

**IMPROVING PERFORMANCE MEASUREMENT FOR TEXAS  
WORKFORCE DEVELOPMENT BOARDS: PHASE ONE  
SUMMARY REPORT**

BY

**WORKFORCE LEADERSHIP OF TEXAS**

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In July 2001, the Workforce Leadership of Texas initiated a two-phase project on workforce performance measures, in partnership with the Ray Marshall Center for the Study of Human Resources at the University of Texas at Austin, the Texas Council on Workforce and Economic Competitiveness, and others. Phase One focused on assessing the existing measures that local Boards are accountable for, as well as on developing a set of recommended long-term system outcome and associated measures for piloting in selected areas. Phase Two, slated to begin in March 2002, will demonstrate, test and further refine the initial system outcome measures, focusing primarily upon return-on-investment, at the state level and in selected local board areas.

### **TEXAS' WORKFORCE ACCOUNTABILITY FRAMEWORK**

The bottom line for publicly funded workforce services necessarily differs from that for employers operating in the private sector. Yet, having some type of bottom-line is essential to delivering services efficiently and effectively over the near- and longer-term. Long-term system outcomes essentially take the place of profits as the workforce system's bottom line. These outcomes provide the focus and direction for all workforce activities in an area, whether or not they are under the direct control of the local boards. Operationalizing such an approach presents enormous challenges.

Texas' accountability framework for workforce services is unique. It stems from Texas' tradition of performance-based planning and budgeting for all public services, as well as from state legislation that has broadened the scope of local workforce boards, providing them with responsibility and authority for workforce services funded under the Workforce Investment Act, Temporary Assistance for Needy Families and other programs. Boards are not directly responsible for labor exchange, career and technology education, vocational rehabilitation, or adult education/ literacy funds. Performance measurement and management responsibility for Texas workforce development services at the state level is spread across three major administering agencies — the Texas Education Agency, the Texas Higher Education Coordinating Board, and the Texas Workforce Commission — the Legislative Budget Board, TCWEC and the Governor's Office.

### **EXISTING PERFORMANCE MEASURES: A CRITICAL LOOK AND RECOMMENDATIONS**

Texas' 28 local workforce boards currently are accountable for thirty-one performance measures. Four additional labor exchange measures have been developed for subsequent implementation at the state (TWC) and career center level by the U.S. Department of Labor (USDOL), bringing the total to thirty-five measures (see Table 1). We offer the following observations about the existing measures as they are applied in Texas:

- The existing measures are largely intended for use by local staff responsible for *managing service delivery*, as well as for state staff *monitoring near-term performance* in numerous categorical workforce funding streams.

- ❑ The *number of measures* Texas boards are accountable for exceeds that for most boards around the country: most of the 600+ local workforce boards are responsible only for traditional WIA and some welfare-to-work programs. Most of the measures reflect the same (or similar) measures captured for different age groups or programs.
- ❑ Most of the measures are *federally required*. Only eight have been added through state legislation and/or regulation.
- ❑ The existing measures reflect a strong *outcome emphasis*, although they are exclusively supply-side in nature, only reflecting results for participants and students.
- ❑ The most glaring deficiency in the existing array is that *only two performance measures are employer-based*. This is especially troubling given that employers are one of two key customers of the workforce system.
- ❑ The existing measures are *not sufficiently aligned* with more systemic measures.

The existing performance measures that local boards are accountable for in Texas should be revised. First, Texas policymakers should *establish employer performance measures* that go beyond customer satisfaction. Second, they should *eliminate several existing performance measures*, most notably some that are required by state law or regulation. These measures are poorly aligned with system goals, are overly process-oriented or are duplicative of other measures. These measures may be appropriate for monitoring but are not suitable as outcome measures. Measures that should be eliminated are:

- ❑ Percent Choices Eligibles Served
- ❑ Choices All-Families Numerator
- ❑ Child Care Combined Children Served
- ❑ WtW Participants Served

Third, Texas policymakers and administrators should *approach USDOL seeking clarification of the definitions* of several existing measures that capture both employment and credential aspects of performance in the same measure, namely the WIA Adult and Dislocated Worker Employment and Credential Rates.

Finally, *ongoing research on the validity* of near-term performance measures should be conducted. Existing measures must correlate strongly with desired long-term performance for job seekers and employers. If progress on near-term performance measures is unrelated to longer-term success, then, while program administrators may be managing their efforts very efficiently, they may be doing so in undesired directions.

## RECOMMENDED SYSTEM OUTCOME MEASURES

A handful of states, including Texas, have made progress toward developing long-term system outcome measures. Yet, despite the rhetoric about taking a systems approach to workforce development, the reality statewide is still more program-centered and far less encompassing. Progress is underway at the state and local level, but considerable work still needs to be done. Few local boards have established system-oriented measures.

The Workforce Leadership of Texas surveyed boards and engaged the Executive Directors' Council, a group comprised of all board directors, to solicit their advice on key outcomes that would best reflect the accomplishments of the workforce system. Further analysis and discussions with the Workforce Leadership, TCWEC, TWC and others in the Fall of 2001 led to five recommended system outcome measures shown in Table 2. Four specific system outcome goals or 'ends' are presented, as well as an overarching return-on-investment (ROI) goal. Each of the individual system 'ends' is important in its own right, capturing a key dimension of long-term workforce performance. Collectively, they contribute to producing a return on our workforce investments. In addition to the overarching ROI goal, the four proposed system goals are:

*End #1. A Better Educated and Skilled Workforce*

*End #2. More Competitive Employers*

*End #3. More and Better Jobs*

*End #4. Higher Per Capita Earnings*

Each of the specific outcome measures proposed for these system 'ends' — as well as the ROI measure — must be benchmarked from actual experience before realistic standards and timelines can be established.

Existing performance measures also must be aligned with the proposed system measures. Table 3 reveals that the existing measures are primarily aligned with only two of the proposed system goals, namely End #1 (Better Educated and Skilled Workforce); and End #3 (More and Better Jobs). Some of the existing measures are aligned with End #4 (Higher Per Capita Earnings). None is aligned with End #2 (More Competitive Employers), and fully 11 measures are completely unaligned.

## NEXT STEPS

In the *next year*, the Workforce Leadership of Texas should:

- Engage in discussions with LBB, TWC, and TCWEC in the Spring of 2002 to address the existing array of performance measures in order to systematize and winnow them down to a more meaningful and workable array.

- ❑ Seek funding for and launch Phase Two of this project to refine, test and implement system outcomes and their associated measures, with initial emphasis on a return-on-investment measure, statewide and in at least three (3) local workforce areas.

Selection criteria for participation in the proposed pilot should include their having done serious work to date on systems measures, evidence of local buy-in, financial and otherwise, urban/rural representation, and size dispersion, among others. Several boards, including Upper Rio Grande, Gulf Coast and West Central Texas, have already begun developing system outcome measures and should be given serious consideration, possibly 'first right of refusal', for participation in the pilot.

Over the *next 3-5 years*, the Workforce Leadership of Texas should:

- ❑ Continue implementation of and documentation of findings from the system outcome measures pilot project with participating workforce boards.
- ❑ Design and launch an ongoing research effort, in collaboration with TCWEC, TWC and the other state operating agencies, on measure validity, reliability and alignment.

**TABLE 1. TEXAS WORKFORCE PERFORMANCE MEASURES**

MEASURE	Contracted Goal*	Required By	Outcome-oriented	Employer based
Percent Food Stamp E&T Participants Entering Employment	35%	State	√	
Percent Choices Eligibles Served	39%	State		
Percent Choices Participants Entering Employment	52%	State	√	
Federal Choices Participation Rate, 2-Parent Families	24%	Federal		
Federal Choices Participation Rate, All Families	24%	Federal		
Choices All Families Numerator	344	State		
Child Care Combined Children Served	2,713	State		
Percent Child Care Management Vendors Who Have Met Designated Vendor Criteria	39%	State		
Number Clients Trained Through TWC Child Care Training	1,138	State		
Welfare-to-Work Participants Served	154	State		
Welfare-to-Work Job Entry Rate	68%	Federal	√	
Welfare-to-Work 30+ Hour Rate	38%	Federal	√	
Welfare-to-Work Job Retention Rate	75%	Federal	√	
Welfare-to-Work Earnings Gain Rate	15%	Federal	√	
WIA Adult Entered Employment Rate	49%	Federal	√	
WIA Adult Retention Rate	91%	Federal	√	
WIA Adult Earnings Gains	\$4,678	Federal	√	
WIA Adult Employment & Credential Rate	45%	Federal	√	
WIA Youth Ages 19-21 Entered Employment Rate	84%	Federal	√	
WIA Youth Ages 19-21 Retention Rate	79%	Federal	√	
WIA Youth Ages 19-21 Earnings Gains	\$6,323	Federal	√	
WIA Youth Ages 19-21 Employment & Credential Rate	45%	Federal	√	
WIA Dislocated Worker Entered Employment Rate	81%	Federal	√	
WIA Dislocated Worker Retention Rate	88%	Federal	√	
WIA Dislocated Worker Earnings Replacement Rate	96%	Federal	√	
WIA Dislocated Worker Employment & Credential Rate	45%	Federal	√	
WIA Youth Diploma or Equivalent Attainment Rate	40%	Federal	√	
WIA Youth Skill Attainment Rate	70%	Federal	√	
WIA Youth Retention Rate	51%	Federal	√	
WIA Employer Customer Satisfaction	66%	Federal		√
WIA Participant Customer Satisfaction	68%	Federal		
Labor Exchange Job Seeker Entered Employment Rate	**	Federal	√	
Labor Exchange Job Seeker Employment Retention Rate at Six Months	**	Federal	√	
Labor Exchange Job Seeker Customer Satisfaction Rate	**	Federal		
Labor Exchange Employer Customer Satisfaction Rate	**	Federal		√

Source: TWC Letter WD 25-01, July 9, 2001 and staff.  
 \*Work Source Austin Area Workforce Board as example.  
 \*\*Labor Exchange measures apply at the career center level. Standards have not been established.

**TABLE 2. RECOMMENDED SYSTEM GOALS AND OUTCOME MEASURES**

LONG-TERM ENDS OR SYSTEM GOALS	SYSTEM OUTCOME MEASURES
<p><b>END #1: A BETTER EDUCATED AND SKILLED WORKFORCE</b></p>	<ul style="list-style-type: none"> <li>➤ Increased share of area residents holding recognized educational credentials</li> <li>➤ Increased share of area residents holding recognized postsecondary certificates or diplomas</li> </ul> <p><i>Data Sources:</i> Census, Current Population Survey (CPS)</p>
<p><b>END #2: MORE COMPETITIVE EMPLOYERS</b></p>	<ul style="list-style-type: none"> <li>➤ Increased shareholder returns for area employers</li> <li>➤ Increased relative shareholder returns for area employers in sectors that area workforce investments have been made in</li> </ul> <p><i>Data Sources:</i> Dun &amp; Bradstreet, other.</p>
<p><b>END #3: MORE AND BETTER JOBS</b></p>	<ul style="list-style-type: none"> <li>➤ Increased area employment/population ratio</li> <li>➤ Increased share of workforce participants employed and continuously employed six months after initial hire</li> </ul> <p><i>Data Sources:</i> Census, CPS, workforce program and UI wage records.</p>
<p><b>END #4: HIGHER PER CAPITA EARNINGS</b></p>	<ul style="list-style-type: none"> <li>➤ Increased real per-capita earnings for area residents</li> <li>➤ Increased real per-capita earnings for those receiving workforce services</li> </ul> <p><i>Data Sources:</i> Workforce program, UI wage and other records.</p>
<p><b>OVERARCHING END: RETURN ON INVESTMENT (ROI)</b></p>	<ul style="list-style-type: none"> <li>➤ Increased net returns over costs, measured from different perspectives — that is, participants, taxpayers and society — for ‘substantial’ workforce investments only</li> </ul> <p><i>Data Sources:</i> Workforce program, UI wage and other records.</p>

**TABLE 3. ALIGNMENT OF RECOMMENDED SYSTEM GOALS AND EXISTING PERFORMANCE MEASURES**

<i>SYSTEM GOALS</i>	<b>END #1. BETTER EDUCATED &amp; SKILLED WORKFORCE</b>	<b>END #2. MORE COMPETITIVE EMPLOYERS</b>	<b>END #3. MORE &amp; BETTER JOBS</b>	<b>END #4. HIGHER PER CAPITA EARNINGS</b>	<b>UNALIGNED</b>
<i>EXISTING MEASURES</i>					
<p><u>6 Measures—</u></p> <ul style="list-style-type: none"> <li>•Number Clients Trained Through TWC Child Care Training</li> <li>•WIA Adult Employment &amp; Credential Rate (E&amp;CR)</li> <li>•WIA Youth Ages 19-21 E&amp;CR</li> <li>•WIA Dislocated Worker E&amp;CR</li> <li>•WIA Youth Diploma or Equiv. Rate</li> <li>•WIA Youth Skill Attainment Rate</li> </ul>	<p><u>0 Measures—</u></p>	<p><u>15 Measures—</u></p> <ul style="list-style-type: none"> <li>•Food Stamp E&amp;T Entered Employment Rate (EER)</li> <li>•Choices EER</li> <li>•WtW EER</li> <li>•WtW 30+Hour Rate</li> <li>•WtW Job Retention Rate</li> <li>•WIA Adult EER</li> <li>•WIA Adult Retention Rate</li> <li>•WIA Adult E&amp;CR</li> <li>•WIA Youth Ages 19-21 EER</li> <li>•WIA Dislocated Worker EER</li> <li>•WIA Dislocated Worker Retention Rate</li> <li>•WIA Dislocated Worker E&amp;CR</li> <li>•WIA Youth Retention Rate</li> <li>•Labor Exchange Jobseeker EER</li> <li>•Labor Exchange Jobseeker Emp. Retention Rate at 6 mos.</li> </ul>	<p><u>4 Measures—</u></p> <ul style="list-style-type: none"> <li>•WtW Earnings Gain Rate</li> <li>•WIA Adult Earnings Gains</li> <li>•WIA Youth Ages 19-21 Earnings Gains</li> <li>•WIA Dislocated Worker Earnings Replacement Rate</li> </ul>	<p><u>11 Measures—</u></p> <ul style="list-style-type: none"> <li>•Percent Choices Eligibles Served</li> <li>•Choices Participation Rate, 2-parent</li> <li>•Choices Participation Rate, All Family</li> <li>•Choices All-Families Numerator</li> <li>•Child Care Combined Children Served</li> <li>•Percent CCMS Vendors Meeting Designated Vendor Criteria</li> <li>•WtW Participants Served</li> <li>•WIA Employer Customer Satisfaction Rate</li> <li>•WIA Participant Customer Satisfaction Rate</li> <li>•Labor Exchange Jobseeker Cust. Satisfaction Rate</li> <li>•Labor Exchange Jobseeker Employer Satisfaction Rate</li> </ul>	

*Note:* Some of the existing measures align with more than one system goal, while others are completely unaligned.