

Executive Summary

Researchers from the Ray Marshall Center for the Study of Human Resources at the University of Texas at Austin (RMC), working closely with the National Governors Association's Center for Best Practices, conducted interviews and reviewed pertinent documentation with key state administrators and staff of ten states that are recognized leaders in the area of workforce performance measurement and management. These states are pursuing performance measures that are more encompassing and comprehensive than the standard measures for federal/state categorical reporting requirements. In all of these states, this is a dynamic and evolving process as agencies and work groups refine measures and respond to shifts in policy and service delivery contexts. This report is drawn from our profiles of the seven more advanced states (California, Florida, Michigan, Oregon, Texas, Utah, and Washington) and briefs of the three states (Missouri, New York, and Pennsylvania) that remained in a relatively early phase of development.

Design and Implementation

Led by governors and state legislators, and, in the most successful states, codified in state law or reinforced by executive order, state efforts have depended on close collaboration of workforce professionals, business leaders, state agency administrators, elected officials, and community leaders, among others. Currently in many states, these interests are coalesced within the state Workforce Investment Board. Local Board members and administrators played key roles in selecting and designing the non-federal performance measures as well.

Types of Measures

Our analysis distinguishes between *common measures* that are discretely applied to each of the multiple elements and funding streams that comprise the workforce system, and *system measures* that assess the combined performance of all the elements. Several states started with common measures as a basis for getting to system measures, while most are moving toward using a combination of the two. Other non-federal performance measures include market or population-level measures, self-service measures, and day-to-day program management measures or indicators. Business measures, particularly market penetration measures, are increasingly popular. Several states have begun to move beyond clusters of common and system measures toward multi-tiered measurement models linked to statewide strategic goals, workforce system-building, and continuous improvement.

Data Collection and Management

While some states have fared exceptionally well, for most, data collection and management activities proved to be a time-consuming challenge, even when relying primarily on Unemployment Insurance and other administrative records. One key barrier is that local data systems tend to be decentralized and varied. Data collection is also impaired by varying geographic boundaries and reporting cycles of the different programs and funding streams. In addition to standard data sources, states are using a variety of data gathering tools including surveys, swipe cards, and monitoring Website use, particularly for automated labor exchange placements. “Mystery shoppers” appear to be an increasingly popular method for monitoring the quality of customer services for both businesses and jobseekers.

Data collection efforts for non-federal performance measurement were typically supported by in-kind and monetary contributions from participating programs, although some states did receive legislative appropriations or used federal block-grant funds. Many states managed data collection and analysis in-house, but some contracted out these services with third-party vendors. Some states have made significant and innovative investments in IT infrastructure that have vastly improved their data management and performance reporting capabilities.

Continuing Challenges

The Family Educational Rights and Privacy Act (or FERPA) was the most commonly discussed barrier to creating a true “system” picture with workforce performance measures. The majority of states reported that they were not able to capture some education-related outcomes data due to FERPA limitations. The shortcomings of UI wage records (e.g., industry coverage, out-of-state employment, time lags) also make tracking earnings-related outcomes difficult for some states. Tracking self-service activities, such as self-directed job searches and Web-based activities, is still a hurdle for many, if not most, state workforce systems.

Uses and Consequences

A variety of audiences and uses for performance measures were reported by the states included in this study. Four major trends dominated: accountability, continuous improvement, system-building, and institutional support. States have demurred from tying non-federal performance measures to sanctions and incentives, indicating that doing so is premature while they are building interagency and program collaboration on behalf of workforce system development.

Prominent Lessons

State staff identified a number of key lessons for consideration based on their experiences, as follows:

- The measures development process works better when all relevant partners buy-in and participate.
- Developing broader, non-federal performance measures facilitates system building and shared vision.
- Both the limitations and the potential of the data supporting these performance measures need to be recognized.
- Planning ahead for IT infrastructure can minimize the reporting burden of new performance measures on workforce partners.
- Key performance definitions should be clarified from day one.
- New performance measures selected for use will need to be tested patiently before full implementation.
- Legislation or Executive Orders help considerably with the development and implementation of new performance measures.
- Data acquisition issues related to FERPA and UI wage data limitations will also need to be addressed from the outset.

Promising Prospects

Promising prospects for future development and implementation of non-federal performance measures include:

- Multi-tiered models that address system performance and other desired outcomes, enhancing the ability of states to monitor and plan performance goals at every level of the workforce system.
- Holistic approaches to workforce development, combining measures for economic development, customer satisfaction, and poverty reduction.
- Connecting performance measurement to continuous improvement.
- Using emerging information technologies to improve performance measurement.

Several states have pursued non-federal workforce performance measures for more than a decade; others have only recently begun. Beyond helping states and localities to better understand how well they are serving employers, job-seekers, and their communities, non-federal performance measures increasingly support workforce system development. Increased data-sharing assistance from the federal government, more active communication between the states, and research into the process of developing and implementing measures could result in rapid progress that would, in turn, further strengthen workforce development programs and systems.