Functional Example of the Approach for Using the Statistical Adjustment Model

The Departments will use the most current data available to derive *adjusted levels of performance* for all six core programs, thereby furthering a consistent application of the common framework. The example below demonstrates how and when the Departments will add more current data to the *statistical adjustment model* to produce more accurate results. After the first program year, the Departments will add an additional year of data to the *statistical adjustment model*. After the second program year, the Departments will add a second additional year of data.

This example reflects a hypothetical economic upturn that occurred after RSA and a state VR program established *negotiated levels of performance* before the program years began.

Before PYs 2024 and 2025 begin:

- In its State Plan, a state VR program submits *expected levels of performance* of 46.0% for PY 2024 and 47.0% for PY 2025 for the measurable skill gains indicator.
- The *statistical adjustment model* produces a pre-program year estimate of 45.0% for PYs 2024 and 2025. This estimate is based on data from PYs 2018, 2019, 2020, 2021 and 2022. Because the negotiations take place during PY 2023, economic conditions and participant data for PY 2023 are not yet available. PY 2022 data are the most recent data available at that time.
- Using the pre-program year estimate and other negotiation factors, RSA and the state VR program agree to *negotiated levels of performance* of 47.0% for PY 2024 and 48.0% for PY 2025.

After PY 2024 ends:

- The state VR program reports an *actual level of performance* of 52.0% for PY 2024.
- RSA produces Estimate_0 of 50.0% that includes PY 2023 data in addition to data available at the time of negotiations which, at the time of the assessment, are the most recent data available to the Departments.
- Using PY 2023 data, the *statistical adjustment model* produces an Estimate_1 of 52.0% for PY 2024. This estimate is based on the actual participant characteristics and actual economic conditions in PY 2024.
- RSA calculates an adjustment factor of 2.0% (52.0% - 50.0%).
- RSA adds 2.0% to the *negotiated level of performance* of 47.0% to produce an *adjusted level of performance* of 49.0%.
- RSA divides the *actual level of performance* of 52.0% by the *adjusted level of performance* of 49.0% to produce an *individual indicator score* of 106.0%, which means the state VR program passed this performance indicator for PY 2024 pursuant to 34 CFR § 361.190(d)(1) and (2) since the *individual indicator score* was greater than 50 percent.

During PY 2025:

- The state experiences improved economic conditions.

After PY 2025 ends:

- The state VR program reports an *actual level of performance* of 52.0% for PY 2025.
- The *statistical adjustment model* produces $Estimate_0$ for PY 2025 of 53.0% using PYs 2023 and 2024 data in addition to data available at the time of negotiations. Of note, this is another PY's worth of data being added to the *statistical adjustment model* to ensure it incorporates the most recent economic conditions and participant data available to the Departments at the time the calculations are being done.
- Using PYs 2023 and 2024, the *statistical adjustment model* produces an $Estimate_1$ of 59.0% for PY 2025. This estimate is based on the actual participant characteristics and actual economic conditions in PY 2025.
- RSA calculates an adjustment factor of 6.0% (59.0% - 53.0%).
- RSA adds 6.0% to the *negotiated level of performance* of 48.0% to produce an *adjusted level of performance* of 54.0%.
- RSA divides the *actual level of performance* of 52.0% by the *adjusted level of performance* of 54.0% to produce an *individual indicator score* of 96.0%, which means the state VR program passed this performance indicator for PY 2025 pursuant to 34 CFR § 361.190(d)(1) and (2) since the *individual indicator score* was greater than 50 percent.