Determining Performance Success or Failure

Step 1: After the close of the PY, DOL/ED will re-estimate the *statistical adjustment model* coefficients using the same objective model specification and additional pre-PY data that were not available at the time of negotiations.

Step 2: DOL/ED apply the revised coefficients to the same pre-program year participant characteristics and economic conditions used in calculating the estimated levels of performance for performance negotiations prior to the program year (Estimate₀).

Step 3: DOL/ED apply the revised coefficients to the actual participant characteristics and actual economic conditions of the PY to generate the program year estimate (Estimate₁). The positive or negative percentage point difference yielded by subtracting Estimate₀ from Estimate₁ is the PY *adjustment factor*.

