

The Department will issue further administrative guidance, to be published in the **Federal Register**, implementing the performance indicators and explaining the timing and specific definitions of data elements to be collected, and the methods used to calculate each indicator.

#### What Are the Common Performance Measures? (§ 641.715)

Proposed § 641.715 outlines the indicators of the common performance measures. The first measure, entered employment, is defined as the percentage employed in the first quarter after program exit. This measure identifies those individuals who are not employed at registration, but who have entered employment by the end of the first quarter. Retention in employment is the second measure. It is defined as the percentage of those employed in the first quarter after exit that were still employed in the second and third quarter after program exit. This measure is similar to the retention measures under the OAA, however, it tracks a participant's retention with an employer for an additional three months. The third measure, earnings increase, has been added as a program performance measures in § 641.700 and defined in § 641.710. Grantees will be required to report on all three common performance measures as identified in § 641.879.

#### How Do the Common Performance Measures Affect Grantees and the OAA Performance Measures? (§ 641.720)

Proposed § 641.720 discusses the common performance measures and how they relate to grantees and the OAA performance and competition scheme. SCSEP is part of the Department's new common performance measures initiative for employment and job training programs. This initiative has identified new indicators that will apply across Federal job training programs and have a common set of definitions and data sets. Adoption of these common measures across government will help implement the President's Management Agenda for budget and performance integration as well as reduce barriers to integrated service delivery through the local One-Stop Career Centers. The Department will seek to amend title V of the Older Americans Act when it is reauthorized to conform the SCSEP performance measures to the new common performance measures. As this legislation will not be introduced until after completion of these regulations, these regulations represent an interim step in which grantees will be required to collect performance measurement information based on the current statute

as well as on the new common measures that will be proposed as part of the Older Americans Act reauthorization. The Department will provide instructions on how the information will be collected through an administrative issuance. See § 641.879 on reporting requirements.

#### How Will the Department Set and Adjust Performance Levels? (§ 641.730)

The proposed rule establishes the method that the Department will use to set and adjust negotiated levels of performance. In setting negotiated performance levels, the Department is adopting a method similar to the WIA method of negotiating levels of performance. For SCSEP, levels of performance will be negotiated before the beginning of each Program Year. Under section 513(a)(2)(C) of the OAA, the "placement into unsubsidized public or private employment" measure has a statutory "floor" of 20 percent; however, the Department may negotiate with grantees to establish a higher level.

In negotiating levels with grantees, the Department will first establish baseline goals. The end result levels are the adjustments made to those goals for each grantee. Adjustments to the established negotiated levels of performance, including the "placement into unsubsidized public or private employment" measure, may be made only if they are based on those factors delineated in section 513(a)(2)(B). Those factors are: (1) High rates of unemployment, poverty, or welfare reciprocity in the areas served by a grantee, relative to other areas of the State or Nation; (2) significant downturns in the areas served by the grantee or in the national economy; and (3) significant numbers or proportions of enrollees with one or more barriers to employment served by a grantee relative to grantees serving other areas of the State or Nation. As part of the process of negotiating with grantees to set baseline levels of negotiated performance, the Department will offer grantees the opportunity to propose adjustments to those levels based on the conditions specified in the OAA. Since many of the factors enumerated in the OAA can change dramatically during the program year, grantees will have the opportunity to request adjustments both at the beginning of the program year and during the program year. The Department will issue administrative guidance outlining the parameters for claiming one or more of the three permissible adjustments of performance levels.

#### How Will the Department Determine Whether a Grantee Meets, Exceeds, or Fails To Meet Negotiated Levels of Performance? (§ 641.740)

The OAA requires the Department to determine whether a grantee has met its performance measures overall (*i.e.*, in the aggregate). Under proposed § 641.740, overall performance is calculated by combining the "percentage results" achieved on each of the individual measures to obtain an average score. If this average score for the total of all measures is between 80 and 100 percent, the grantee has performed satisfactorily, or is meeting performance. Grantees with an average above 100 percent are exceeding on the performance measures. Grantees that fall below 80 percent, however, are considered to have failed to meet negotiated levels of performance and, thus, are subject to the sanctions outlined in section 514 of the OAA. This approach aligns the SCSEP program with WIA and ensures that very low performance on any single indicator has full weight when assessing overall performance. A national grantee serving in a State, however, is required by section 514(e)(3)(A) of the OAA to meet both 80 percent of the negotiated national measures and the levels established for the State in which it serves. The Department will evaluate each performance indicator to determine the level of success that a grantee has achieved and take the aggregate to determine if, on the whole, the grantee met its performance objectives. Grantees will also receive the results for each individual performance indicator. The advantage of grantees having this information is two-fold—grantees will know about any performance indicator on which they need to improve; and the Department can provide technical assistance to the grantee on a specific indicator to improve performance.

One indicator that is distinct among the performance measures is the "placement into unsubsidized employment" measure. This measure has a statutory "floor" of 20 percent before the allowable adjustments are made; however the Department may negotiate higher, but not lower, levels with individual grantees. Thus, if the negotiated performance indicator remains at the floor, performance levels between 80 and 100 percent will require grantees to place 20 percent to 25 percent of their participants into unsubsidized employment, unless one or more adjustment factor applies. A placement rate of more than 25 percent would mean that a grantee is exceeding