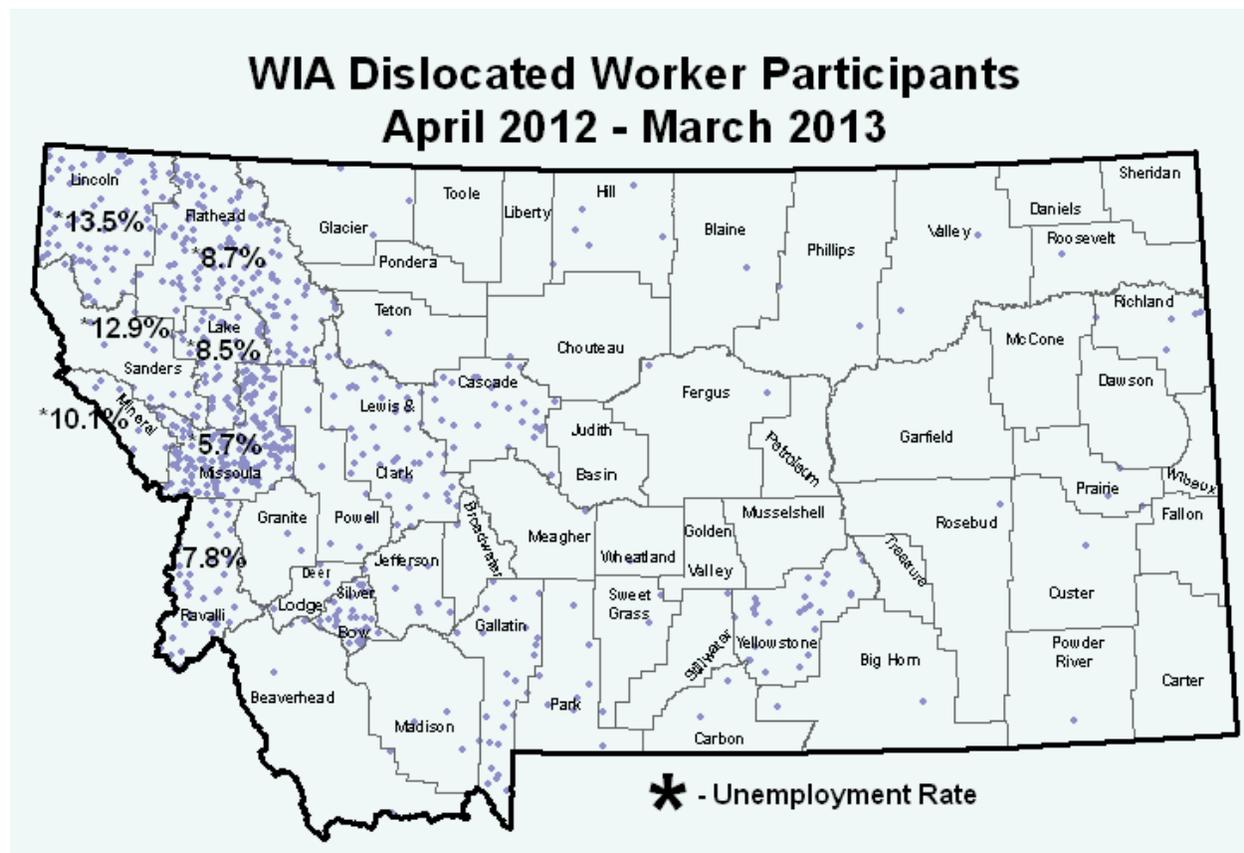
2. WIA Dislocated Worker Performance

Entered Employment:

The following chart shows the gradual decline in Montana's reported Entered Employment performance for the Dislocated Worker population through PY 2008 to the first three quarters of PY 2012.

Montana						
Entered Employment Performance						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Disloc Wkr	Average				
1st qtr	90.4	74.2	81.0	81.4	71.4	79.7
2nd qtr	72.2	90.4	67.1	77.6	70.6	75.6
3rd qtr	90.5	72.0	64.8	88.2	70.6	77.2
4th qtr	95.9	90.4	66.4	74.1	not available	
Average	87.3	81.8	69.8	80.3	70.9	78.0

Counties in the western part of the state still have persistent unemployment problems, as shown by the following map.



The majority of Montana’s Dislocated Worker population is in the western part of the state. High unemployment rates in this area create a challenge to meet a high rate for Entered Employment. Many of Montana’s Dislocated Workers cannot find employment in their area.

Employment Retention:

Montana’s Employment Retention performance hasn’t decreased significantly due to higher unemployment rates. We have been able to meet performance at the 80% negotiated rate so far. Performance rates decreased for Dislocated Workers in PY 2010-11 and have remained fairly stable for PY 2012.

Montana						
Employment Retention Performance						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Disloc Wkr	Average				
1st qtr	94.8	90.9	80.4	91.4	88.8	89.3
2nd qtr	93.9	83.9	81.8	88.2	88.0	87.2
3rd qtr	95.0	88.2	85.0	87.3	87.9	88.7
4th qtr	93.9	87.2	87.6	88	not available	
Average	94.4	87.6	83.7	88.7	88.2	88.5

Average Earnings:

Average Earnings have remained fairly stable, surpassing negotiated values for the majority of PY 2010 through 2012. Montana’s 2011 QCEW annual average wage was \$35,792. WIA Dislocated Worker performance has exceeded the QCEW annual average wage for the last five quarters

Montana						
Average Earnings						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012	Total
	Disloc Wkr	Average				
1st qtr	\$15,190.00	\$13,958.90	\$13,685.90	\$18,236.80	\$19,448	16103.9
2nd qtr	\$17,965.70	\$10,041.40	\$14,418.40	\$17,549.90	\$18,701	15735.3
3rd qtr	\$21,447.00	\$15,076.40	\$14,669.80	\$18,714.50	\$18,111	17603.7
4th qtr	\$14,019.80	\$12,115.00	\$17,866.70	\$20,121.80	not available	
Average	\$17,156	\$12,798	\$15,160	\$18,656	\$18,753	\$16,505

3. WIA Youth Performance

Montana has managed to meet WIA Youth performance during the last two program years but the Placement in Employment or Education and Attainment of a Degree or Certificate measures have been challenging. Montana’s Literacy and Numeracy Gains rates have increased significantly.

Placement in Employment or Education:

Montana has had difficulty maintaining high rates for the Placement in Employment or Education performance measure. Rates took a nosedive in 2nd quarter of PY 2010 and have not recovered.

An error was found in the way data was pulled from MontanaWorks, Montana’s database for WIA and Wagner-Peyser reporting. Rates were reported as extremely positive, when in actuality the real rates were approximately 30% lower than what was reported. Data was hand-calculated for 1st and 3rd quarters after reporting deadlines. The problems have been fixed and there should be no problem reporting accurate numbers in the future.

Placement in Employment or Education rates dropped noticeably in part because of the Common Exit policy. All additional follow-up information collected after exiting Youth participants is lost if they look for a job through Montana JobLINC. In particular, no postsecondary or advanced training is reported for the Placement in Employment or Education measure if participants continue accessing Wagner-Peyser services after completing WIA program services.

Montana						
Placement in Employment or Education						
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2011	PY 2012
	Reported	Reported	Reported	Reported	Actual	Reported
1st qtr	82.3	76.5	96.3	99.2	68.3	69.0
2nd qtr	79.2	72.9	55.1	53.3	53.3	67.6
3rd qtr	80.7	67.6	48.3	99.7	65.2	67.6
Annual	78.0	70.9	84.3	67.1	67.1	Not available
Average	80.1	72.0	66.6		62.3	68.1
* Error found in tables used to report data for performance—these rates were not reported in quarterly reports for PY 2011 as the problem was not fixed until after reporting deadlines						

Attainment of a Degree or Certificate:

Montana has been able to meet the Attainment of a Degree or Certificate performance but usually struggles until the last quarter of the program year. Rates increase at that time because the majority of degrees or certificates are awarded during May and June of each year.

Montana has been able to meet performance within the 80% negotiated value, but has not been able to meet the rate at the 100% negotiated value. Performance has decreased for this measure during the last two program years.

Montana					
Attainment of Degree or Certificate					
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012
	Youth	Youth	Youth	Youth	Reported
1st qtr	71.3	35.9	65.3	60.6	61.3
2nd qtr	70.9	43.9	66.1	50.0	61.6
3rd qtr	72.7	27.9	69.1	54.7	59.4
Annual	69.8	67.1	61.6	60.7	Not available
Average	64.1	43.7	65.5	56.5	60.8

Literacy and Numeracy Gains:

Literacy and Numeracy rates have increased significantly during PY 2010 and 2011. Service providers now have a better understanding of how this performance measure works, and also understand their role in achieving literacy and numeracy gains.

Two out of 10 Montana service providers now have dedicated GED case managers who are able to provide remediation to their WIA Youth participants. The hope is that these offices will be able to retain these employees to keep making progress in literacy and numeracy gains. The other eight service providers have close working relationships with Adult Basic Education (ABE) providers in their area.

Montana					
Literacy and Numeracy Gains					
	PY 2008	PY 2009	PY 2010	PY 2011	PY 2012
	Youth	Youth	Youth	Youth	Reported
1st qtr	11.8	21.1	18.2	31.5	47.4
2nd qtr	21.5	15.4	21.7	39.7	47.5
3rd qtr	25.0	22.6	14.7	43.9	47.1
Annual	16.0	23.9	25.8	43.3	Not available
Average	18.6	20.8	20.1	38.4	47.3

One problem Montana faces in meeting negotiated performance is having small numbers of participants who are included in the measure. One or two participants failing to make an educational functioning level gain can affect performance considerably. This is illustrated in the next chart:

PY 2012 Montana				
Literacy and Numeracy Gains				
	1st qtr	2nd qtr	3rd qtr	Negotiated Rate
Numerator	9	5	3	
Denominator	17	12	12	
Performance	52.9%	41.7%	25.0%	40.0%

4. Proposed Performance Levels

In PY 2012 all Montana program targets for WIA and Wagner-Peyser were based on common measures. Montana has had a series of common measures performance waiver requests approved by the U.S. Department of Labor (USDOL) since PY 2009. Montana target rates for performance have been set based on a combination of past performance and federal regression models.

The following tables display the Program Year 2013 performance targets for WIA and Wagner-Peyser programs, alongside targets and outcomes for PY 2011-12. Montana has met or exceeded all targets for PY 2011 and the three completed quarters of PY 2012, at or above the 80% level of negotiated performance. The proposed targets for Program Year 2012 represent modest increases over the previous program year, keeping in mind continuous improvement.

Adult/Wagner-Peyser				
Proposed Performance Levels				
	PY11-12	Adult/W-P	PY 2012	Proposed
	Performance	Regression	Negotiated	Adult/W-P
	Average	Target	Levels	Performance
Entered Employment	75.1%	74.4%	75.0%	78.0%
Employment Retention	85.6%	85.9%	89.0%	90.0%
Average Earnings	\$14,654	\$16,160	\$14,000	\$15,500

Blue = increase in rate

Black = no change in rate

Dislocated Worker				
Proposed Performance Levels				
	PY11-12	DW	PY 2012	Proposed
	Performance	Regression	Negotiated	DW
	Average	Target	Levels	Performance
Entered Employment	75.6%	75.6%	78.0%	79.0%
Employment Retention	88.5%	88.1%	90.0%	91.0%
Average Earnings	\$18,705	\$21,408	\$18,700	\$20,000

Blue = increase in rate

Black = no change in rate

Youth				
Proposed Performance Levels				
	PY11-12	Youth	PY 2012	Proposed
	Performance	Regression	Negotiated	Youth
	Average	Target	Levels	Performance
Placement in Employment or Education	65.20%	68.5%	70.0%	72.0%
Attainment of a Degree or Certificate	58.70%	61.7%	65.0%	66.0%
Literacy and Numeracy Gains	42.90%	46.4%	40.0%	40.0%

Blue = increase in rate

Black = no change in rate

Montana would like to maintain current performance levels for the Youth Literacy and Numeracy Gains performance measure. We are exceeding performance for this measure but results can be unpredictable for our state. As stated earlier, numbers of participants included in this performance measure are very small. A difference of one or two participants can sometimes make a huge difference in performance rates.

We would like to request a modest increase for all other performance measures based on current and past performance, which will allow us to show continuous improvement in future performance.