The WIOA Local Area Statistical Adjustment Model (WIOA LSAM)

Performance and Technical Management

What is the LSAM?

- The LSAM is a statistical model that estimates expected performance for Title I WIOA programs for the following metrics:
  - Employment two and four quarters after exit.
  - Median wage of employed participants two quarters after exit.
  - Credential attainment.
- The LSAM uses a combination of variables grouped into two categories: participant characteristics and economic conditions.
  - Participant characteristics include race, gender, disability, employment before the program, etc.
  - Economic conditions consist of the local area's unemployment rate.

Why use the LSAM?

- It is required by WIOA.
- It helps create a shared understanding of expected performance based on participant barriers.
- It gives LWDA's the chance to make data-driven adjustments to their negotiated targets.

What data is used in the LSAM?

- PIRL data from PY2018-PY2023Q2.
  - Larger datasets make the model more robust and better estimate the effects of variables.
- Local Area Unemployment Statistics (LAUS) from 2014-2024.

LSAM guiding principles

- Alignment with the DOL model and specifications.
- Creates estimates that are historically grounded and realistic.
- States have a WIDE latitude in terms of model specification, variable selection, and so on.
  - What matters is that we have a defensible model, not that the model is a 1:1 match to DOL.

Similarities between the LSAM and State SAM

- Both use participant characteristics and at least some economic conditions.
- Both are “fixed-effect” models, which means they use a created variable as a stand-in for the unique, often unmeasurable characteristics of either a state or local area.
- Both use the same functional form (linear).

Differences between the LSAM and State SAM

- State SAM
  - Will have all participant and economic condition variables due to having a sample size of all 50 states and additional US territories.
- LSAM
  - Will have to omit certain variables, particularly economic condition ones due to their disproportionate effect on estimates at the local level.

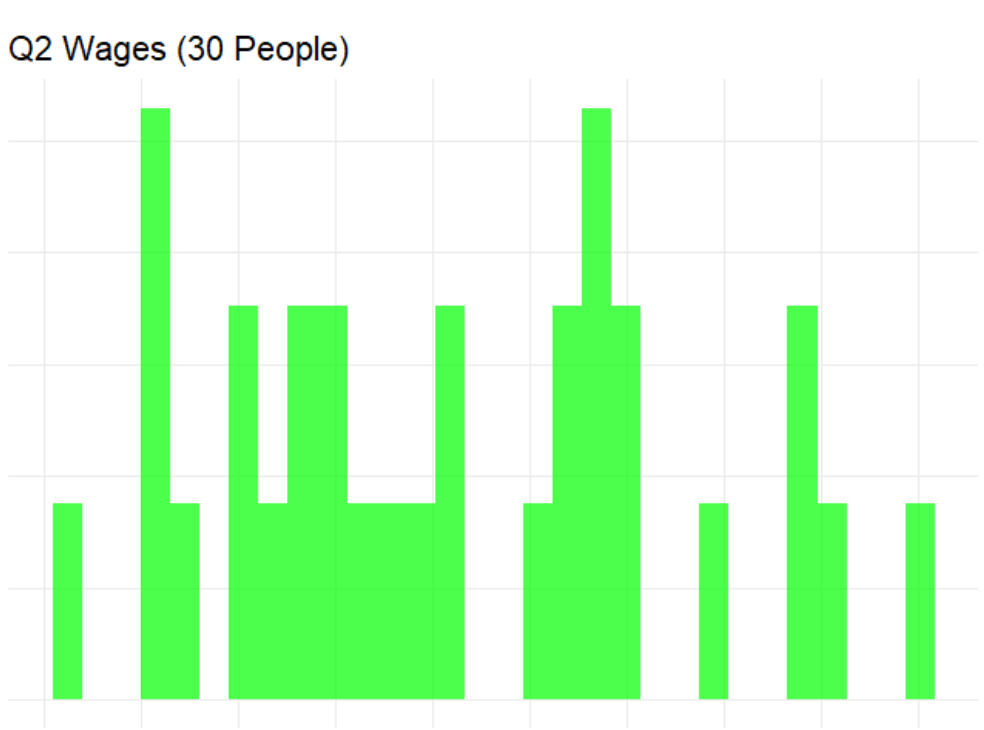
LSAM timeline

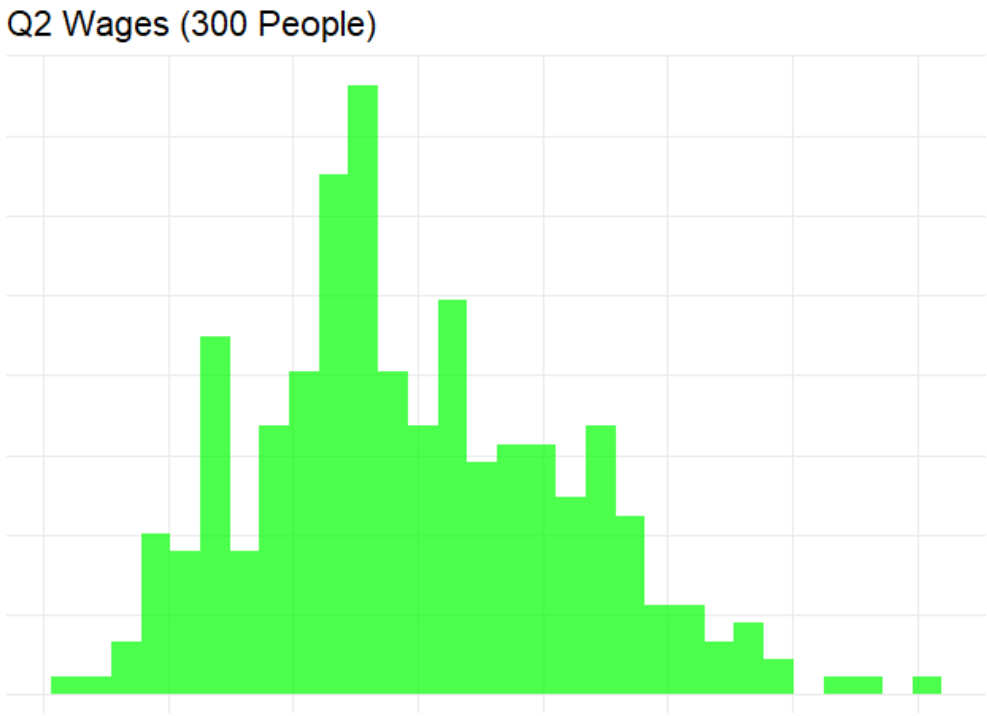
- January-May: PTM produces the data file for the LSAM using the PIRL.
- May-June: Finalize LSAM estimates for all Title I programs.
- July-September: PTM is available to answer questions, explain the model to program staff and LWDAs, and respecify the model if appropriate.

LSAM and Sample Size

- Generally speaking, the more observations (program participants) in a model, the better a model does at predicting a particular outcome variable like wages, employment or credential attainment.
- This is because as more people are added, they will naturally cluster around the average value for that measure.

30 vs 300





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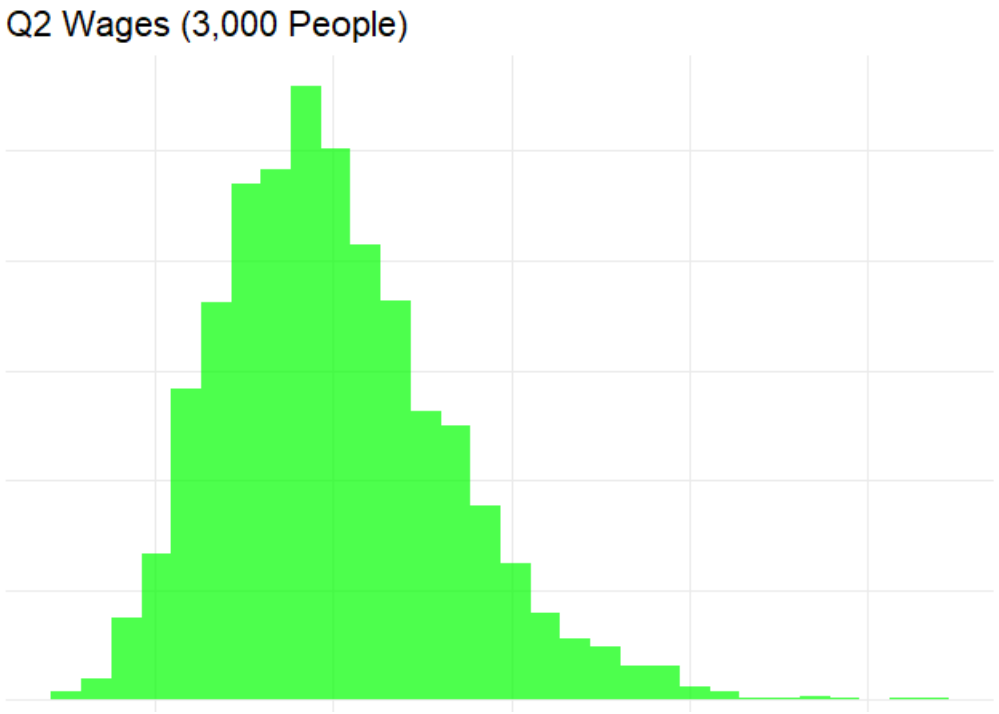

LSAM and Sample Size Key Take-Aways

- If you are a smaller LWDA, we are aware that your estimates will be volatile and negotiate accordingly.
- As we add additional years to the LSAM, it will do a better job at predicting outcomes, particularly for smaller programs like WIOA Youth and Adult.