

Request for Program Year 2013 Performance Measures Goals

The following information is provided as Pennsylvania's official request to negotiate Program Year (PY) 2013 performance levels for the Workforce Investment Act (WIA) and Wagner-Peyser (WP) measures. These levels were determined by examining economic data such as the unemployment rate and total job numbers and taking into account regression levels, past performance trends and the ongoing impact of Pennsylvania's Active Work Search legislation (Act 6). The major themes uncovered by our analysis are as follows:

- Pennsylvania continues with a slow economic recovery creating some challenges for Pennsylvania's workforce system.
- Pennsylvania's workforce system continues to serve an increased number of participants as more people begin to re-enter the workforce and search for jobs.
- The passage of Act 6, which requires all unemployment compensation claimants to actively search for work and register for services in the Pennsylvania CareerLink® system, has doubled the number of participants being served by Pennsylvania's workforce system.

Considering all of these factors, we believe that our proposed target levels provide attainable goals while promoting continuous improvement for the commonwealth's workforce development system.

The commonwealth is proposing to increase goals for the WIA Adult, Dislocated Worker, and Wagner-Peyser six-months average earnings measures, WIA Adult and WP retention measures, WIA Dislocated Worker entered employment measure, and all three Youth measures. We are also requesting to maintain the current goals for the WIA Adult and WP entered employment measures and the Dislocated Worker Retention measure (Table 1). Past trends and economic data support our belief that the WIA Adult and WP entered employment and Dislocated Worker retention levels will remain steady as we continue to recover from the recession.

Table 1: Summary of Pennsylvania's Requested Performance Levels

Performance Measure	Pennsylvania Negotiated PY 2012	Pennsylvania PY 2012 Year-to-Date	Regression Targets	Pennsylvania Requested PY 2013
Adult Entered Employment Rate	73	70.4	70.3	73
Adult Employment Retention Rate	82	84.9	83.6	84
Adult Six-Months Average Earnings	\$13,000	\$13,881	\$15,537	\$14,000
Dislocated Worker Entered Employment Rate	75	75.1	73.3	76
Dislocated Worker Employment Retention Rate	90	88.4	88.5	90
Dislocated Worker Six-Months Average Earnings	\$16,500	\$17,122	\$18,257	\$17,250
Youth Placement in Employment or Education	60	61.8	65.5	61
Youth Attainment of Degree or Certificate	76	83.3	84.3	78
Youth Literacy and Numeracy Gains	55	66.4	58.3	56
Wagner-Peyser Entered Employment Rate	61	53	*	61
Wagner-Peyser Employment Retention Rate	86	82.5	*	87
Wagner-Peyser Six-Months Average Earnings	\$13,000	\$14,397	*	\$14,000

Rationale for PY 2013 Requested WIA and Wagner-Peyser Levels of Performance

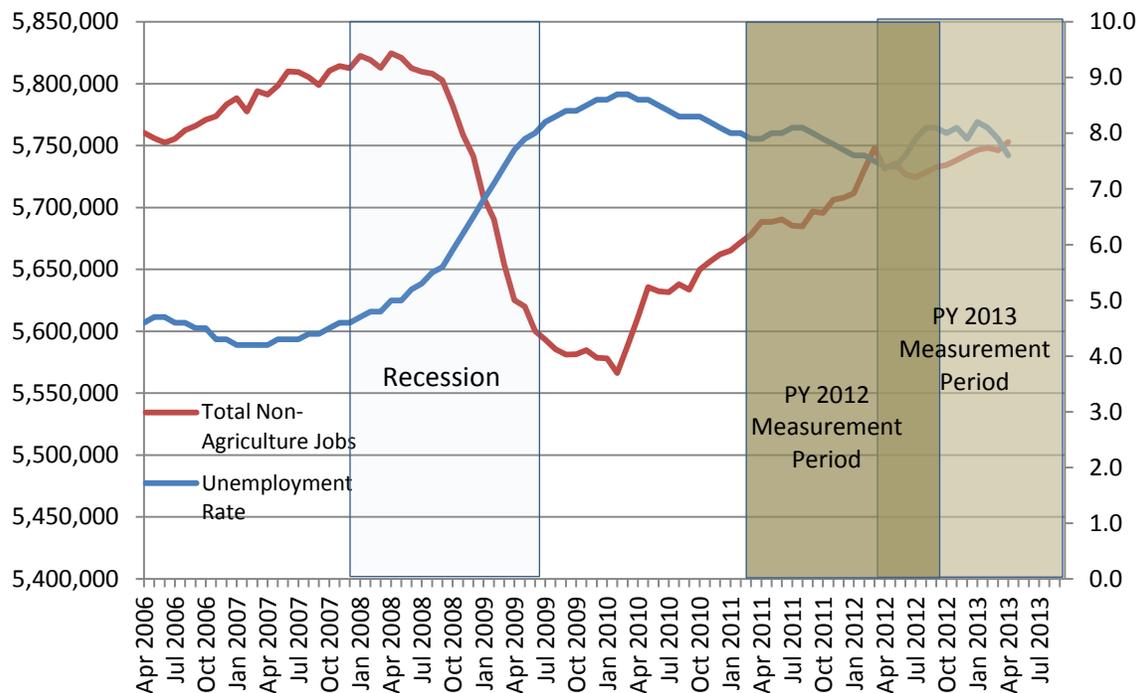
The following information is provided in support of our PY 2013 requested performance levels. Included is information from the commonwealth’s One-Stop system, the regression model data provided by the Employment and Training Administration, and labor market information describing Pennsylvania’s economic situation relevant to the time periods impacting the PY 2013 data. Data relevant to the three local workforce investment areas that drive Pennsylvania’s performance in employment related measures are also included.

Economic Situation - Pennsylvania

Pennsylvania’s economy has shown improvement since the end of the Great Recession. However, the effects of the recession continue to create challenges for Pennsylvania’s workforce and for employers looking to rebound from the economic slowdown.

Graph 1 below illustrates Pennsylvania’s unemployment rate and total non-agricultural jobs trends since April 2006. Following the recession the unemployment rate began to decline and total non-agricultural jobs began to rise. However, the unemployment rates began to rise again toward the end of the PY 2012 measurement period and continued to remain high throughout the beginning of the PY 2013 measurement period. This upsurge in unemployment was largely due to individuals who were not previously in the workforce (discouraged workers) becoming more confident in the economic outlook and deciding to re-enter the workforce. These individuals re-entered the workforce by searching for jobs, which increased competition for a limited number of jobs.

Graph 1: Pennsylvania Employment and Unemployment Rate, April 2006 – April 2013



As the unemployment rate began to rise at the beginning of the PY 2013 measurement period, Pennsylvania's total non-agriculture jobs growth started to decline. From March 2012 (the highest number of jobs in the PY 2012 measurement period) to July 2012, Pennsylvania lost nearly 24,000 jobs. It took until February 2013 to recover these lost jobs and begin to experience real job growth again.

Even though Pennsylvania's labor market indicators are pointing toward improvement through the end of the PY 2013 measurement period, we anticipate some of Pennsylvania's measures - namely the Adult and WP entered employment rate and the Dislocated Worker retention rate - to lag this positive trend. Similar economic conditions occurred during the previous period with limited positive impact on these employment-based measures. In addition, the regression analysis seems to be pointing to stagnant growth for these levels as well.

Additional factors Pennsylvania's workforce system has to consider when evaluating performance are analyzed in the next section:

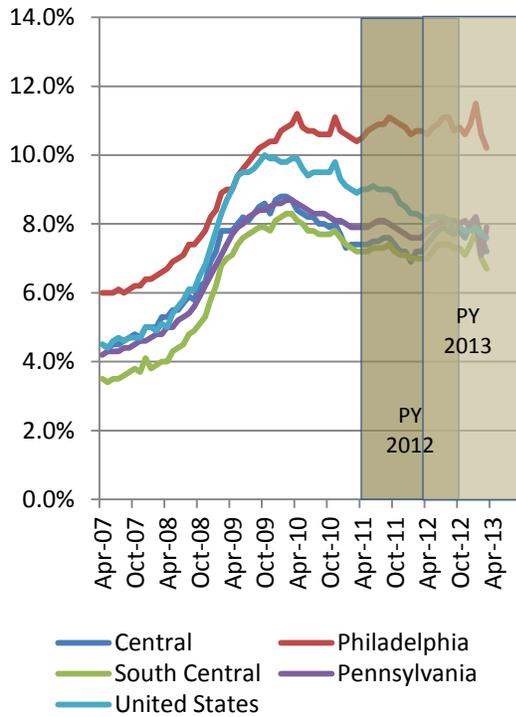
(1) Economic Situation – Major Workforce Investment Areas

For the last five program years, three Workforce Investment Areas have produced nearly half of all exiters in the entered employment and employment retention measures: Central WIA, South Central WIA, and Philadelphia County WIA. For these measures, the commonwealth's performance is dictated by the results in these key areas. Based on projected program exit dates, over 42 percent of Pennsylvania's total exiters will come from these three areas during PY 2013. Economic recovery specific to these areas are a critical consideration in this analysis.

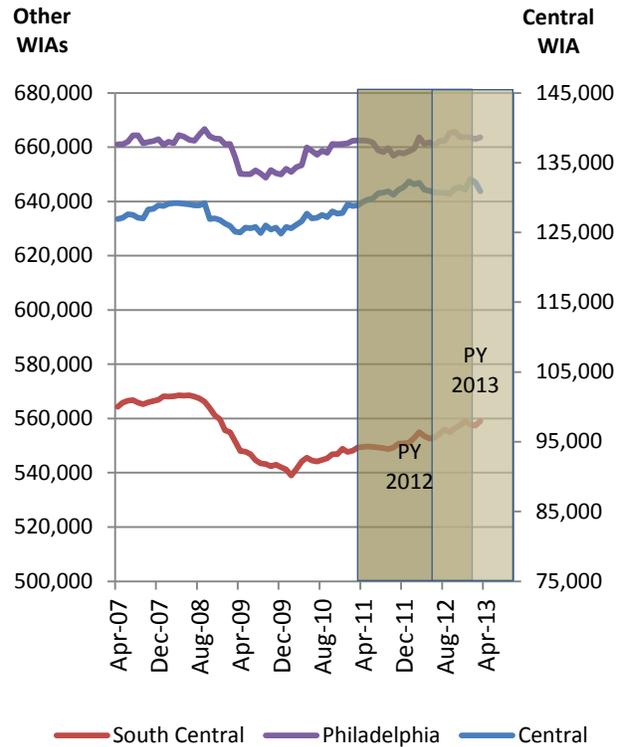
Graph 2 shows the unemployment rates from April 2007 through March 2013 for the nation, Pennsylvania, Central WIA, South Central WIA and Philadelphia County WIA. As the graph illustrates, both Central WIA and South Central WIA are aligned with Pennsylvania's rate and below the unemployment rate. The unemployment rate in Philadelphia County, however, remains above 10 percent; the highest in Pennsylvania and well above the national and state rates.

Graph 3 illustrates the stagnant job growth Pennsylvania's major WIAs have experienced since the recession. The Philadelphia WIA has added a mere 14,900 jobs since its recessionary low of 648,800 in September 2009 and remains below its recessionary high of 666,700. The South Central WIA hit its recessionary low point in number of jobs in February 2010, eight months after the recession officially ended. Since that time, the region has struggled to add 20,100 jobs and also remains below their recessionary high of 568,600. The Central WIA has also shown limited job growth since the recession but has experienced a decline in jobs during this reporting period.

Graph 2: Unemployment Rate, April 2007 - March 2013



Graph 3: Total Nonfarm Jobs, April 2007 - March 2013¹



(2) Impact of Economic Conditions

As the unemployment rate increased and the number of jobs decreased throughout the recession and recovery period, more individuals used WIA and Wagner-Peyser services. As a result, the entered employment rate and employment retention rate measures experienced an influx of exiters, which resulted in lower outcomes because there were more people searching for jobs than there were available jobs. Throughout the PY 2012 measurement period, labor market trends began to improve along with workforce development outcomes. As the PY 2013 measurement period began, these trends began to reverse themselves and stagnate.

Pennsylvania expects the number of exiters to decline during PY 2013. However, the lackluster economy will continue to impact Pennsylvania’s ability to improve upon current entered employment rate performance levels.

¹ -Nonfarm jobs estimates for South Central WIA are an aggregate of estimates for the Harrisburg-Carlisle Metropolitan Statistical Area (MSA), York-Hanover MSA, and Lebanon MSA. Data is not available for the remaining portions of the WIA (Juniata, Franklin, and Adams counties). Data shown represent approximately 90 percent of all jobs within the South Central WIA.

-Nonfarm jobs estimates for the Central WIA are an aggregate of estimates from the State College MSA and the Williamsport MSA. Data is not available for the remaining portions of the WIA (Clinton, Mifflin, Union, Snyder, Montour, Northumberland, and Columbia counties). Data shown represent roughly half of the jobs within the Central WIA.

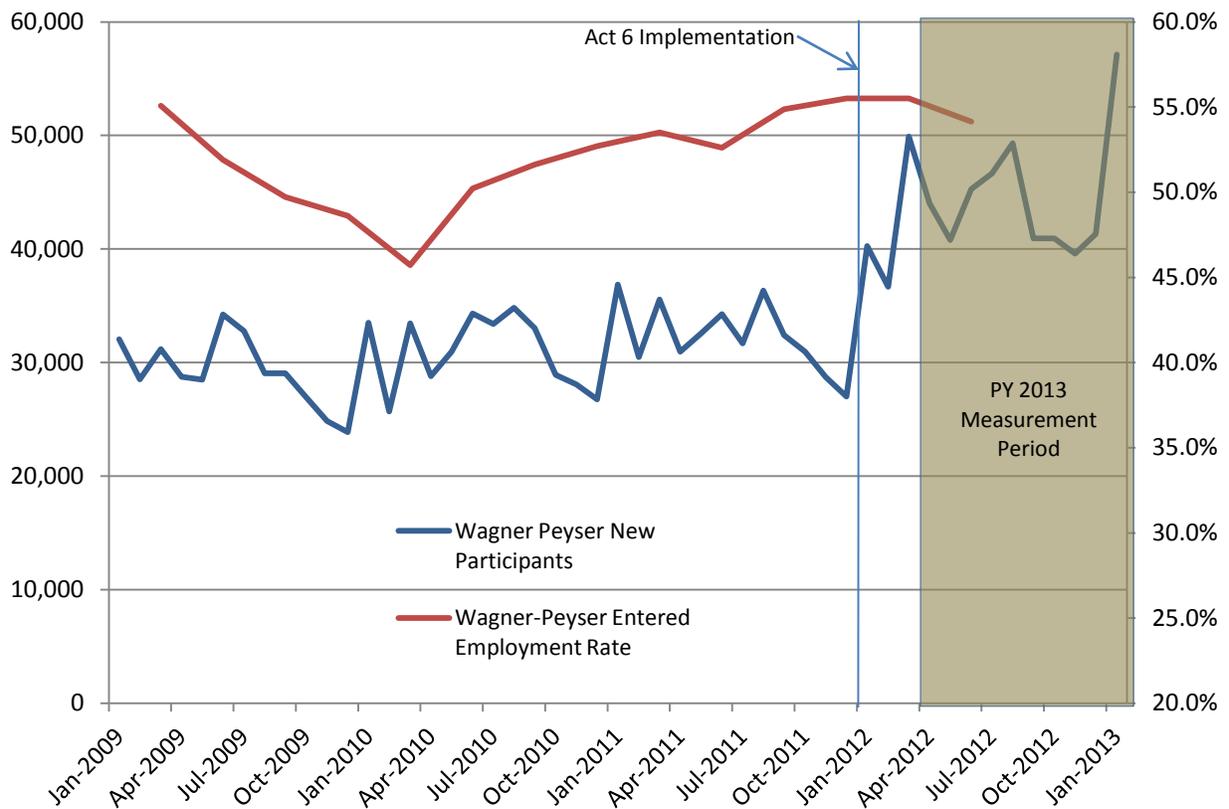
-Nonfarm jobs estimates for the Philadelphia WIA are those calculated for the Philadelphia City MSA.

Review of Wagner-Peyser Participants

Last year there was an increase in participants registered in the workforce system because of the passage of Act 6². Since the initial surge of participants in the Wagner-Peyser program, the number of participants and exiters has continued to increase. Compared to January 2012, the number of participants has increased 42 percent, which can be seen in Graph 5 below.

A majority of these participants utilize self-directed services, which reduces Pennsylvania’s ability to positively impact employment outcomes. The effects of these additional participants on performance can be seen in the third quarter PY 2012 outcomes which show a slight decline in the entered employment rate as the increased number of participants began to exit. While the decline is negligible at this point, the number of exiters being measured will continue to increase throughout the PY 2013 measurement period. This will impede Pennsylvania’s ability to continue the slight improvements made in this measure in the early part of PY 2012.

Graph 5: Pennsylvania New Wagner-Peyser Program Participants



² Act 6 was enacted and put into effect on January 1, 2012. It required all unemployment compensation claimants to show proof of seeking employment. To do so, claimants must register for employment search services with the Pennsylvania CareerLink[®] system within 30 days after they file their application for benefits. They must also perform various other activities which include but are not limited to attending a job fair, searching for positions using an on-line job bank including the Commonwealth Workforce Development System (CWDS) and participating in a program or activity offered through the Pennsylvania CareerLink[®].

Regression Model Review

To supplement the above analysis, Pennsylvania also reviewed the regression model output and found that, overall, it supports our request.

- The suggested adjustments for the Adult and Dislocated Worker six-months average earnings, the Adult retention, and the Youth attainment measures indicate Pennsylvania's performance levels should be slightly higher for PY 2013. This is in line with the increases we are requesting for PY 2013.
- The model indicates no movement for the Dislocated Worker retention measure, which directly corresponds with our request to maintain the current negotiated goal.
- The recommended modifications for Youth literacy/numeracy and Dislocated Worker entered employment rate signify that Pennsylvania's goals should be lowered slightly, while the goal for Youth placement should remain the same. However, historical trends suggest that strategies put in place to improve performance in these areas have been effective. Therefore, Pennsylvania is requesting to raise these goals to promote continued improvement.
- The model proposes a minor increase to the Adult entered employment rate goal, which places the suggested target at a level below the current negotiated goal. Therefore, Pennsylvania is requesting to maintain the current level.

Conclusion

In summary, based on the information presented, our request to maintain some of our current levels while increasing others suggests our desire to improve on our current performance and set attainable goals. Specifically, the commonwealth proposes:

- Increasing our goals in the Dislocated Worker entered employment rate measure.
- Increasing WIA Adult and Wagner-Peyser Retention measures.
- Increasing WIA Adult, Wagner-Peyser and Dislocated Worker six-months average earnings measures and all three Youth measures.
- Maintaining WIA Adult and Wagner-Peyser entered employment rate measures at PY 2012 levels.
- Maintaining Dislocated Workers Retention measure at PY 2012 levels.