



**Matthew H. Mead**  
Governor

# State of Wyoming

## Department of Workforce Services

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## Performance Negotiations for Common Measures

DWS negotiates with the ETA Region IV Office regarding achievement goals for the common measures. For PY 2013, specific guidance regarding the negotiation process is provided by ETA, in Training and Employment Guidance Letter (TEGL) 26-12, dated May 6, 2013. This guidance is incorporated in this document as an attachment, titled Table 1. As with previous negotiations, DWS is required to establish Program Year (PY) 2013 performance levels for the Wagner-Peyser Act component of the state plan when it negotiates performance levels for the WIA Title 1-B programs. In order to ensure negotiated goals are in alignment with the vision and strategic goals described in the five-year Integrated Workforce Plan, the option to extend previous years' goals without a negotiation process is not available for PY 2012.

### Historical Performance and Related Economic Factors

Wyoming's economic framework differs from that of the United States generally, as well as many of the other individual states. This is primarily due to the state's status as a leader in energy production. Because of its heavy dependence on the mining industry, Wyoming's economic circumstances fluctuate with mineral prices. When national recessionary periods are experienced, Wyoming tends to enter into the recessions later than other states, but also tends to recover slower than other states.

Bureau of Labor Statistics (BLS) data, produced by the Department of Workforce Services' Research and Planning Division, indicate total unemployment insurance (UI) covered payroll increased by \$142.7 million (4.9 percent) in the second quarter of 2012, compared to the second quarter of 2011. Employment rose by 5,701 jobs (2.1 percent) and the average weekly wage increased by \$22 (2.7 percent). Job growth in the second quarter was higher than its five-year average (2.1 percent compared to 0.1 percent). Total wages and average weekly wage also grew faster than their five-year averages. In terms of dollars, UI covered payroll represents approximately 91.5 percent of all wage and salary disbursements and 43.8 percent of personal income in the state (U.S. Bureau of Economic Analysis, 2013).

Despite the recent growth, overall employment remains approximately 6,900 jobs (2.4 percent) below its second quarter 2008 level. In other words, the state has yet to recoup all the job losses of 2009 and 2010. BLS data also show that job gains in mining have been steadily getting smaller each quarter and, in the immediate future, the state is estimating a reduction in natural gas extraction revenues. As a result, Governor Matthew Mead has asked state agencies to prepare for eight percent budget cuts in fiscal year 2014, which starts July 1, 2013. The planned budget cuts are expected to extend into the 2015-2016 biennium.

The insured unemployment rate has decreased significantly over the past year, but still remains higher than the pre-recession rate. The rate changed from 5.7 percent in October 2011 to 4.9 percent in November 2012. It has remained at 4.9 percent through March 2013.

There appears to be a correlation between State economic conditions during this period and performance results for Wyoming's WIA and Wagner-Peyser programs. During the PY 2009 through PY 2011 years, Wyoming experienced significant performance decreases in its Entered Employment and Employment Retention rates, for the Adult and Wagner-Peyser Programs. Performance decreases were also experienced during this time frame for the Youth Placement in Employment or Education rates, which were also probably affected by the economy. Performance decreases were also experienced for the Dislocated Worker program. These are harder to compare, however, because of the small populations of workers who were served each year. During the period, Wyoming utilized its fund transfer waiver, to enable it to serve more Adult customers and fewer Dislocated Workers.

Average Earnings rates also experienced some decreases during these same years although, again there was a lack of consistency in the way Dislocated Worker earnings were affected. An examination of program performance reports showed that there were small populations in the denominator each year, which tended to distort the outcomes.

### **Proposed GPRA Goals**

ETA's proposed Government Performance and Results Act (GPRA) goals have been examined by DWS, in relation to its own historical performance and its outcomes, thus far, through the end of the third quarter of PY 2012. With the exception of Youth Literacy or Numeracy gains, Wyoming's accomplishments remain on target to exceed all of the GPRA PY 2013 performance goals. The state's Literacy or Numeracy accomplishments are considerably less than the national target. Nevertheless improvements are being made in that area, too.

### **Negotiated Performance**

**Adult Entered Employment:** For the period of PY 2007 through PY 2011, Wyoming's Entered Employment rate for Adults was 80.7 percent, which is slightly more than the PY 2013 goal of 80.2 percent, set by ETA, and the regression target of 80.4 percent. However, performance during the PY 2009 through PY 2011 period only averaged 78.7 percent. PY 2012 performance through the third quarter, at 78.0 percent is also low, which tends to support the observation that the state is still recovering from the recession. Nevertheless, it is more than 90 percent of ETA's proposed goal of 80.2 percent. If Wyoming's unemployment rate remains at the current level, or improves, DWS feels the Entered Employment performance will exceed that 78.0 percent level. The regression adjusted target is realistic. Therefore, DWS is requesting that the 80.2 percent rate be accepted as its PY 2013 negotiated level.

**Dislocated Worker Entered Employment:** For the historical period of PY 2007 through PY 2011, Wyoming's Dislocated Worker Entered Employment rate fluctuated considerably, with no pattern being established. It is felt that the small populations of workers served contributed to this, as previously stated. Even so, Wyoming's low output of 81.3 percent, in PY 2009, still exceeded 90 percent of the proposed PY 2013 ETA performance goal of 83.0 percent. It appears the PY 2013 goal is attainable. PY 2012 performance is on target to achieve that outcome. Therefore, DWS requests that the negotiated level for PY 2013 remain at 83.0 percent.

**Adult Employment Retention Rate:** Wyoming's Adult Employment Retention Rate began declining in PY 2009 and reached a low point for the five year period in PY 2011, at 83.0 percent. Thus far in PY 2012 some modest improvement has been shown over PY 2011, which mirrors the level of improvement in the state's insured unemployment rate. The state has not yet reached the PY 2012 negotiated goal of 86.0 percent. Inasmuch as the economy continues to be somewhat sluggish, DWS is grateful that the proposed PY 2013 rate has not been raised above the PY 2012 rate of 86.0 percent. However, it does feel it can achieve, or exceed the PY 2013 regression target of 83.8 percent. The proposed PY 2013 goal is at a level that encourages continued improvement, but is not so high that the Department doesn't have a good chance of remaining above the 90 percentile level for this outcome. Therefore, DWS accepts the proposed PY 2013 performance goal of 86.0 percent.

**Dislocated Worker Employment Retention Rate:** For the five-year historical period, Wyoming experienced considerable variance in its Retention rate performance, as with other Dislocated Worker measures. This makes it difficult to predict the outcome for PY 2013. Small denominators and numerators affected this. Current performance, as of the third quarter of PY 2012, is down from last year's performance by a full 11 percent. Yet the state is on track to achieve at least 90 percent of the goal for the year. There is still a need to be cautious about the near future, because of the slower economic growth that is occurring. DWS is not comfortable changing its negotiated rate upward from the current goal of 91.0 percent to equal or approximate the regression target of 97.7 percent. DWS requests that the negotiated level for PY 2013 remain at 91 percent.

**Adult Average Earnings Rate:** Wyoming's Adult Average Earnings rate arithmetic mean for the historical period is \$13,956, which is over \$2,000 less than the current level of achievement in PY 2012. However, PY 2012's outcome is still over \$800 less than last year's accomplishment. The Agency is on track, even with the sluggish economy, to exceed the 90<sup>th</sup> percentile for this year and is also optimistic about potential performance for PY 2013, although the regression target of \$17,853 appears excessively high. Therefore, DWS asks that the negotiated performance goal be set at the level of \$16,700 as proposed.

**Dislocated Worker Average Earnings Rate:** Dislocated Worker Average Earnings, at \$18,191 for the third quarter of PY 2012, are down from last year's record of \$20,468, but are higher than the five year average of \$15,988. Because of the slower than expected economic recovery and the small-population factor, the PY 2011 accomplishment could almost be considered an anomaly. DWS feels very uncomfortable about setting this rate at the level of the PY 2013 regression target of \$21,050, which is too high to be confidently pursued. To use the regression target would almost assure that the Department would be performing at the 80<sup>th</sup> percentile level or less. Even the proposed 2013 performance goal of \$20,000, which is the same as the PY 2012 negotiated level, will be a long stretch, based on available economic projections pertaining to the coming year. The state is only currently achieving 91.0 percent of this goal. Last year, DWS' proposal was to set the Dislocated Worker Average Earnings negotiated amount at \$18,500, which was rejected by ETA. Therefore, DWS will continue to seek improvement in this category and would like to use \$20,000 as its negotiated Dislocated Average Earnings rate.

**Youth Placement in Employment or Education Rate:** Wyoming's historical average for Youth Placement in Employment or Education is 67.5 percent. During the lean years of PY 2009 through PY 2011, that average dropped to 63.8 percent. The state's current PY 2012 performance is exceeding the five year average by 5.0 percent, and is nearly 8.0 percent higher than the average for the past three years. DWS is on track to exceed the PY 2012 negotiated level of 66.0 percent and PY 2013 regression target of 63.6 percent. The current output is somewhat surprising, given the challenge of serving this most-in-need population plus the fierce competition that youth are experiencing in today's slower than anticipated job market, where youth unemployment rates are high. DWS feels the proposed PY 2013 goal of 66.0 percent is acceptable. It is not sure that an outcome of 72.5 percent can be maintained for the remainder of the year and then repeated next year. Therefore, DWS asks that the negotiated PY 2013 rate be set at 66.0 percent.

**Youth Attainment of Degree or Certificate Rate:** With the exception of the setback that occurred in the PY 2009 through 2011 period, DWS' performance for this measure has been making steady improvement. The Agency feels the PY 2012 negotiated level of 63.0 percent, as well as the PY 2013 regression target of 60.3 percent will be eclipsed, due to the hard work of staff members in this area. However, new General Education Diploma (GED) requirements will be going into effect midway through PY 2013. DWS is unsure how these changes will affect this rate. Therefore it is asking that the PY 2013 negotiated performance level for Youth Attainment of Degree or Certificate rate be negotiated at the level of 63.0 percent as proposed.

**Youth Literacy or Numeracy Gains Rate:** PY 2012 Literacy or Numeracy performance has improved dramatically since PY 2011, and is in line to equal the PY 2010 outcome, which was Wyoming's highest achievement in the five-year historical period. Corrective action was successfully undertaken in PY 2012 that enabled the state to get back on track in this area. In addition, the transition of American Recovery and Reinvestment Act (ARRA) participants from the program had a positive effect on the rate. The state is on target to eclipse the PY 2012 negotiated level of 27.0 percent, the regression target of 21.6 percent, and the PY 2013 proposed goal of 27.0 percent. However, DWS feels an additional year would be desirable before significantly adjusting performance expectations above 27.0 percent, to assure that the current upward movement will continue. Therefore, the Agency asks that this measure be negotiated at 27.0 percent for PY 2013.

**Wagner-Peyser (W-P) Entered Employment:** Inasmuch as the economy continues to remain somewhat sluggish, and DWS is able to exert less control over the level of services that all W-P participants receive, to increase the potential for employment the Agency feels that the PY 2012 performance goal of 67.0 percent is also reasonable for PY 2013, in keeping with the proposed goal. DWS does not desire to set a higher goal until such time as the economy shows that it is warranted, by continuous growth and improved wages. Therefore, DWS proposes that the PY 2013 Entered Employment goal of 67.0 percent be used as its negotiated rate.

**Wagner-Peyser Employment Retention Rate:** As with the W-P Entered Employment rate, Employment Retention was affected negatively during the years of PY 2009 through PY 2011. The average rate during that period was 79.6 percent, compared to 84.0

percent in PY 2007 and 2008, and 82.0 percent thus far in PY 2012. DWS feels the regression target of 82.0 percent is realistic for PY 2013, and would encourage continued improvement. Therefore, DWS proposes that the PY 2013 goal of 82.0 percent be used as its negotiated level of performance.

**Wagner-Peyser Average Earnings Rate:** DWS feels that the Average W-P Earnings will continue to exceed output for PY 2009 and PY 2010. Wyoming's economy was booming in PY 2008, which had a positive effect on the five-year arithmetic mean for this measure, making it \$15,688. In absence of that year's data, the average would have been \$15,335. DWS feels the potential for attaining the PY 2008 level of \$17,101 is still some quarters ahead. On the other hand, DWS feels it can exceed the GPRA level of \$15,707. Therefore, it is requested that this rate be negotiated at the proposed level of \$16,000, which would give the state incentive to maintain continuous improvement.

### **Impact of Performance on Customer Satisfaction and Return on Investment of Federal Funds**

Although the Department of Workforce Services does not report customer satisfaction to ETA, because of its use of common measures, it does continue to collect and analyze customer satisfaction data. This is done through the use of customer response cards that are provided to customers at the workforce centers. Information on the completed cards is analyzed by the Employment and Training Division in DWS for continuous improvement in service delivery, fiscal responsibility, and attainment of performance outcomes, and as required by WIA Section 136(b)(3)(A)(iii) and (iv). DWS anticipates that continuing performance improvement will also increase customer satisfaction with the WIA and W-P programs. Increased average earnings will enable program participants to function in society with a more livable wage. Greater levels of entry into employment, employment retention, literacy, educational achievement, and usable credentials will likely reduce the number of repeat customers for WIA and W-P services, thus lessening the overall DWS expenditure on individual participants. Use of the customer satisfaction data allows DWS to expand services to at-risk populations, who require assistance to obtain and hold unsubsidized employment.