**Workforce 3One**

**Transcript of Webinar**

**WIOA Performance Accountability**

**Statistical Adjustment Model Methodology**

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ERIC BELLINO: And I'm going to now turn it over to Karen Staha who's going to go over today's presenters. Karen?

KAREN STAHA: All right. Thank you, Eric. Hello, everyone. I'm pleased to be here along with my colleagues from the Department of Education's Office of Career, Technical, and Adult Education and the Rehabilitation Services Administration within the Department of Education. And I'm with the Department of Labor's Employment and Training Administration, and we're today talking about the methodology for the development of the statistical adjustment model.

The Workforce Innovation and Opportunity Act requires – authorizes performance accountability under Section 116 of the act, and the statute specifies indicators of performance. There are six indicators, and to establish expected levels of performance for each of those indicators, the statute specifies the use of a statistical adjustment model. It is to be used in the negotiation process prior to the beginning of the program year of service, and then it will be used again to adjust the target at the end to see if – basically if people have served who they anticipated serving. And there – we'll get into the variables that will be used to build the model and so forth, but that's the statutory requirement.

I think that it's important to note that the statistical model is I think especially – and our presenters will get into this more, but it developed – I think the statute requires it to help level the playing field, make everything more objective, and especially in the setting of performance levels. As you know, the adjusted levels of performance in the actual levels of performance will come into play in the determination of sanctions, which is another requirement under the statute.

There will be – as I mentioned, the statistical model will be part of the negotiation process, and we will be providing – the departments will provide additional guidance on that negotiations process probably the first of the year or thereafter.

I would just say that right now where we are in the development of this and why we're doing this particular webinar is that the statute also, in addition to specifying the use of a statistical model and the different variables to be included in it, it also requires that the Departments of Labor and Education consult with the system in the development of it to sort of run by, share our thinking on this. And this is what this webinar is designed to do, to share the thinking that has gone into this. We've been working over the last eight months to develop this methodology, and so that's the background of where we are.

It's – there – a lot of the information that will be coming out once it's final is tied to the Notice of Proposed Rulemaking. We published the Notice of Proposed Rulemaking in April of 2015. In response to that we received over 450 comments on the performance section. So you all had a lot to tell us about how we were interpreting things, and so that was good. So we're working through those comments.

In addition, in July we published the joint Information Collection Request under the requirements of the Paperwork Reduction Act, and that laid out our performance – the details of what is to be collected to be able to calculate each of those six performance indicators. That was published on July 22nd. That closed in September. We received over 100 comments on that, totaling about 1,000 pages. So together with the – we've had about – and then in addition, each of the departments is publishing its own Information Collection Request to collect further information as appropriate for each of the six core indicator – core programs, I should say.

And this – so we're working through all those comments, and once those comments are resolved and policy issues addressed, we will be issuing the final rule and then also issuing the – but what's coming up next is the 30-day notice. After we've resolved all the comments to the two Information Collection Requests, then we will publish in the Federal Register a notice for 30 days of comments. And so we're anticipating the ICR being finalized again in the early spring and then at least publishing the notice we're hoping either in – well, we're in December. It might be early January when that 30-day notice goes out. Best laid plans.

So that's a lot of background. I want to give more time to our discussion. So at this point we have presenters today, Ryan Sutter with the Department of Labor's Chief Evaluation Office and he's been working on the overall development of the methodology using WIA data as a basis.

In addition we have presenters from – we have Yann-Yann Shieh from the Rehabilitation Services Administration who will explain what they've been doing, their approach, and then Larry Condelli and Burhan Ogut from the American Institutes for Research. That's the organization that manages the data for adult education.

And even though there's three presentations of approaches, I would say it's all been tied together. We're trying to work on one methodology.

All right. With that I'm going to turn it over to Ryan for the first part of the presentation. Thank you.

RYAN SUTTER: Good afternoon, everyone. I am going to be talking, as Karen said, about developing a methodology for setting performance targets. That work has been done in conjunction with our partners in education. I'm going to be focusing today on sort of a general overview of the thought process and how it's implemented, what kinds of data were available at this moment, and how we can use that data to approach WIOA. I'm going to talk about prior work, some extensions that have been done under this phase of development, and show some preliminary results based on some real data. So with that I will begin by first presenting the basic idea of what we're trying to do.

As Karen said, this is obviously required under the statute. However, given that, I mean, the general premise and the general thinking is to be able to use an objective quantitative method to set performance targets that are attempting to level the playing field and sort of renew disincentives to serve harder to serve populations and to try to approach a target setting process that tries to minimize strategic sort of gaming type activities as objectively and as quantitatively as we can. So that's really the approach, the general basis of what we're trying to do here.

And to begin to design an approach to do this, one of the first things that needs to be done or that makes sense to do is to review prior work. And the Department of Labor has a considerable history in using – with using statistical adjustment models to help set performance targets. That's based on a lot of good work that's been done in the past, and there are a lot of insights that we can gain from taking a thorough review of that work to help inform our decision making going forward.

One of the next important things that has to be done is, as you all know or as you should know or will know, WIOA provides or gives us new performance indicators. So what you really have to do is you have to go look at the existing data that we have.

With respect to DOL, this happens to be the WIA performance data primarily contained in Workforce Investment Act Standardized Record Data – the WIASRD – some of the individual record data sets that we have through Wagner-Peyser. You have to take that information and construct the new WIOA measures to the best extent that's possible. I'm going to show you a slide on that in a second. So for now, just let it be known that that is a very important step to – as well an important limiter and what we can do at this point in time.

The next real critical step is to identify estimation approaches, so quantitative or statistical mathematical relationships that we can use to inform and assess how personal characteristics of participants and economic conditions relate to the performance measures. Given the fact that we have to work together under one sort of unified approach, this provides a little bit of limitations with respect to at what level you can conduct modeling. I mean, we all can't be using different levels of analysis. So that is an important limiter and sort of drives us to an aggregate approach at this point in time.

Once that's done there are some important considerations that at least need to be addressed in the model specification stage, and those have primarily to do with identification of which variables to use. Which variables are truly important? Is there much of a difference using alternative sets of variables? Do we include more information? And how do we assess how well the target setting approach works?

For instance, one way of going about it is to sort of theoretically drive your statistical model and just treat it as if, well, if this works according to how we say it should, this is the approach we ought to use. An additional extension to that would be to identify several sets of competing frameworks to estimate how well they work in terms of prediction and to use that information to guide our decisions about which one to implement for target setting purposes as well as how confident can we be in those results. So that's basic overview.

This slide that I'm showing now presents the WIOA measures, and what you can see here is the darker blue rows are measures that were WIOA measures for which we have complete data in the existing WIA data. So these things can be consistently computed according to the precise definitions that are specified under WIOA.

The lighter blue rows are places where we have most of the data and we can compute pretty good proxies. For instance, if you look at the second row there, the employment rate fourth quarter after exit, we can do that for using the WIA data. However, the existing Wagner-Peyser program data only contains information on post-program wages for three quarters after exit.

So you sort of have to proxy the fourth quarter period with a three quarter period. The gray shaded rows are measures for which there are simply have no data at this point in time, which, as you may guess, severely limits your ability to use an objective statistical model to set targets. So that is an issue that will have to be addressed down the road, and we may discuss that further later.

So moving along, what I'm going to try to do here is briefly explain some prior experience with target setting methodologies that DOL has had as a way to set the stage for how this is going to tie into the additions to this under WIOA. So DOL has actually been using or have been using statistical adjustment models under two prior pieces of legislation in different ways.

It was done under JTPA in certain periods and certain periods under WIA. I'm going to talk slightly or briefly about these three approaches and how they're all quite similar, although they differ in terms of methodologies for identifying what you would call coefficients or weights or the importance of each particular variable and its impact on affecting performance outcomes.

So under JTPA basically what was done is OLS regression model is a fairly standard regression model was used to determine the relationships between measured characteristics on the participants, things like how important is education attainment and employment and earnings outcomes? How about prior work experience? What about low income status or limited English proficiency or single parents or being a former offender or something like that?

These models were used to identify how much each of those factors tends to influence performance outcomes, and that's what's described under the second bullet as weights. Those are really the coefficients in statistical nomenclature, and those were used to adjust the performance outcomes from what you see in the third bullet, which is a mathematical sort of representation of this, from a departure point.

So what happened is each entity, local area or state unit, was compared to, say, the national average on all the characteristics. So how much does my state or my local area differ from the national average in terms of high school dropouts, for example, or unemployment rates, for example? And then once you know that distance, how different you are from that average, and you know how much that variable tends to influence performance outcomes, you can do this across all the variables and come up with an adjustment factor. That would be then added to what was described as a departure point in order to set the target.

Now, the differences under WIA and JTPA and even what's happening under WIOA have a lot to do with how to select this departure point. Under JTPA deterministically probably isn't the appropriate word, but D was specified sort of in an ad hoc manner to identify a level to which a certain threshold of people or places could pass and a certain amount would fail. So it was sort of identified empirically but more from in an ad hoc way.

Moving to the next slide, here's just a brief example, and this would apply to the methods under WIA as well. So what we have here is a hypothetical case where you could see the variables running along the left-hand column. So let's say we have things like gender, age, race, education attainment, co-enrollment and Wagner-Peyser, wages, et cetera. And what you have in the second column there would be those – assume those are the national average values.

The factor values in the third column would be for your state or your local area. The difference column is how much your area or a particular area deviates from the national average. The weight is how much that variable tends to influence performance outcomes and in what direction. Is it do higher values tend to increase performance, or do they tend to decrease performance?

And so what you see in the extreme right-hand column is the effect of that factor for that place for each item, for each variable. If you were to sum those effects per factor, you would get a total adjustment, which is shown in the green column. That would be then added to the national departure point to arrive at the target in blue. So that's really how it works. That's how it worked under WIA. You can move to the next slide now.

However, there were some slight variants in terms of how to estimate the weights and how to set the departure point D. So in the beginning of the statistical adjustment model's application under WIA, you can think back to PY 2010 and 2011. What was done is a very similar thing, but the estimation approach was different. Here estimation was conducted at the individual level in two stages using something known as linear probability modeling or linear probability models.

You would run these regressions to compute the weights, which you could see on the second of – the bullet near the bottom in the same manner that was done before. However, here the departure point was either the national outcome or the average outcome. So really the only differences between WIA and JTPA were the way that the weights were estimated and how the departure point or where you adjusted from was determined.

Under the second period there were some very slight changes that were made for PY 2012 through 2014 where we sort of went back to the use of the OLS models to determine the weights. And D here was set to be the entity's most recent observable outcome rather than, say, the national average. So what this would do is say, well, how much does a state or local area's performance or characteristics differ from the last period for which we have your annual report? And then we sort of roll forward the target based on deviations from your most recent observable period. So in other words, very similar but yet different in structure.

So this sort of ties into what we're doing now, being as that it is the basis of sort of what has been done in the past. Some extensions that were done, some important things to consider going forward that perhaps could influence what ultimately ends up being the model we go with, have to do with model calibration and variable selection. For instance, model calibration I mean how well do these things work?

I mean, we sort of – I talked a minute ago about how you'd set – you'd arrive at a target setting model primarily through theoretical or theory, how should this work? But what was never really thought about as clearly is it necessarily could have – or exit could have been was how do we know how well it works?

So one of the things that we're trying to do under WIOA is be very careful about calibrating these things. How can we pair – how can we compare alternative estimation frameworks against each other to identify which one is probably most applicable to use as a target setting model. And the way that this has been construed under our model development phase is to tie that back to how well the model actually forecasts or predicts what your outcomes will have been in an out-of-sample manner.

So, for instance, can we use that model to predict what your outcomes are going to be or what they would have been in cases that we aren't actually looking at your data? There's a technique called cross-validation, which I'm not going to get into here, but that is ultimately what was used to assess how well each of these alternative specifications work vis-a-vis the alternatives.

The other important thing that we looked at had to do with variable selection, and I talked a minute – for a minute about this a few slides ago. And what this really has to get at is there – probably the most common comment or observation or feedback that we – that I had received when doing presentations on the WIA approaches in the past was, well, what about this variable?

How about disability status, or what about industrial structure? We think that's an important variable for this outcome and this program. So what was attempted to do here was empirically assess how these alternative variable specifications compare to each other. So do we really need to use all of the variables? Is that the best approach, or are we introducing series of statistical problems that actually decrease the performance of the model where maybe we should back off on a few of these things and condense them into a smaller set of variables. Maybe we should use this set over that set, so on, so forth.

What we tried to do was implement procedures which would provide an empirical framework for comparing all possible combinations of the information that we have. So of all the variables that we have, what do the alternative specifications look like in terms of predictive performance and then use that information to identify what we should do with respect to target setting. So that's really how that was done.

So the next slide talks about some specific estimation methods that we considered. As I said before, we're focusing right now on the aggregate approach, just do – being able to be on the same page at this point in time. Perhaps down the road it may prove useful to sort of reassess this, but for the time being, due to limitations of data availability and being all using the same methodology, we're focusing primarily on aggregate approaches.

Under these approaches we're going to look at OLS as used under JTPA and some of the WIA variants as well as Bayesian extensions of these methods. In addition to that there's an issue of having to do with space. So, for instance, some entities or some states and local areas are located in – I don't know – coastal tourist economies and others are located in Midwestern industrial economies and there are significant spatial interactions that occur between the units.

And when you don't assess that spatial dependence or that interaction among places, it can produce problems from a statistical point of view with respect to bias and variance and several things. So these spatial econometric extensions of these were implemented to assess whether or not that is a problem in this particular application. Lastly, panel data models were used to assess their ability as well as to look at advantages they may have in terms of estimating or setting targets in a way that sort of separates measurable variation from immeasurable variation from error. So that's really the approaches that we looked at.

If you turn to the next slide these show some results with respect to the dislocated worker program's employment measure, employment second quarter after exit specifically. And what this shows here is on the right-hand column you have average prediction errors. So you can think of this as how much error in a pure forecasting or prediction sense do we see across these alternative specifications in an out-of-sample framework.

So that would tell us – that would give us a good idea of how well this might work in the future, how well it might work for places which we – say new WIBs or something like that – local areas, I should say. And what we can really see from these results is that, for the most part, the average prediction errors are fairly similar. You can think of these as almost like a prediction interval, what you talk about when you talk about what's in the news now, the plus or minus on the voting polls that you see on the news. It's so and so is up at 35 percent plus or minus 3.5 points.

That's kind of what this is in terms of it is an average prediction error, and what we see here is across the alternative specifications, there really isn't a lot of difference. They both sort of lend themselves – they all sort of lend themselves to very similar prediction errors. I mean, there are better models in terms of prediction than other approaches, but the differences aren't necessarily huge. And the complexity that may be associated with those particular approaches may not be worth the gain in – and predictive performance that you actually achieve.

So that's – with that I'm going to move just quickly to something you may be more interested as – for the practitioners among you, some actual simulated results. So what these slides show are actual outcomes and predicted outcomes from a particular model for the state's dislocated worker employment second quarter after exit measure back computed to PY 2012 and 2013.

And what this slide really shows is that a fixed effects specification produces highly accurate predictions. The red line is the predicted value, and the blue line is what was actually observed. And those color bands that you see around that are – they're essentially 90 percent confidence intervals, 99, and 95 percent. So standard confidence intervals in statistical approaches.

Moving on to the next page you get to say, OK. So that was the predicted results. What was the targets look like? And what you can see on this slide is that they're pretty similar. The difference between the target and the pure prediction under this framework is quite small, and most of the values tend to fall under these confidence bans and there's relatively few places that fall outside of them. So with that said, I'm going to turn it over to my colleagues for the education perspective.

YANN-YANN SHIEH: Good afternoon. My name is Yann-Yann Shieh. I'm from VR of RSA, Education Department, Department Education. I'm going to talk about application part. See, so Ryan already work a lot on the methodology part. So I'm going to pick up the methodology and apply the VR data to it. So most of them may be – some of them you don't know the VR data collection packages. We have a – you need the case service record form – collection form we call RSA 911.

And then this is for the VR and supportive employment programs that collect information on individuals with disabilities who apply for VR services in each state agency. And this data include information regarding their demographic information, disability type, cause of a disability, and interventions, reason for case closed, and employment status at application and at the closure and also the source of financial support. Each state agency is required to submit their data annually following the end of the fiscal year by no later than November 30.

So in the past RSA require each state agency to submit their data annually. Based on the WIOA, RSA will be making several major changes for RSA 911 data collection. Beginning July 1st, 2016, instead of collecting close case data, individual case closed in the – (inaudible) – year, RSA will be asking state agencies to submit their individual case data which make open case records quarterly to enable RSA to better track individuals' employment status after their case are closed.

So currently there are about 215 data elements in the RSA 911 form, and RSA is making revisions to the data collection form by adding data elements required by WIOA. Specifically for those data elements – those data elements that are characteristic of individuals required by a statistical adjusting the model, such as the indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and high-benefit employment, low level literacy or English proficiency, and disability status, homeless, and ex-offender status or welfare dependency.

OK. So this chart show what is the current data available for our WIA program for the common core major indicators. We have six indicators, and so far with the current close data 911 we only can do process data for only four out of the six. We can do the employment rate second quarter after exit using a type of closure and with accurate employment rate, but – (inaudible) – this does not correspond to employment status second quarter after exit.

For the second indicator, employment rate fourth quarter after exit, we have no data available at this moment.

And the third indicator is the median earnings second quarter after exit. We can use the current 911 data elements, weekly earning at closure as well as the hours worked in the week at the closure, and this is a proxy data as well. For the fourth indicator, postsecondary diploma and credential rate within one year of exit, we can use the data elements position 154, level of education attainment at closure and level of education at at application, position 39.

So again, these can be – (inaudible) – at closure but does not extend one year after closure. And the next one is a measurable skill gain rate, and we can use the same education attainment at closure and the application. So the last one is employer service indicator. This one currently we have no data available for this indicator, but in a few years we will do it.

So to apply for the model using our WIA data, I used the current available data from FY 20014 to FY 2013's RSA 911 data. And we have 80 agencies, 24 general, 24 blind, and 32 combined agencies. For this SSI I combined the state with two agencies into one state data. Then from the more than five median records of individual data, the closure data I break down by the closure data by quarter, and I compute a percentage by the characteristic of participants in each quarters.

After that one I also add unemployment rate into the – as part of the variables. However, there are four agencies that don't have the unemployment rate data. So I exclude them into my analysis. They are American Samoa, CNMI, Guam, and Virgin Islands. So total we – I have a 2080 records into my analysis.

OK. And the variable I use in this analysis including total about 12 variables. I use demographic information such as age, by breakdown by different groups, the labels, and the gender, ethnicity, we have five different types. And also I use the education level at application, employment status at application, see whether they are employed or not employed, work or not work and education, and the disability type.

You need a program for VRAs where we serve people with a disability, but we all know what type of disability they have. So I break down the disability type into five different categories. And also the welfare dependency, such as whether they receive any public support at application or not. And also they receive any type of training or service during the VR process, and then we have more than 20 type of services. So I have to aggregate it and then take out some of them. And then I can track down whether they are homeless or not.

In addition to these variables, we are required to add some like condition of the labor market. So in this exercise I only use the unemployment rate by quarter from FY 2004 to FY 2013. In the future I have – I will add the job losses or gains in particular industries. Those data will be from the labor of statistics. It's available for probably two years.

OK. For the method, one have been talking about different approaches or different measures at the method measured. So RSA has been following DOL's work on the method. We use the same framework but different variables for the models. So for the current model run, I only use the one outcome variable, which is the employment rate for this SSI, and they all in percentage.

And the three models will be run. The first one is a traditional ordinary least square, OLS, and then fixed effect models and the random effect model. The formula is the following. The Y is to predict the employment rate. X is the independent variables, and the R is the – (inaudible) – and error term. OK.

So the result part, the different amount – the three different approaches, the result from this method show very similar parameter estimates. And as you see Ryan's slide earlier, you can see there are not lots of variation between predictor and the actual one. But for our VR data initial model round show the RSA VR data seems to be explaining less variation in outcomes when compared to the DOL's. However, we have more larger unit effects, which is the state effect. That one we can consider how the VR program is run by the state agency. So there are lots of variation on this target.

As you see in the next table, here is some kind of the result. I use a 2013 quarter one. So you can see the actual employment rate. For example, in May it's like in quarter one 2013 they only had 45 percent, but a predictor value they should have 50 percent of the rehab to take into the state effect. If we exclude those state effect, they should have about 70 percent of the rehab rate; OK? So you – we can look all the – I mean, the agency.

For the next step what I'm going to do is I will add the 2014 data into analysis, and I will add a state industry data into analysis as well. And I will run other core majors such as median earnings, postsecondary attainment rate, and the measurement skill rate to gain percentage and then use the model as a tool to assist and inform performance target negotiation for the program year 2016. That's it for my presentation. I'm going to turn to the AIR staff – (inaudible) – Larry and Burhan.

LARRY CONDELLI: OK. Thank you. This is Larry Condelli from AIR. We're going to present the adult education analysis.

Very much like the other two presenters, we had a model that we are following the same one that Ryan laid out, and this time we tried to use it on what we have in adult education. So before we present the results of that, we'd like to talk about our data a little bit because it's different than the other two agencies.

Our accountability system is called the National Reporting System, which has been in place since 2000. So we had 15 years of data to work with, but our data is reported at the federal level, which is what we are working at, in the aggregated form. So we don't have individual student records, but we have aggregated data from each state and territory. And in addition, the data are presented on tables in a tabular form. So they're much more constrained as far as what we can do with the data in comparison to the other two analyses you just heard about.

So all together there are 16 tables that states report annually as well as some other things, financial parts and aggregate parts. And 10 of those tables are required, and 6 are optional. The optional tables have some additional measures. The difficulty with those measures is not all – because they're optional, not all states report them, but we tried to – we did in fact use some of those measures that are in those tables to give us a broader range of the predictor variables.

In the legislation, as was discussed in the introduction, there is a requirement in the law that you run these 10 models that we're talking about using a specific set of predictor variables to predict performance, and we don't have many of the workforce variables in WIOA for the same analysis.

So we weren't able to use those, and these are measures like if the participant a dislocated worker or we don't have any work history or work experience type variables or very few variables related to workforce. So we decided to use what we had and things that are close to that.

And another issue is that, as I said, the quality of the data are not consistent on some of the measures, particularly optional measures that we'll talk about, because, again, we don't have coverage from all the states and territories. But we tried to use them anyway since this is somewhat of an exploratory analysis.

Our outcome measures that we have in our data are not exactly what was in WIOA. We do have a measure called educational gain or percentage of students achieving an educational level, and that is defined through pre and post-testing.

So that kind of is like the measurable skill gain measure that's one component of the proposed measure. So we had that measure. Then we had a measure called entry into postsecondary education, which is not in WIOA but was in WIA, which is what we're using now. So we used that measure, and then we have a measure of getting a secondary credential or a GED that we did the analysis on.

And then we had two employment measures, which are under WIA, first entered employment, which is first post-exit quarter employment, and what's called retained employment currently and that is third quarter employment – post-participation employment measure. So those were the five measures that we did the analysis on using the – these predictors.

We had a full set of demographic measures which were age, race, ethnicity, gender, disability status, what program the student is in because in adult education we have three related programs, adult basic ed, adult secondary ed, and English as a second language.

We looked for single parent status, learning disability, and homeless status. And then we did have some workforce measures, which were – as I said, the dislocated worker one is only from a small number of states, either 10 states, but we included that anyway where we had it. And we had whether the student was employed or not in the labor force.

We had some – on some states reported low income and students on public assistance and workplace literacy. So we included those where we had them, and then we had a measure just of urban or rural, if a student lived in an urban community or rural community. And again, remember these are aggregated measures not individual measures of the program.

I guess I'll turn it over now to Burhan who will tell you about what – our analysis, what we did, and very briefly show you our finding.

BURHAN OGUT: Hi. This is Burhan Ogut. So as Larry discussed, because our data was at the state level, our analyses are conducted at the state level and which result in decreased maybe precision in estimating the relationships between the variables and also the – all of the results of this analysis that we can only use to serve at the state level, not anything above that.

So we had three regression models which I will discuss, and these are pooled ordinary, state fixed effects, and state random effects. But we had four variations on each of these regression models. We used a long panel, meaning that we used all the data available to us for that outcome, and we also used a short panel, which we restricted the data to most current five years. And we also included fixed and continuous year effects.

So the procedure that we follow was that we leave the most current data available for each outcome as a validation data and estimate the models using the other data, and then we computed for the most recent data for that outcome. We computed the predicate performance and compared this predicate performance to the actual performance that we have for that most current year. And we evaluated the models by using the mean squared error of the residual, the difference between the actual and the predicate measures.

Next slide. So we have results, as Larry discussed, for several outcomes, but here we are showing only the results for one of our outcomes, which is the educational gain for 2013. In this particular, you see that the red lines are the observed or actual values. The blue darker lines are the predicate values, and the gray shaded area is the 95 percent confidence interval. The exactly shows the states, which are very difficult to read, but as you can look at the figure you see that for most of the states, these fixed effect models with a continuous year trend with the short panel had a lower mean squared error, meaning that variable to predict their future performance using the past performance measures and the past performance and their – (inaudible).

OK. This is the end of my talk. Thank you.

MR. CONDELLI: OK. Thank you very much. We'll turn it back over to our moderator.

MS. STAHA: All right. Thank you to our presenters. And we have a few minutes left for some questions. I have to – I want to answer the – this – the one question just amused me. It's someone asked, "Would someone in education put this presentation into layman's terms?"

And we were joking among the presenters that we're thinking this was as layman as it gets. It could be far more complex and technical. That said, we are planning to issue guidance, and there will be some technical guidance on how to apply the model.

One thing I meant to mention is that the model, the statistical model will be used in the negotiation process between the states and the federal level for Title I and Title III programs, the adult dislocated worker and youth activities and Wagner-Peyser. The negotiations will be between the state and the regional administrators for Titles II and IV, adult ed and voc rehab. The negotiation will be with the federal level at the national level because education does not have regional offices as DOL does.

So all that will be coming – forthcoming in guidance. Some of these questions we aren't able to answer explicitly because it's tied up with the – either the final rule and/or the Information Collection Request. So I hope you will bear – be patient with us as we're trying to get this information out.

As I said, this is the – we wanted to present the methodology that we have come up with to date, and this is a pretty good estimate of what I think the final methodology will look like. This same methodology – so as far as timeframes, we're planning to get this information out probably the beginning of the year, and the same methodology, the model will be used with states to negotiate – on the Title I side with states to negotiation with the local areas. It's to be the same – the statute requires that it be the same statistical model.

Some people have asked if this will be available to do the estimates for the plan submission, which is due by March 3rd of 2016. It will not be used – I don't think it will be available for that initial or it may be but time will be tight to use it for your proposed targets in your plan. The idea is that we will use this and the guidance on negotiations and goal setting throughout the spring so that the goals are in place, the expected levels of performance are in place by June 30th to begin the program year.

So let's see. Someone says, "I don't remember that performance goals were ever adjusted under WIA." Actually, in the last several years as part of the negotiation process, we did one statistical adjustment model and provided the goals for both the states and the local areas.

Ryan Sutter actually worked with – for the Employment and Training Administration at the time. So he's very knowledgeable of how that all worked because he did it. So it was used as part of the negotiation process. The big difference is the statistical model was not applied to the results.

It was only applied in the beginning as part of the – it was – the past results were used to inform the targets for the upcoming year, but it wasn't applied at the end of the program year when we had actual results and looked back at what the targets were. Ryan, I don't know if you want to add anything to that or –

MR. SUTTER: No. That's the huge – that's the big difference. That's a real big difference under WIOA. So no.

MS. STAHA: OK. Our screen is shifting here. So let's see. Well, this is really not on topic but, "Will final regulations define the employer services indicator?" Yeah. That is the expectation.

"How will models be updated from the initial use to negotiate goals for Title II partners when they do not report quarterly participant data?" All of the models will be updated once we start getting data in. For some of these indicators we don't have any kind of proxy data.

I think one of the first questions was, "How are we going to set targets for second and fourth quarter after exit when we've been collecting first and third quarter?" Well, we use proxy data, and we adjust accordingly. And I think for – actually, under Title I WIA we were collecting fourth quarter.

MR. SUTTER: Yeah. We had – we had adult dislocated worker, youth. We had employ – wages for all four quarters. It was only Wagner-Peyser we only had first, second, and third.

MS. STAHA: Right. So we were – we're required to develop a statistical model. We will develop one, the model and the framework, based on past data that we have. I would say this is a dynamic process in that we will develop what we have now based on the data availability we have now. As more data is reported, as states – you all start reporting data to us against the six core indicators, then we will have data to build the additional and refine the statistical models. So this is not a static process. It's more of a I would say very much a dynamic process.

"Will states have access to this model for calculating performance goal estimates for PY '16 to submit in our plans?" As I said, it will be tight for you to be able to submit your plans by March 3rd. However, you will have it as part of the negotiation process, and that will apply to all programs, not just Title I.

Any other questions? Where? Which one? "Do states have the option to not use statistical adjustment model in performance?" No. It's required by the statute. Ryan. Go, Ryan.

MR. SUTTER: Well, there's a question about whether the information presented here will be supplied in a detailed technical form for distribution. And that is definitely the plan. It will be put out, and there will also be I imagine guidance put out on that as well. But yes. The idea is to make this publicly available to everybody in every state.

MS. STAHA: Right. Yes. As I mentioned, we will definitely be releasing this because it will be the framework that states will have to use with their local areas for the Title I negotiations.

"Can we get milestones and dates leading to negotiation?" We are working on those. It's a work in progress, and as soon as we know, we will share it with you.

OK. I think we're about out of time. Is there any just – there's another meeting in this room, another webinar about to occur. So we appreciate all the questions. We will be looking at the questions that we were not able to answer and likely do some sort of follow-up on this. In addition, once the technical documents are finally released, we will be able to – we will likely have another webinar.

So I'm going to turn it back over to Eric.

(END)