

# **Non-federal Workforce System Performance Measures in the States**

## **Ten State Profiles**

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# *Introduction*

The past decade found many state and local workforce leaders questioning how well their education, training, and economic development efforts were preparing individuals for successful livelihoods, adding value to business, and generally improving the quality of life in American communities. To find out, several states are working to design and implement appropriate performance measures that cut across traditionally disparate programs, agencies, and funding streams and represent a more systemic approach. This is a dynamic and evolving process in all the states as agencies and work groups refine measures and respond to shifts in the policy and service delivery contexts.

This report profiles the experiences of ten states with the design and implementation of non-federal workforce performance measures. Researchers from the National Governors Association (NGA) and the Ray Marshall Center for the Study of Human Resources at the University of Texas-Austin (RMC) conducted an environmental scan of practitioners and researchers to select a sample of states recognized for leadership in the area of performance measurement. The ten states are: California, Florida, Michigan, Oregon, Texas, Utah, Washington, New York, Pennsylvania, and Missouri. Researchers subsequently conducted interviews with key state administrators and staff of the ten selected states and reviewed print and Web-based documentation before preparing profiles of the seven more advanced states and brief reviews of the three (NY, PA, MO) that remained in a relatively early phase of development. The resulting documents are compiled in this report.

Additional information about promising practices in performance measurement process design, implementation, and evaluation can be found in the comprehensive report, *Non-federal Workforce System Performance Measures: Overview*, which accompanies this volume.

# California

## Background

California is one of a handful of states that initiated a system of comprehensive performance measurement using Unemployment Insurance (UI) wages data prior to the passage of the Workforce Investment Act in 1998. California State Senator Patrick Johnston sponsored legislation in 1995 to modify the state's UI code to prepare the state for the block granting of federal job training program funds that was being discussed at the national level and in response to concerns that state legislators had no way to compare workforce development performance across programs. Framed as a statewide report card on education, training, and employment programs, Senate Bill 645 set out to create an infrastructure that measured achievements, identified skill-level standards for employers and job seekers, and provided objective outcome data for continuous improvement.

The bill went into effect January 1, 1996 as a mandate to the State Job Training Coordinating Council. The SJTCC was charged with operating a "comprehensive, performance-based accountability system that matches the social security numbers of former participants in state education and training programs with information in files of state and federal agencies that maintain employment and educational records and identifies the occupations of those former participants" by January 1, 2001<sup>1</sup>.

## Design and Implementation

California pursued an incremental approach to the design and implementation of its cross-program, common measures, adjusting the mix of programs and measures as data access and inter-agency cooperation expanded. In response to its legislative mandate, the SJTCC began by creating a Special Committee on Performance Based Accountability (PBA Committee) that included representatives from the Governor's office, the State Legislature, the private sector, labor, the Chancellor's Office of California Community Colleges, the California Department of Education, the California Department of Rehabilitation, the California Department of Social Services, the California Employment Training Panel, and the California Employment Development Department.

The PBA committee began by establishing an advisory group of participating program technical and policy staff and dividing it into two subgroups, a technical working group and a proposals and definitions group. The group started with an environmental scan of current reporting capabilities and available data. It then collaborated to select a set of six

### Box A Performance Measures Adopted by the PBA Committee, Year One

1. Rate of Employment
2. Length of Employment Retention
3. Earnings Before and After Program Participation
4. Rate of Change in UI Status
5. Rate of Change in Status from Tax Receiver to Tax Payer
6. Rate of Advancement to Higher Education

<sup>1</sup> State of California. Unemployment.Insurance.Code. Section 15037.1

common performance measures and definitions (see Box A) with plans to include additional measures and programs each consecutive year. These measures were targeted at programs funded under the Job Training Partnership Act (JTPA), the Carl D. Perkins Vocational Education Act, the Job Opportunities and Basic Skills Act (operated as the Greater Avenues for Independence/GAIN program in California),<sup>2</sup> the Wagner-Peyser Act, the California Employment and Training Fund, the Rehabilitation Act of 1973, and certificated community colleges programs. Four were used in the first annual report and two additional measures—the employment rate and the second-year, post-program earnings change—were added to the second year report. Following the passage of the Workforce Investment Act in 1998, responsibility for PBA reporting was transferred to the California Workforce Investment Board (CWIB) which continues to improve capacity by modifying, eliminating, and/or adding measures, expanding longitudinal reporting, and bringing in new partners.

When the PBA Committee had completed plans for the first annual report, the project was contracted out to a private vendor through the state's competitive bidding process. Funding for the contract was provided by each participating agency according to the size of its customer base. The first report (for participants exiting programs July 1, 1995 to June 30, 1996) was published in January 1999. The fourth annual report (for participants exiting programs July 1, 1997 to June 30, 1998) is currently being completed.

The PBA effort has several noteworthy accomplishments. The distinctions between “completers” and “leavers” have been discreetly defined for each program. Completers are individuals who have substantially fulfilled all of the program requirements and for whom the expectations for positive outcomes and accountability are justified. Leavers are individuals that have not fulfilled the requirements and are no longer participating. The sum of leavers and completers equals total participants. Where data is available and the distinction based on mission, goals, and objectives makes sense, completers, not total participants is used in the measure's formula. For example, persons that receive an associate degree or vocational certificate from the community college system are “completers.” Students that finished at least three units but less than twelve; completed at least twelve units in an occupational area, but did not receive a certificate or degree; or completed occupational programs of less than eighteen units are considered leavers. For employment, retention, and earnings measures for the community college system, only completers are a factor, thus limiting the universe of individuals to those for whom labor market success is a reasonable outcome, as opposed to those who may be taking classes for more casual reasons or continuing their academic pursuits in four-year setting. Alternatively, all CalWORKs “participants” are factors in the employment entry measure because preparation for and employment entry are core objectives for all who receive these services. Consequently, common measures are not comparable across programs, but they do indicate the partner program/agency contribution to workforce development.

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<sup>2</sup> Subsequent to the passage of PRWORA in 1996, GAIN became the California Work Opportunity and Responsibility to Kids (CalWORKs) program.



This non-comparability is mitigated by the longitudinal focus that California has taken by collecting and reporting similar data across programs annually. Additionally, some measures are longitudinal by definition. The rate of employment is measured for years one through three after exit. Similarly, first year, pre-post wage gains have been joined by longitudinal earnings measures for the first/second and first/third years after program participation. Each program and agency can observe how its outcomes have changed over time.

Another interesting feature of the California measures is the breakout of outcomes to four different subgroups based on pre-/post-earnings experience. Four pre-program groups include those whose earnings were:

- Greater than or equal to minimum wage
- Less than the minimum wage
- Zero earnings, but found receiving UI or eligible for AFDC/TANF or SSI/SSP
- Not found in any matched database

Post-program subgroups for first and subsequent years earnings measures include those who had:

- Earnings in all four quarters of the subject year
- Earnings in any of the four quarters
- Zero earnings, but found receiving UI or eligible for AFDC/TANF or SSI/SSP
- Not found in any matched database

Along with its incremental approach, the array of agencies actively participating in the common measures process has changed over the years, but has not fully achieved its potential in California. The state four-year college systems (University of California, California State) and the private universities are not fully involved with the common measures effort; the Department of Education will make its first appearance in the Year Four Report. Alternatively, the Department of Rehabilitation, excluded from the original legislation and later added by amendment in 1998, has been a supportive partner, and the Department of Corrections came on board in 1999, prior to the second annual report.

Not all of the proposed common measures have worked out either. The PBA committee had considered a self-sufficiency measure that proved too challenging, given the range of conditions of livelihood in the diverse regions of the expansive state. The measure regarding advancement to higher education has been impaired by lack of access to data beyond that provided by the community college systems. California also piloted a measure regarding earnings increase within the first year of employment, as a proxy for business satisfaction (i.e., wage increase signals the employer's recognition of the value-added by the employee). This was found unwieldy.

The development and benchmarking of statewide, cross-program measures in California are challenged by several factors, including the vast size of the state, the diversity of its population, and the variable administrative jurisdiction of workforce-related entities (e.g. 50 workforce boards, 58 counties, 72 community college districts, etc.). For example,

CalWORKs is county-administered and there is no statewide database. K-12 data is managed at the independent school district level. Although these contribute to difficulties aggregating statewide data for many programs and localities, they make benchmarking even more challenging. PBA Committee members are currently looking at ways to adjust some outcomes data for regional economic and demographic differences and considering developing benchmarks as the availability of longitudinal data expands.

## **Data Collection and Management**

For the first four annual reports, contributing agencies deposited data for performance measures at the centralized server housed at a vendor's worksite. Presently, the state is proposing to convert to a data mart approach that will be housed in a State Data Center. Memoranda of Understanding (MOUs) and interagency agreements have been used to set up data sharing arrangements with various state-administered programs and agencies, as well as with external data agents through which the PBA initiative has expanded the range of databases included in the employment and earnings data. The limitations of the state UI wage data regarding unreported government and military employment (but not self-employment/ entrepreneurship) have been alleviated through MOUs that give the CWIB access to U.S. Department of Defense, the Office of Personnel Management, and U.S. Postal Service data. MOUs to support data exchanges with neighboring states Washington and Oregon are also under consideration. To circumvent limitations related to the Family Education Rights and Privacy Act (FERPA), California began handling all contracting through the community college system following the 2003 revised U.S. Department of Education guidance on FERPA.

The state measures have not attempted to track outcomes affiliated with self-directed universal and internet-based services, although there is incipient interest in so doing. There has been action taken at the sub-state level. The Central Valley region is tracking Wweb-based utilization. With federal and CWIB funding, the San Diego area has been conducting a non-registered services and satisfaction survey. Some local boards have also recently begun using swipe cards in order to track self-directed services.

## **Uses & Consequences**

PBA produces a standardized statewide annual report assessing the outcomes of most workforce related programs. The potential exists to "drill down" to local areas and programs, but this is not part of the current agenda; the process of collecting data and system buy-in takes precedence. Like many states, California is considering using PBA for funding sanctions or incentives at some future date, but for the present is focused on statewide results and developing the benchmarking capacity of the PBA system.

Current Performance Based Accountability uses include continual improvement efforts by program administrators, insuring accountability to the State Legislature and Governor, providing career and job decision data to job seekers, and marketing to employers. There is no intent to use these measures as additional reporting measures under WIA.

## **Lessons Learned & Future Plans**

California has progressed towards the implementation of performance-based accountability system that goes well beyond federal reporting requirements of the categorical programs that comprise the workforce system. PBA subcommittee members felt that the common performance measure process itself has helped to build the workforce system it is measuring by constructing bridges between different workforce programs and furthering mutual understanding of partner agencies priorities. Spokespersons recommended that other states grow into accountability by working out data acquisition hurdles early on, ensure that performance measures are accurate indicators of outcomes, and plan ahead on Information Technologies to avoid costly upgrades down the road.

The California initiative will continue to refine common measures and streamline reporting processes, and work to increase the value of the measures for the participating programs. The PBA spokespersons are also optimistic that resolution of remaining FERPA issues will occur in the near future and allow for more thorough analysis of educational outcomes: the acquisition and uses of secondary and postsecondary education data is critical to bringing the system to full fruition.

### **References**

The Performance Based Accountability ([http://www.calwia.org/pba/pba\\_main.html](http://www.calwia.org/pba/pba_main.html)) Website contains materials used in the preparation of this document.

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# Florida

## Background

Florida has a long history of leadership in performance measurement for education and training programs. Established in 1988, the Florida Education and Training Placement Information Program (FETPIP) is an automated system administered by the Florida Department of Education. For years FETPIP has coordinated and disseminated longitudinal data on educational attainment, employment, military service, and other outcome measures for participants in the state’s education and workforce development programs. Similar to other leading edge states, Florida claims that federal measures have been driven by state practices regarding performance measurement.

The Florida Legislature established Enterprise Florida, Inc. (EFI) in 1992 as a public-private partnership to advance the state’s economic competitiveness. In 1994 the Florida Department of Labor and Employment Security was awarded an \$18 million grant to develop a One-Stop system under the leadership of EFI’s Workforce Development Board (WFB). The state’s Workforce Innovation Act of 2000 reconfigured the WDB as a nonprofit corporation titled Workforce Florida, Inc. (WFI).

Several pieces of legislation mandated that WFI should gauge the performance of the state workforce system using a set of uniform measures. At present, WFI is using five sets of workforce performance measures: the Florida Education and Training Placement Information Program, Federal Workforce Investment Act Standards/Goals, “Red & Green” Quarterly Short-term Reports, “Purple & Orange” Monthly Management Reports, and the Three Tiers Report.<sup>3</sup>

## Design and Implementation

The current suite of Florida’s workforce performance measures began with a number of legislative champions in 1996. State law 445.004 (9) and subsequent amendments in 1999 and 2000 required that state workforce officials establish and report annually on common measures and standards organized into three outcome tiers. The Tiers Report is used to assess the performance of the workforce development system, broadly perceived as the comprehensive array of education and training programs and services for future, incumbent, dislocated, transitional, and unemployed workforce. Tier

One uses broad outcome measures that can be applied almost universally to measure system performance. Tier Two focuses on program-specific outcomes for targeted populations. Tier Three includes process/output measures (e.g. UC timeliness),

**Box A**

**Three Tiers Uniform Measures**

1. Total # Individuals
2. Initial employment (post-exit)
3. Earnings
4. Continued Employment
5. Initial Earnings (avg/yr)
6. Earnings Growth
7. Public Assistance (at exit)
8. Public Assistance (1 yr post-exit)
9. Continuing Education

<sup>3</sup> Reportedly, there are over three hundred separate measures that apply to the comprehensive workforce preparation system in Florida.

regionally adjusted, program specific outcomes, and special federal requirements (e.g. TANF participation). See Box A for an overview of the nine uniform measures.

**Box B**

**“Red & Green” Report Measures**

1. Welfare Entered Employment Rate
2. Welfare Transition Entered Employment Wage Rate
3. Welfare Return Rate
4. Adult Employed Worker Outcome Rate
5. WIA Adult Entered Employment Rate
6. WIA Adult Wage Rate
7. WIA Dislocated Worker Entered Employment Rate
8. WIA Dislocated Worker Entered Employment Wage Rate
9. WIA Youth Goal Attainment Rate
10. WIA Youth Positive Outcome Rate
11. Wagner-Peyser Entered Employment Rate
12. Wagner-Peyser Entered Employment Wage Rate
13. Wagner-Peyser New Hire Involvement Rate
14. Wagner-Peyser Employer Involvement Rate
15. Customer Satisfaction – WIA Individuals
16. Customer Satisfaction – Wagner – Peyser Individuals
17. Customer Satisfaction – Employers

**Example:**

	Board A	Board B	Board C	Statewide
Welfare Entered Emp. Rate	20.9	30.3	24.6	28.1

The Three Tiers measures were developed by representatives from Florida’s Department of Employment and Security, Department of Education, Department of Children and Families, Office of Program Policy Analysis and Government Accountability, Commission of Government Accountability to the People, Florida TaxWatch, the Center for Needs Assessment and Planning at Florida State University, FETPIP, and the University of Florida Bureau of Economic and Business Research. These measures are based on existing data collection and reporting procedures and uses FETPIP’s capacity for annual data collection for measures regarding employment, earnings, continuing education, and welfare participation.

In addition to the Three Tiers Report, Federal Requirements, and FETPIP, the Workforce Florida, Inc. Board, encouraged by local Boards, recently chose to develop two other reports out of concern that the longitudinal WIA measures were not providing local boards with sufficient data for program management. The “Red & Green” Quarterly Short Term Report evaluates regional boards on measures for WIA, Wagner-Peyser, and TANF programs. This report focuses on exits and immediate outcomes in the local MIS that will later be verified by longitudinal follow-up. Using an Excel spreadsheet, the report labels the top quartile of regions in green and the lowest quartile in red (see Box B). The Monthly Management Report (“Purple and Orange Report”) presents 24 similar measures on a monthly basis. All measures were selected by the Red/Green Report Working Group and approved by the WFI Board. Regional standards were negotiated for all these measures.

## Data Collection and Management

Since the development of FETPIP, the majority of Florida’s data collection has been automated. Current reporting is based on FETPIP data or supplementary data that is provided directly to the WFI Board. Florida is currently in the process of developing a new data retrieval system. One challenge has been the absence of common data entry systems for WIA programs at the local level. For now the local service provider tallies electronic and/or paper transaction records which are subject to internal edits and

aggregated for the regional workforce board, which in turn uploads the data to the state system.

WFI is tracking several other types of data, such as “hits” on the Web-based labor exchange and the number of self-service referrals and browsers of the automated labor market information resources. Florida has not pursued “foot traffic” counts. It is also considering other measure related to employer satisfaction and market penetration, including the rate of employers who hired out of the One-Stop Center as a share of all those employers who received significant services (placed a job order, received LMI, attended workshop or job fair, etc.) and the rate of employers filing job orders as a share of all employers in an area. It has had difficulty with some measures, particularly youth measures related to a vague definition of “certification.” The rate of unemployment compensation claims and duration spells are deemed measures of external economic conditions, not program output.

## **Uses & Consequences**

FETPIP prepares an annual report of the uniform performance measures in Three Tiers, the state’s most notable, non-federal system measures. Each tier reflects the outcomes of the tier below; the state has identified more than thirty programs/funding streams in tier three whose outcomes feed the assessment three strategic approaches (First Jobs/First Wages, Better Jobs/Better Wages, and High Skills/High Wages) in the second tier. Tier one provides aggregate and unduplicated system output across all programs/funding streams, and currently reports the total number served, the number and rate of employment entries, and employment retention. The state now has four years of data to track many outcomes longitudinally by cohorts. (For a sample Three Tiers report submitted as part of the state’s WIA Annual Report visit [www.workforceflorida.com/wages/wfi/news/annual/02\\_appendices/Table11.pdf](http://www.workforceflorida.com/wages/wfi/news/annual/02_appendices/Table11.pdf).)

Florida uses performance measurement data for a variety of purposes including continuous improvement processes, performance based contracting, marketing, legislative accountability, and economic development. As previously explained, data is reported for the workforce system as a whole, by programs, by regions, and by target populations depending on the report and intended audience. The data, which can also be extracted at the One-Stop and provider level, assist the state and localities in contracting decisions, which by law are performance-based. The Red/Green measures have allowed WFI to identify workforce areas that repeatedly struggle to reach target performance levels and signal the need to develop Performance Improvement Plans for these areas.

## **Lessons Learned & Future Plans**

Florida has been flexible with its definitions and strived to make sure that state workforce measures offer an accurate representation of performance. Following Hurricane Andrew, for example, standards were adjusted for regional workforce boards that were impacted by the economic aftermath of the storm. Administrators advised that other states avoid highly specialized/localized measures, select measures that are compatible with Federal standards, use simple calculations, and utilize short-term measurement capabilities for day-to-day management and contract payments to providers. Florida plans to continue to

perfect current measures for use in continual improvement and is currently considering ways to incorporate proposed Federal measures into the present reporting system.

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Available online:

[http://www.workforceflorida.com/wages/wfi/news/annual/02\\_appendices/Table11.pdf](http://www.workforceflorida.com/wages/wfi/news/annual/02_appendices/Table11.pdf)

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# *Michigan*

## **Background**

Michigan has been at the forefront of workforce system development for more than a decade. The Michigan Jobs Commission (MJC) – created by an Executive Order in 1993 – was an early predecessor to public/private, One-Stop workforce delivery systems. The MJC was charged with developing strategies to consolidate various job training programs and promoting economic development. In 1999 Michigan Governor John Engler issued Executive Order 1999-1, which reorganized the functions of MJC to promote “greater consolidation,” and created the Michigan Department of Career Development (MDCD) and the Michigan Economic Development Corporation. A second Executive Order, 1999-12, transferred functions to the Department of Career Development including all of the administrative statutory powers, duties, functions and responsibilities for Adult Education, the Carl D. Perkins Vocational and Applied Technology Act, the School to Work Opportunities Act of 1994, the Job Training Partnership Act; and all of the administrative statutory powers, duties, functions and responsibilities regarding proprietary schools, private trade or business schools, educational corporations, and the King-Chavez-Parks Initiative. As a result of this Executive Order, the Office of Postsecondary Services, the Office of Career and Technical Preparation, and Adult Education including the Commission on Spanish Speaking Affairs were transferred to the Department of Career Development.

MDCD began operation in April 1999 as a consolidation of three agencies and their workforce programs - the Office of Workforce Development, Michigan Rehabilitation Services, and the Employment Service Agency. The linkages between traditional workforce services and education were strengthened by the inclusion of Career and Technical Education Services, Postsecondary Services, and Adult Education from the Department of Education in the new Department.

The reorganization of Michigan’s workforce development programs resulted in three major changes. First, MDCD approached the workforce system as a whole in order to integrate and align the traditional program “silos” that limited coordination between different organizations. Second, MDCD’s broad oversight allowed Michigan to focus on *career* development in order to facilitate and enhance the job creation component of economic development. The thrust aimed to ensure Michigan had a ready supply of a skilled and trained workforce to meet the demands of Michigan’s employers. Finally, Michigan’s 25 regional workforce boards began to participate in strategic planning, a process that supported the development of performance measures for Michigan’s workforce system.

## **Design and Implementation**

Michigan’s recent experience with performance measures began in 1993 when a group of business leaders – with the support of Governor Engler – created the Michigan Quality Council (MQC) to promote performance excellence practices. MQC established a Michigan Quality Leadership Award and promoted the criteria established by the



Malcolm Baldrige National Quality Award through training, evaluation, and sharing best practices. In 2000, the Governor issued Executive Order No. 2000-7, establishing the Michigan Council on Technical Excellence, a public-private skill credentialing and quality management initiative that signaled a new focus on performance excellence in the workforce development arena.

Michigan's 25 workforce regions and their local Education Advisory Groups were awarded funds from the state's tobacco settlement to conduct regional strategic planning including goal identification, environmental scans, and action plans which were completed by the fall of 2000. These strategic planning efforts required broad-based collaboration that reinforced outcomes-based, systemic thinking at the local level. MDCD included this information in its self-evaluation which was based on the seven Baldrige criteria: Leadership, Strategic Planning, Customer & Market Focus, Information and Analysis, Human Resource Development and Management, Process Management, and Performance Results.

Senior management from MDCD scheduled a retreat in 2001 to complete the evaluation, identify key areas for improvement, and develop a statewide strategic action plan. In August 2001 they issued a statement announcing that MDCD was past the "development and establishment stage." Emphasizing the importance of a new long-term focus, the new mission of MDCD was "...to continuously improve the Career Development System so that it produces a workforce with the required skills to maintain and enhance Michigan's economy".<sup>4</sup> Part of the strategic direction included the following five goals for 2002 through 2005:

- Enhance and sustain an integrated career development system through employer and education partnerships with MDCD activities at the state, regional and local levels.
- Enhance and sustain an effective, integrated career decision-making, career preparation, and job-matching system for youth and adults.
- Develop an industry-led skill credentialing and quality management system to provide employers with a steady supply of well-prepared workers.
- Inform and educate the public on Michigan's Career Development System and how to access and use it effectively.
- Become a high performance agency through the integration of Baldrige Quality criteria into internal and external operations.

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<sup>4</sup> Michigan Department of Career Development (2001). *New MDCD Mission and Goals Announced by Dr. Bolin*, CareerWise Newsletter. Lansing: MDCD. August.

As part of MDCD's new focus on quality and continuous improvement, the department contracted with Public Sector Consultants, Inc., and Ferris State University to develop a system to "measure and monitor progress toward established goals". Criteria for the new indicators stated that MDCD should have a high-level/cross-program focus, use-only outcomes that were directly affected by MDCD activities, be based on existing data sources, and create a way to measure improvement from year-to-year. Working with MDCD officials, the project team developed a set of system-level indicators that measure year-to-year improvement based on two indices: a Customer Satisfaction Index and Career Development System Success Index (see Box A). The first report using these indicators was published in March 2002<sup>5</sup>. MDCD achieved Lighthouse Recognition from the Michigan Quality Council (MQC) in November 2001, demonstrating that the initial self-assessment stage was complete and the continual improvement process satisfied Baldrige-based criteria<sup>6</sup>. MDCD earned Navigator Recognition from MQC in November 2002, demonstrating that the Action Plan and a more comprehensive Baldrige-based Self Assessment escalated the progression of the Department in its performance excellence journey.

## Data Collection and Management

Data for the Career Development System Indicators relate to discrete outcomes in program areas housed within MDCD. Public Sector Consultants, Inc., and Ferris State University helped identify data elements that currently reside mostly in separate databases. Almost all data is manually collected from automated databases and surveys, since the state's career development system does not have a consolidated IT framework.

<sup>5</sup> Michigan Department of Career Development. *Career Development System Indicators*. March 2002. Online. Available: [http://www.michigan.gov/documents/Indicators\\_Final\\_40643\\_7.pdf](http://www.michigan.gov/documents/Indicators_Final_40643_7.pdf)

### Box A

#### Career Development System Indicators

##### CUSTOMER SATISFACTION INDEX:

Client contacts – *Customer service volume for in-person, phone, and Web-based services*

Job-seeker satisfaction – *Mystery shopper ratings for service centers*

Parental and worker awareness – *Marketing and public relations survey results*

Employer satisfaction – *Employer market penetration and mystery shopper ratings*

##### Career Development System Success Index

Workforce development success – *Ratio of wage gains to WIA expenditures*

Postsecondary success – *Ratio of credentials awarded to enrollment*

Career preparation success – *Rate of completion for Career and Technical Education programs*

Success for adults with disabilities – *Ratio of cases closed to total enrollment*

Adult education success – *Skills levels attained per 100 hours of instruction*

Post-welfare success – *WorkFirst case closure rate*

Career readiness skills gap – *Difference between WorkKeys skill ratings for job seekers and employer job profiles*

For example, the MichiganTalentFreeway, a Web-based portal to automated labor exchange and other self-directed services, provides systemwide data regarding unique visitors, job listings, and resume posting. When supplemented by One-Stop “foot traffic” numbers collected by the Michigan Works! Association, these measures reveal the total volume of client contacts. Surveys and evaluations provide other data. MDCD’s Marketing and Public Relations employees conducted awareness and customer satisfaction surveys, and MDCD contracts with a private corporation to gauge customer experience through mystery-shopper/caller contacts that evaluate service delivery at the One-Stop level as part of the Customer Satisfaction Index. Data for the System Success Index comes from standard administrative data sets kept for the education and workforce programs, including UI wages data.

Common definitions have been adopted across measures to the extent feasible under categorical reporting requirements of the separate programs. MDCD developed an index that is used to cross walk between program languages. Michigan also perceives poor inter-program alignment as a cross state issue. Michigan had originally hoped to compare the results of their measures with those of other states but found that variations in definitions and non-federal measures preclude this process.

## **Uses & Consequences**

Public Sector Consultants, Inc. and Ferris State University took the results provided by MDCD to prepare the first statewide report on the system indicators in March 2002. Changes in results of measures from the baseline to the current year (in years for which baseline data exists) are expressed as a percentage, and the average of all measures for a specific indicator is produced as an index. The indicators are not tied to incentives or sanctions at the local area; state and federal program measures are.

Michigan uses the data from the indicators tool for continual improvement planning, legislative/media relations, marketing, and strategic planning. Administrators reported that they now had better tools to track progress. Additionally, data from the performance measurement process help senior administrators to maximize organizational efficiency.

Michigan has also implemented other procedures for helping workers and employers navigate changing labor market structures and the knowledge-based economy. Notably, the state has adopted WorkKeys – a workplace skills assessment system from ACT that measures the skill levels of workers and the skills required by specific occupations – and issues the portable Michigan Career Readiness Certificate. The certificate validates worker job skills, making them transparent for employers and increasing labor mobility. .

## **Lessons Learned & Future Plans**

Participants in Michigan’s performance measurement process reported that common definitions were difficult to establish across programs and funding streams and expressed a desire for the federal government to standardize definitions and measures across programs at the national level. They also reported that employers and educational institutions were vital partners in the measurement process, especially because the process helped them to see how they connect to the workforce development system.

Michigan continues to pursue quality initiatives and expects changes in the near future when new federal measures are announced and state organizational changes take effect.

The newly elected Governor Granholm recently announced that City of Lansing Mayor David C. Hollister will head a new umbrella agency – including the Department of Career Development, Department of Consumer & Industry Services, Economic Development Corporation, the Michigan State Housing and Development Authority, and the Broadband Development Authority – to address labor, economic growth, and urban development issues. Spokespersons indicate that the Career Development System Indicators effort, funded through the collaborating partner’s operating budget, is likely to persist.

Michigan has long been at the forefront in the trend towards a more comprehensive, unified workforce development system. Michigan’s Career Development System Indicators – a hybrid set of non-federal and traditional program measures - show continued progress towards comprehensive system building with the capacity for continuous improvement and shared accountability. In part, this progress has been facilitated by limited barriers to data sharing; each program reports its own results to contribute to the calculation of the index. Moreover, the Career Development Success Index combines more traditional program measures like WIA wage gains with novel approaches to results like employer market penetration. While Michigan’s performance measures are certain to evolve with state and federal changes in the near future, it seems apparent that the state will remain a leader in the national movement towards a systems approach.

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## Contacts

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# *Oregon*

## **Background**

Oregon has engaged systemic thinking and practices for well over a decade. State legislation in 1989 created the Oregon Progress Board and charged it with developing a statewide strategic plan, "Oregon Shines," to promote good jobs, vibrant communities, and healthy natural environments. The Board also established state benchmarks that span these general quality of life measures in areas that include civic engagement, public safety, economy, social support, community development, education, and environment. Oregon Shines recognized the important linkages between economic progress and education, and 29 of its 90 benchmarks target these areas. "Key" economic indicators that are benchmarked include employment dispersion (rural job growth), new companies, employment concentration in professional services, research and development, and per capita income.

Beyond Oregon Shines, several other catalysts for system and systemwide or common measure can be identified.<sup>7</sup> In 1992, Governor Robert, supported by leading local elected officials (LEOs), solicited and received the equivalent of "waivers" from the federal Departments of Labor, Health and Human Services, and Education agencies to introduce the Oregon Option, which further brought workforce partners together. Vice-President Al Gore's "Reinventing Government" initiative provided additional stimulus. The passage of WIA helped to recharge momentum for workforce system measures led by the Oregon Workforce Investment Board (OWIB) with support from the Governor's Office.

In 1999, the Performance Accountability Policy Group (PAPG), comprised of representatives from the state Department of Education (Perkins, Voc Tech), Department of Community Colleges and Workforce Development (WIA Title IB, WIA Title II), the Employment Department (Wagner-Peyser, UI, MSFW, Vets), and the Department of Human Services (TANF, FSE&T, and Vocational Rehabilitation), provided the forum for continuous engagement of the major workforce program partners with systemwide measures. These agencies and programs are all part of the Oregon One-Stop network.

An historic concern for "big picture" results and ongoing interagency relationships over time have provided a foundation and minimized potential resistance to systemwide measures. Additionally, PAPG and OWIB have consciously aimed to build upon more readily available administrative and other data sets, which are collected and managed at the state level to produce reports. Oregon's leadership believes that system measures and shared accountability can drive behaviors leading to increased collaboration and subsequently, more systemic development.<sup>8</sup>

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<sup>7</sup> Oregon refers to common measures applied across multiple federal/state funding streams as "systemwide" measures.

<sup>8</sup> Vocational Rehabilitation, a relatively smaller partner in terms of available resources within DHS, has been less able to consistently participate in system measures development in large part because of internal restructuring at its agency.

The state emphasizes required program performance measures and systemwide measures, but also encourages local areas to develop system or other measures that align with local objectives and conditions. No additional resources are provided to do so.

## Design and Implementation

Oregon has taken an incremental approach with its textured and multi-layered performance measures. Presently there are three layers to the system. At the top are the 90 plus measures affiliated with Oregon Shine's state benchmarks referenced above. At the bottom are the 144 plus program performance measures to which the partner agencies and One-Stop programs are subjected. Bridging the two layers are the so-called 14 interim indicators that serve as the One-Stop Systemwide Performance Indicators. PAPG developed the 14 Performance Indicators that were formally adopted by the state's Workforce Investment Board, the Governor's Office of Education and Workforce Policy (OEWP), state agencies in the Workforce Cabinet, and local partners. (See Box A)

### Box A

#### One-Stop Systemwide Performance Indicators

1. Increase in basic skills proficiency
2. Demonstrated competency in workforce readiness skills
3. Completion of Educational Degree/Certification
4. Placement in Postsecondary Education or Training
5. Completion of Occupational Skills Training
6. Employer Investment in Workforce Development
7. Employment/Placement
8. Employment Retention
9. Wage Gain
10. Customer Satisfaction - Job Seekers
11. Customer Satisfaction – Employers
12. Welfare Caseload Reduction
13. Recidivism
14. Return on Investment

Oregon administrators perceive these in clusters grouped as *Critical Investments* and *Outcomes* that assess *Customer Performance* and *System Management*. The input critical investment measures (1-6) feed the output measures (7-9) and the system performance is assessed by the remaining output measures (10-14). Currently, three employment measures (placement, retention, and wage gains) and two welfare measures (caseload reduction and recidivism) are fully operational. "Bits and pieces" of the others are in place. ROI is on the back burner for now, and the employer investment measure may be moving toward a market penetration rate. The incremental approach is used to develop support for shared local accountability across programs. The measures are based on current data elements and management capacity/systems available at the state level. They are not intended to be disruptive or burdensome to local areas.

These measures aggregate the collective efforts of the primary statewide programs in the One-Stop system whose existing, categorical performance measures can be aligned with the Systemwide Indicators.

This includes WIA Title IB Adult, Youth, and Dislocated Worker programs, WIA Title II services, Wagner-Peyser/ES, TANF, Food Stamps E&T, Vocational Rehabilitation, and

Vocational Educational programs. The current Governor is supporting inclusion of the Department of Economic and Community Development in the system measures. Many federally required One-Stop partners are not included in the systemwide measures (e.g. Job Corps).

Common definitions present an ongoing challenge due to constraints of federal/state reporting requirements and categorical definitions. Employment measures have been more readily accessible, but even these can be confusing. For example, the Wage Gain measure is drawn from UI wages data the first and fifth quarter after employment entry and should not be confused with WIA Wage Gain measures. Some measures have been considered and dropped. PAPG, for instance, determined Workforce Readiness to be conceptually too fuzzy to develop as a measure. Determining front-end investments for ROI has also been too complex to adequately address at this time.

## **Data Collection and Management**

Program administrative records and UI wages records are the primary data sources for the systemwide indicators. Ongoing agency/program data is collected thru the Performance Reporting Information System Management (PRISM). PRISM receives data from the various partner agencies and processes it in accordance with the agreed upon performance indicator definitions. It matches records with UI wage records where appropriate. The alignment is facilitated by data dictionary that identifies the various elements of partner systems on a common basis.

PRISM replaced the Shared Information System (SIS), which (ironically) was not permitted to share data externally. Programs and agencies feed data to PRISM on a quarterly or other basis as determined by the respective program/agency regular reporting cycle. PRISM is on the server at the Employment Department, which maintains the data and produces the reports. PRISM can link data by SSN but substitutes a pseudo-identifier for cross program matching. (Although reports contain no individual data, cell size for some measures can be an issue, particularly in rural areas.)

The fact that the community college and WIA Title 1-B data are contained in the same agency (CCWD) facilitates key data sharing and matching; others are not. Despite co-housing of some databases and interagency agreements supporting the data sharing arrangements of others, both FERPA and UI wages confidentiality have presented challenges. The Employment Department has a strong restrictive use policy for UI data and leadership is particularly concerned about the latest FERPA interpretation. It is also helpful that Oregon's UI wages set covers an estimated 95 percent of employment and captures hours of employment, as well as wages and industry information.

There is no independent survey, such as the Oregon Population Survey administered by the Oregon Progress Board for Oregon Shines or the WIA customer satisfaction survey to collect additional data from users; nor does Oregon access the national new hire directory for performance purposes.



## Uses & Consequences

The primary purposes of the systemwide measures are 1) to drive accountability and system building/awareness; 2) continuous improvement; and, 3) "telling the story" to legislators and customers. Theoretically, Oregon spokespersons believe that shared accountability for measures supports system building, and that the data and the reports also build external support among the public sector and the tax payers who ultimately pay for the system. The system effort is nonetheless challenged by multiple but similar silo reporting requirements of partner agencies/programs that confound system efforts.

Initially PRISM will provide outcome data and information on performance indicator achievement to partners, service providers, workforce investment boards, and the public. Later versions of PRISM are anticipated to provide the ability to craft "on-line" reports by the requesting person or organization, greater analysis, and use of "individual" rather than just "aggregate" data.<sup>9</sup>

Oregon spokespersons are adamantly against using the systemwide measures as additional indicators under WIA. Nevertheless, they are optimistic that the OMB common measures related to employment entry, retention, and wage gains will be suitable for replacing the Oregon employment measures.

For reporting purposes, systemwide indicators are aggregated at the state level and local levels and may be disaggregated by program at both levels. Results may also be broken out by basic demographics, e.g., race/ethnicity, age, gender, education, etc.

The measures are not tied to sanctions or incentives. For the first two years, PAPG and the Board largely set standards with minor local review at finalization. Now, local partners and regional workforce investment boards determine their own standards or "expected levels of performance" and report status to the state Board. Of the sixteen local Boards, only about 25 percent are actively engaged.

Oregon is beginning to consider developing its own regression model for system standards, but has not yet done so because of the complexity involved and the resources that would be required. The Governor is considered supportive of enhanced accountability and wants to bring economic development efforts into the fold. Oregon is also considering replacing state systemwide measures with OMB core measures, and hopes that USDOL will provide a packaged regression model with these measures.<sup>10</sup>

Regular and ongoing meetings of partners to improve performance in relation to indicators have promulgated the development of system thinking and practices. It has been an incremental process that is moving towards fruition (despite the fact that between the early data collection in 1997 and now the "numbers" are down.) The more "intense" programmatic reporting still drives most behavior.

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<sup>9</sup> Perrett, Mark. *Oregon Workforce Development Performance Accountability Summary*. (Oregon Employment Department: Salem, Oregon). Revised with attachments June 2002.

<sup>10</sup> Oregon currently applies the Washington State regression model to negotiate standards with Region USDOL to determine WIA performance targets

## Lessons Learned & Future Plans

Oregon Shines and subsequent efforts have created a broad backdrop within which system measures linking elements of education, employment, training, and economic development are emerging. The greatest sources of support have been the OWIB and the successive Governors interested in system building and accountability. The process of systemwide measures development and implementation has also reinforced partnering among different agencies and stakeholders. Nevertheless, the incremental approach adopted by Oregon to design and implement these measures has been slowed by several challenges, including:

- Inter-program/agency variations in terminology and definitions;
- Lack of resources;<sup>11</sup>
- Competing tasks and limited time, particularly the WIA transition and now concerns over reauthorization;
- Time lag of UI wages data;
- Confidentiality and voluntary provision of SSN limits complete tracking of those served; and
- Limited local participation.

In short, Oregon has learned that system measures development is “harder than it looks!” and that “the Devil is in the details!” Oregon is hoping that the OMB measures will challenge federal silos and facilitate system outcome measures. For the immediate future, Governor Kulongoski has asked for measures to drive the connection between workforce and economic development. Currently, the Oregon Department of Economic and Community Development has its own measures, including the number of jobs created or retained and companies recruited. These may be joined to the education, job training and employment measures already being pursued.

Oregon has spent more than a decade constructing measures and data sets related to quality of life in the state. Since 1999, the state turned its attention to statewide system measures of the inputs, outputs and management capacity of its One-Stop workforce network. While the process has yielded benefits in terms of systemic thinking and partnership building, only 5 of 14 measures have yet been implemented. Nonetheless, Oregon is one of few states that have made tangible progress in systemwide or common measure development and by clustering its system performance indicators (input, output, system management) has constructed a foundation for clarity and refinement.

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<sup>11</sup> Dollar shares assigned to the allocations of partner agencies have supported PRISM. The PAPG has been staffed out of regular operating expenses.

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**Contacts**

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# *Texas*

## **Background**

Texas has pioneered systemic approaches to workforce service delivery and performance measurement for more than a decade, well before the provisions of the Workforce Investment Act were in place and the federal government began its efforts to establish common measures across workforce-related programs. Texas is currently moving beyond *common* measures towards more comprehensive *system* measures. Support for state and system performance measures has come from state agencies, the state legislature, local boards, and researchers. The Texas workforce system and its performance measures enjoy the backing of state law.

In 1993, the Texas Legislature passed Senate Bill 642, the Workforce and Economic Competitiveness Act, creating the Texas Council on Workforce and Economic Competitiveness (TCWEC, or the Council), authorizing the creation of local workforce development boards to replace existing Private Industry Councils, and mandating further state and local plans for workforce consolidation. TCWEC was responsible for strategic planning and oversight of all of the state's workforce-related programs, including adult education/literacy, job training, work-related education, welfare employment, and others (which remained in separate state agencies). The ensuing consolidation plan fell short of recommending major changes in structure and service delivery, opting instead for a 'virtual' solution, which set the stage for more decisive legislative action in 1995.

*Gaining Ground*, a Texas Performance Review Report produced by Texas Comptroller's Office for the 1995 legislative session recommended consolidating many of the state's workforce programs into a single agency. HB 1863, which was enacted in 1995, consolidated two-dozen workforce programs into a single new agency, the Texas Workforce Commission, and maintained TCWEC as the state human resource council, now within the Governor's Office. TCWEC's is charged with facilitating development of a workforce system with the following characteristics:

- An employer-driven, continuously improving workforce system responsive to the spectrum of individual employment needs;
- Comprehensive systemwide performance measures that drive effectiveness and accountability;
- Universal access to education and skills training that lead to self-sufficient employment, employment advancement and lifelong learning; and
- An educated and skilled workforce that can advance along productive, high skilled, high wage career trajectories.

From 1994 through 1996, as part of the National Governors Association's multi-state, core definitions and common measures project, TCWEC identified eight core (common) measures of performance cutting across all workforce development programs, elements of which were later incorporated into state measures established by the Legislative Budget Board. In the late 1990s, TCWEC began developing and benchmarking a series of systems measures for use at the state and local level that include comprehensive

workforce development outcomes, capacity-building and customer satisfaction measures.<sup>12</sup>

More recently, the Council has been working with the Governor's Office, the Legislative Budget Board and its partner agencies to implement the provisions of SB 429, a bill passed in 2001 that mandated the "development and use of formal and less formal measures in system performance evaluation, the establishment of two funding formulas, and the inclusion of all agencies with workforce programs in systemic strategic planning".<sup>13</sup> In response, TCWEC, recently renamed the Texas Workforce Investment Council by the 78<sup>th</sup> Legislature, has been revisiting earlier measures and is intent upon moving beyond common measures towards true system measures.<sup>14</sup>

## Design and Implementation

Texas system measures have been undergoing revision and refinement in step with the system itself as it deepens partnerships, successively improves its strategic plan, and generally increases capacity. The current generation of Texas measures emerged in 1999 and is being further refined in 2003 as TCWEC develops the third strategic plan for the Texas Workforce Development system. For this system

### Box A

#### Strategic Plan Goals

##### Business-driven system

A dynamic, integrated and ever-improving business-driven workforce development system where and employers and individuals have ready access to a network of information and services responsive to their unique employment needs.

##### Accountability

An operational, comprehensive systemwide set of performance measures to monitor, evaluate, and improve the effectiveness and accountability of the workforce development system.

##### Texans in transition

Texans have access to obtain the literacy, education, and workplace skills necessary for self-sufficient employment and advancement and life-long learning.

##### Incumbent workers

Texas workers have the educational and occupational skills for employment advancement in meaningful, challenging, and productive higher-skilled, higher-wage careers and the educational foundation for life-long learning.

##### Youth

Texas youth are empowered with the knowledge, skills, and behaviors necessary for employment and economic independence in higher-skilled, higher-wage careers and life-long learning.

<sup>12</sup> Texas Council on Workforce and Economic Competitiveness (2000). *Setting Benchmarks: Implementation of the Texas Workforce Development Strategic Plan in the New Millennium*, Austin: TCWEC, December. TCWEC noted that the much progress is still needed regarding employer-related measures, particularly for a system that is by design employer-driven. TCWEC found "almost no measurement of system performance related to employers." (TCWEC, 2000, p.4)

<sup>13</sup> Texas Council on Workforce and Economic Competitiveness (2002). *3rd Annual Report on the Implementation of the Texas Workforce Development Strategic Plan for FY 2000-2004*. Austin: TCWEC, December. Available at <http://www.governor.state.tx.us/twec/twec/reports/> Nine agencies fall under the purview of the Act. This includes the five agencies that sit on the Council—the Texas Education Agency, the Texas Higher Education Coordinating Board, the Department of Economic Development, the Department of Human Services, and the Texas Workforce Commission. The four non-sitting agency partners are the Texas Commission for the Blind, the Texas Youth Commission, the Texas Department of Criminal Justice, and the Texas Rehabilitation Commission.

<sup>14</sup> For this analysis, we distinguish between system measures that assess the performance of the workforce development system across the entire state as a spatial unit or across all local spatial units (e.g. WIB, local labor markets) within the state and common measures that are applied across multiple federal/state funding streams that comprise the system. Most of the leading-edge states participating in this study have elements of both in their performance measures package.

strategic plan, which will span FY 04- FY 09, negotiations and decision-making involve Council members and staff, and other state agency partners, as well as local Board members and staff through the Workforce Leadership of Texas, a membership group comprised of Board Chairs and Directors. As a result, a new generation of system measures is currently in the draft proposal phase.

The Council originally (1999) framed its system measures conceptually as Business, Labor Market, and Learning measure categories that aligned with the goals established in the state’s strategic workforce development plan.<sup>15</sup> While the alignment process still occurs, the categorization and selection of measures has been reconfigured, and the partner agencies and their associated programs have increased.<sup>16</sup> For example, a key alignment of measures occurred in 2001, when the Council adopted sets of Formal Measures (Entered Employment, Employment Retention, and Earnings Gains) and Less Formal Measures (Employer Participation, Educational Achievement, Youth Indicator, TANF Indicator, and Customer Satisfaction), which were called for in SB 429. These measures are also aligned to each of the five system goals, and data is gathered from each agency based on availability and the relevance or appropriateness of specific programs to a particular goal.

Achievements related to these goals are assessed by the performance measures. Some measures may apply to more than one goal. Results are reported out annually at the state

**Box B**

**Data Reported by Member/Partner Agencies FY 2000-2002**

<b>Goal</b>	<b>Indicator</b>	<b>Agencies</b>
Business Driven System	Participants	TWC
	Entered Employment	TWC, TEA, TEA Adult, THECB, TCB, TRC
Accountability	Entered Employment Rate	TWC, TEA, TEA Adult, THECB, TCB, TRC
	Employer Participation (#)	TWC
	Employer Participation Rate (%)	TWC
	Employment Retention Rate	TWC, TEA, TEA Adult, THECB, TCB
Texans in Transition	Educational Achievement	TWC, TEA, THECB
	Educational Achievement	TWC, TEA, THECB, TDCJ
	Earnings Gains (#)	TWC, TEA, TCB, TRC
	Earnings Gains Rate (%)	TWC, TEA, TCB, TRC
	Educational Achievement Rate	TEA Adult
Incumbent Workers	TANF Indicator	TDHS
	UI Indicator	TWC
	Industry Need Indicator	TSSB
Youth	Earnings Change Rate	TWC, TEA Youth, TCB, TRC
	Educational Achievement	TEA, THECB, TYC
	Youth Indicator	TWC, TEA, TYC

<sup>15</sup> This planning involves a shared vision, strategic alignment, and accountability across education, workforce and human services agencies as called for under state law.

<sup>16</sup> Originally, that plan concerned a few less state agencies. Since SB 429, the Council has responsibility for system measures applied to the nine agencies identified by the Comptroller’s Office to be substantially involved in education, training, or employment services for current or future jobseekers and business.

level, and are broken out by agency and programs. Similar definitions have been developed for each measure and relevant agency. Some measures being reported by multiple agencies have slightly different definitions because of their reporting requirements and agency-specific language.<sup>17</sup>

There is little interest in sub-state reporting, although, in principle, TCWEC supports Board efforts to develop local system measures, including the Return-on-Investment measure to which most of them are committed. TCWEC instead has chosen primarily to focus on measure development and reporting at the state level, across nine state agencies with workforce programs.

**Box C**

**System Performance Scorecard**

1. Entered employment rate
2. Employment retention rate
3. Earnings gains rate
4. Percent of program participants receiving a degree or credential
5. Number of individuals served (participants and employers)

For FY 2002, the Council also introduced a “system performance scorecard,” which had been recommended by staff of the State’s Sunset Commission. The scorecard is an attempt to portray system progress beyond categorical agency/program results associated with the common measures used for the bulk of the annual report. The five scorecard measures are shown in Box C.<sup>18</sup>

The actual number of participants in each program is the basis for weighting each agency’s data. The Council recognizes the limitations of this method as it generalizes across initiatives, some of which serve populations for which these outcomes are less valued, but nonetheless believes it serves as a

vehicle for system awareness and provides a broad snapshot of system attainment.<sup>19</sup>

Confidentiality of student records has been a barrier for some measures. Others, like a School-to-Career measure will fade with the demise of that program (which is solely federally-funded in Texas). The Council has also been struggling to establish system performance measures with a clear focus on employers well beyond the WIA and Wagner-Peyser customer satisfaction measures. It collects data from TWC suggestive of market penetration, namely the number and rate of employers who post jobs on the system, and has probed others, such as the median cycle time to fill a job order, which was dropped because of data unavailability. The Council will continue to address these issues in its current round of system strategic planning.

As noted earlier, as a result of the 2003 strategic planning process, the Council is further clarifying its approach to system measurement by considering a tiered model. Tier 1

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<sup>17</sup> Texas Council on Workforce and Economic Competitiveness (2002). *3rd Annual Report on the Implementation of the Texas Workforce Development Strategic Plan for FY 2000-2004*. Austin: TCWEC, December. Available at <http://www.governor.state.tx.us/tcwec/tcwec/reports/>

<sup>18</sup> TWC also produces a “scorecard” as part of its monthly performance report for 17 WIA measures at the Board level.

<sup>19</sup> WIA Youth and clients of the Texas Commission for the Blind, as well as the Texas Rehabilitation Commission, are subgroups for which the Council has recognized the limitations of employment entry and retention measures.

System Measures would encompass the five measures now found in the scorecard. Tier 2 Strategy Critical Measures would include ten or so measures linked to agency strategies that will help prepare individuals for success such as secondary dropout and retention rates or postsecondary articulation rates. Tier 3 System Action Plan Specific Measures would attempt to assess cross-agency progress toward specific system milestones and objectives, as well as program-specific links to Tiers 1 and 2. The purpose of this tiered approach would be to enhance shared accountability for strategies and outcomes across agencies that reinforce an institutional culture shift towards system development.

**Box D**

**Texas “End” Statements**

*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*

*End #5 Return on Investment (overall)*

It is noteworthy that several local workforce Boards, including those in El Paso (Upper Rio Grande) and Houston (Gulf Coast), as well as the Workforce Leadership of Texas (WLT), the statewide association of workforce Board chairs and directors, have initiated serious efforts to develop and implement systems performance measures (e.g., Workforce Leadership of Texas, 2001 and 2003). These efforts have produced similar results in terms of

key system “end” statements and their associated measures, as shown in Box D.<sup>20</sup> Several local Boards are actively pursuing data sources to support their new system measures, while eighteen of Texas’ twenty eight Boards now have both 5- and 10-year taxpayer-perspective ROI estimates (preliminary) that they can utilize locally.

## Data Collection and Management

Each participating agency provides the Council with results drawn from its own administrative data. The Council then prepares the annual report and the scorecard. At the end of each state fiscal year, Council staff sends each partner a template that identifies the requested data. The Council itself houses no data. State law and memoranda of understanding (MOUs) facilitate the data-sharing process. The Workforce Integrated System of Texas (TWIST) is used by TWC and the local Boards to track participation and outcomes from locally delivered programs across the state. TWIST regularly matches participant data with UI wage records. TWC’s Career Development Resources (formerly the Texas SOICC) historically tracked learner outcomes, including educational attainment and employment outcomes, but this effort is presently undergoing significant delay while a working solution can be found to the student confidentiality concerns regarding data sharing between the TWC and the state’s education agencies.

Educational achievement measures remain agency-specific because of a narrow Texas interpretation of the Family Educational Rights and Privacy Act (FERPA) regarding the

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<sup>20</sup> This is not surprising given that these Boards are also active in WLT and its performance measurement initiatives and that current and former Ray Marshall Center staff have provided active research and management support for these efforts.



re-release of student data, pursuant to recent (January 2003) U.S. Department of Education guidance. As a result, CDR has been unable to access data held by both the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB) and is unable to determine employment outcomes for students from UI wage records, federal and military employment, or other databases.

In order to provide for continuation of the student learner outcome evaluation system, TWC agreed to release the UI wage data to THECB to run the data matches for both THECB and TEA, backed by an MOU. It has yet to be determined if, in implementation, the MOU has been a sufficient remedy to address the data-sharing needs and concerns of the three agencies. The recent federal interpretation of FERPA has discouraged those attempting to bridge education and job training initiatives in a comprehensive and accountable workforce system.

Texas is also concerned with the four to five month time lag required to retrieve post-exit UI wage records from the preceding six-month period, as well as the unknown number of exiters who may have found work not covered by UI in the state, e.g., the self-employed, those in other states, and those who reside in Texas but work in an adjacent state. Texas, along with nearly half of the other states, voluntarily participates in the Wage Record Interchange System (WRIS), which can partially alleviate these shortcomings. The Council hopes that the Employment and Training Administration's August 2002 decision to fund WRIS will encourage the remaining states to join.<sup>21</sup>

## **Uses & Consequences**

Texas's system measures are inextricable ingredients of the strategic planning process that are used to assess system accomplishments and improvements in capacity. The annual reports and scorecard are used to inform the Governor, legislature, agencies, and the interested public. They are not used simply as additional measures under WIA.

Outcomes are reported for the state as a whole and are selectively broken out by agency, program, and, at times, target populations. The main impetus is to push for workforce system growth and development. There is no attempt to tie the system measures to incentives or sanctions. SB 429 has facilitated system capacity by authorizing the Council to develop appropriate measures and by requiring broad agency participation.

## **Lessons Learned & Future Plans**

The Council intends to further pursue the development of system measures that are aligned with its strategic goals and operational objectives. It will continue developing employer measures, validating current measures, and removing disincentives to full partner participation in system development and accountability.

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<sup>21</sup> Texas Council on Workforce and Economic Competitiveness (2002). *3rd Annual Report on the Implementation of the Texas Workforce Development Strategic Plan for FY 2000-2004*. Austin: TCWEC, December. Available at <http://www.governor.state.tx.us/twec/twec/reports/>

While FERPA and some data sharing issues have clearly impeded their progress, Texas's system performance measures have enjoyed the strong support of the Governor's Office, the key state agencies, the Legislative Budget Board, and the Sunset Commission.

Despite the current budget crunch, the Council does not foresee lack of funding as a major barrier to continued development of system measures. The shortfall may affect agencies in the short run, but the functions related to system measures are part of ongoing operations and are reinforced by state law. As required by SB 429, the Council also developed two methodologies for funding the system performance measures effort. To ensure continued funding for the student learner outcomes evaluation system required under state law, in March 2002, the Council endorsed a proportionate cost-sharing formula based-on the number of agency administrative records processed, similar to that which CDR had previously used.

The process of developing system measures has been a successful trust-building exercise between agencies with somewhat divergent missions. Progress in developing the measures has helped Texas improve workforce planning and strategy through actions that enhance system building across the array of agencies and programs serving diverse populations that reside across this large and regionally varied state. Texas has learned that, as a key administrator at the Council stated, "Common measures do not a system evaluation make." The state is moving beyond common measures toward comprehensive system evaluation and measurement.

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# Utah

## Background

In 1992 the Utah Legislative Auditor General reported that workforce-related functions were divided between 23 programs administered by six different agencies. In response to the Auditor’s findings Governor Michael Leavitt created a task force in 1994 with the goal of streamlining the state’s service delivery system. The task force, led by the Lt. Governor, met for 18 months and established operating guidelines and recommendations for unifying the state’s efforts. In July of 1997 five agencies were combined under the new Department of Workforce Services (DWS): the Department of Employment Security, the Office of Family Support, the Office of Job Training, the Office of Child Care, and the Turning Point Program (for displaced homemakers). Shortly thereafter, Utah was one of only nine states in the nation to implement the Workforce Investment Act (WIA) a year before the July 2000 deadline.

Today, Utah boasts a single, comprehensive service delivery system that encompasses all employment related functions carried out by state agencies. Attention is now focused on “efforts to align planning with key business processes and outcome measures”, “organizational self assessment”, and “customer service improvements”. The development of non-federal performance measures has been a key part of this effort.

<b>Box A: Proposed Processes and Goals</b>	
<b>Key Business Process</b>	<b>Goal</b>
<i>Employment-counseling Services</i> : products to job seekers needing employment-related core, intensive and/or training services	Increase earned income of individuals and families participating in employment-counseling services.
<i>Eligibility services</i> – products to job seekers needing supportive services such as financial assistance	Provide appropriate, accurate and timely supportive services to all eligible job seekers and their families.
<i>Business Services</i> – products to employers related to fulfilling their demand for labor and providing information about Utah’s labor market; products to employers experiencing layoffs and terminations.	Increase access to all Utah external job opportunities for Utah’s labor force.
<i>Unemployment Insurance (UI) Services</i> – products to recently unemployed job seekers eligible for UI benefits and reemployment services; and products to employers paying UI tax contributions.	Provide appropriate, accurate, and timely UI benefits and reemployment services to all eligible job seekers.

## Design and Implementation

Program administrators began discussing the need to develop non-federal workforce performance measures for Utah shortly following the implementation of WIA. Because many federal measures required long-term data gathering to complete, the administrators felt they needed a system that provided more immediate feedback for near-term management.

Selecting performance measures is an ongoing, dynamic process in Utah. While Utah's single-WIB structure simplified negotiating priorities and definitions, collaborating with state educational entities presented challenges due to historically divergent institutional goals. DWS partners spent the last three years working to define Key Business Processes (KBPs), describe the goals associated with each KBP, and develop related measures. The proposed KBPs and goals are shown in Box A below.

Utah also identified four categories of performance measures that could be applied to each goal:

*Outcome measures:* "Indicators of results – they tell the organization whether or not it achieves goals and objectives"

*Process measures:* "Indicators of procedure – they describe how the organization reaches goals and objectives"

*Efficiency measures:* "Indicators of the use of department resources – they describe the costs and inputs to processes used to meet goals and objectives"

*Activity measures:* "Indicators of volume – they provide information on the quantity of workload and customers served"

## Box B

### Proposed Performance Measures for Utah

#### Employment Counseling

- 1.a. Rate of increased earnings for:
  - 1.a. (1) All intensive and training services job seekers
  - 1.a. (2) All training services job seekers
- 1.b. Rate of increased High School Diploma or GED completions for intensive services job seekers
- 1.c. Staff assisted Entered Employment Rate
- 1.d. TANF (FEP) Participation Rate
- 1.e. Special TANF Populations Closure Rate
- 1.f. TANF (FEP) Recidivism Rate
- 1.g. Individual Placement Rate
- 1.h. Intensive and Training Caseloads
- 1.i. Core Customers
- 1.j. Costs per Customer Served and Costs per Customer that Enters Employment
- 1.k. Customer Satisfaction

#### Eligibility Services

- 2.a. Payment Accuracy Rates for:
  - 2.a. (1) Food Stamps (FS)
  - 2.a. (2) Child Care (CC)
  - 2.a. (3) Food Stamps (FS)
  - 2.a. (4) Child Care (CC)
  - 2.a. (5) Financial (TANF and GA)
- 2.b. Timely Determinations for:
  - 2.b. (1) Financial programs (TANF and GA)
  - 2.b. (2) FS
  - 2.b. (3) CC
- 2.c. Caseloads
- 2.d. Applications for Public Assistance
- 2.e. Customer Satisfaction

#### Business Services

- 3.a. Access to Job Opportunities
- 3.b. Employers Market Share
- 3.c. Employers Served
- 3.d. Job Orders Filled
- 3.e. Job Orders
- 3.f. Customer Satisfaction

#### Unemployment Insurance

- 4.a. Payment Accuracy
- 4.b. First Payment Time Lapse
- 4.c. Appeals Timeliness
- 4.d. Claims Filed

The list of performance measures currently under consideration for FY 2004 is displayed in Box B. Utah concentrated on measures from the “outcome” category but several measures – such as caseloads and costs – were based on process, efficiency, and/or activity measures.

As Utah has refined its KBPs, goals, and measures, attention has shifted to making the performance measurement process useful across the entire workforce system. Using the principles outlined in Harbour’s *The Basics of Performance Management*<sup>22</sup> Utah has developed a model that allows measurement of goals across three levels of hierarchy: executive management; regional and center management; frontline workers and supervisors. Executive management (“Level One”) measures have a strategic focus and aim to determine whether Utah’s workforce system is being successful at fulfilling its mission. Region and center management (“Level Two”) measures connect strategic and operational goals. Measures for frontline workers, leads, and supervisors (“Level Three”) are concerned with identifying specific areas for improvement at the operational level and encouraging personal accountability.

Using this model, Utah has assigned a specific set of performance measures to each level of the hierarchy and set intervals (weekly, monthly, quarterly, etc.) for measurement. Most measures are applied across two or more levels of the hierarchy, but those with a specific concentration on strategic or operational goals are applied solely at the executive management or frontline workers, leads, and supervisor levels respectfully.

## **Data Collection and Management**

Among Utah’s most innovative practices in performance measurement is the development of state-of-the-art information management systems. Interest in developing an integrated case management system was initially sparked by the combination of multiple agencies under the new DWS. The idea gained momentum following the passage of the Workforce Investment Act in 1998 and with the identification of Y2K compliance issues in three of the seven legacy systems inherited from former agencies.

Utah initially contacted other states to see if they had existing workforce computer systems that would meet their needs. However, in 1999 Utah’s Chief Information Officer Dave Moon issued a statement requesting that all new systems developed for the state utilize a multi-tier environment. As a result, DWS began to develop its own case management system – entitled UWORKS – in December of the same year.

A multi-tier system architecture allows end-user clients to access information via a traditional Web-browser, eliminating the need to make time-consuming and expensive software upgrades on client computers each time the system is modified. A multi-tier environment also enables data warehousing – a practice that takes advantage of declining data storage costs by duplicating some on-line data for use in reporting and queries.

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<sup>22</sup> Harbour, Jerry L. (1997) *The Basics of Performance Measurement*. New York: Quality Resources. pp. 37-43

The UWORKS database went live in November of 2002 with features including automated job matching, career counseling, and tracking of all training and employment services. UWORKS has some innovative features. For example, an employment counselor can conduct a Knowledge/Skill/Ability search from the pool of jobseekers in a particular zip code to identify individuals that are potentially qualified for a new job opening – without disrupting the other on-line processes of the UWORKS system. The system was also designed to support use by either self-service customers or staff. While UWORKS has enabled Utah to track self-service participation, it currently lacks the sophistication to differentiate between self-registration at workforce centers and self-service activities accessed via the Internet from other locations. DWS is currently working on correcting this problem and also hopes to replace the remaining “disparate and outdated” mainframe systems that feed data into UWORKS in the near future.<sup>23</sup>

In addition to UWORKS Utah recently went online with its new data warehouse, YODA (Your Online Data Access). YODA is a Web-based system that combines data from all workforce programs and allows for advanced queries that serve program management purposes. According to the MIS manager, YODA reports allow users to see state, region, office, and worker summaries with the option to "drill down" to the detail of actual customers and services. For example, YODA can be used to:

- Identify the location and worker assignment of customers who have not had any agency contact within 30 days;
- List and summarize all customers residing in specific geographic areas (counties or zip codes) that participate in multiple workforce programs; and
- Report services and weekly hours for all customers residing in specific areas.<sup>24</sup>

Utah has collected approximately five quarters of data thus far. Because it is a single-board state, DWS already owned the majority of the data they wished to track. However, DWS is currently considering data-linkage relationships with Utah’s Applied Technology Colleges, the state Vocational Rehabilitation program, and others. The relationship between DWS and Utah’s educational institutions is not well developed at this time. Ongoing challenges in data collection include the lack of centralized records for Secondary and Higher Education programs and the difficulty of tracking youth skill attainment.

## **Uses & Consequences**

The primary goals of Utah’s non-federal performance measures are continual system improvement and improved day-to-day management. No formal sanctions or incentives are currently in place, but the measures do enhance accountability from the state Workforce Investment Board through the “Level Three” frontline workers, leads, and supervisors.

Because data for the current measures only exist for five quarters and economic conditions have declined in recent years, decisive system improvements are difficult to

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<sup>23</sup> Interview with Rick Little, Management Information Services and Reporting Manager, DWS 04/24/03

<sup>24</sup> Rick Little provided supplemental descriptors of UWORKS and YODA 06/13/03.

identify at this time. Nonetheless, DWS employees feel that performance measures have improved their ability to assess and direct customers to appropriate services. Additionally, performance merit measure efforts have reportedly led to dramatic improvements in data management and greater consensus on priorities across agencies.

## **Lessons Learned & Future Plans**

Utah identified three major lessons from their performance measure development experiences. First, states should be open to measurement suggestions from agency administrators. Utah's experience was described as a process of trial and error that eventually allowed DWS to narrow in on specific, worthwhile measurements. DWS also urged that states should not put too much stock in measures until ample time has passed, especially in light of changing economic conditions. Finally, Utah encouraged extensive dialogue with other states.

Utah is currently enhancing the YODA system, further refining performance measures, and slowly moving towards a "dashboard" model that graphically displays the status of each Key Business Process in a customized, quick-access format.

Utah's Performance Measures contain a complex set of indicators that measure performance at all levels of the organization. While several measures – like the quality control-oriented Eligibility Services indicators – remain program focused, others – like Rate of Increased Earnings and Employers Market Share – show a definite shift towards a systems focus. The combination of well-thought performance measures and a strong IT framework ensure that Utah will continue to be a forerunner in performance measurement for years to come.

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# Washington

## Background

A 1991 legislative mandate disbanded Washington's State Board for Vocational Education and replaced it with the new Workforce Training and Education Coordinating Board (WTECB). The new organization was designed to increase local authority, create a statewide governance system, and reduce fragmentation among workforce development programs. Membership included representatives from business and labor, the Superintendent of Public Instruction, the Executive Director of the State Board of Community and Technical Colleges, and the Commissioner of the Department of Employment Security. WTECB was made responsible for developing a comprehensive state plan, establishing performance standards, conducting biennial program evaluations, and completing a net impact and cost-benefit system analysis every five years. Subsequent to the implementation of the Workforce Investment Act (WIA), WTECB serves also as the state Workforce Investment Board.

## Design and Implementation

The WTECB began developing system goals and performance measures in 1994 with the assistance of the National Governors Association. Completed January 1996, the new "Performance Management for Continuous Improvement" (PMCI) accountability system was adopted by secondary vocational-technical education, community and technical colleges, Adult Basic Skills Education, JTPA, Employment Services, private career schools, and the One-Stop Career Center system. The five basic components of the PMCI framework are listed in Box A. The second (1998) through fourth (2002) workforce biennial program evaluations produced by WTECB applied

### Box A

#### Basic Components of the PMCI Framework

1. Desired Outcomes and Indicators of Performance – *Seven desired outcomes (competencies, employment, earnings, productivity, reduced poverty, customer satisfaction, and return on investment) were selected by the state board. Indicators for each outcome are measured for the population as a whole as well as women, people of color, and people with disabilities.*
2. Performance-Based Consequences – *WIA Title I incentive funding will be allocated to boards that exceed expectations.*
3. Measuring and Reporting Results – *The Workforce Board tracks outcomes for secondary and post-secondary vocational-technical education, WIA, work-related adult education and family literacy, the WorkSource One-Stop system, and other workforce development programs.*
4. Continuous Quality Improvement – *Annual self-assessments using the Baldrige Quality Criteria and goal setting process conducted by local councils.*
5. Implementation Measures – *Regular report to the Governor on key goals, objectives, and strategies outlined in the strategic plan.*



## Box B

### WorkSource Performance Indicators

1. Percentage of employers using WorkSource services
2. Percentage of total workers using WorkSource services
3. Customer perception of seamlessness
4. Staff perception of integration
5. Number of students who are WorkSource participants
6. Credential Rate
7. Employment and credential attainment
8. Employment or further education
9. Entered employment rate
10. Retention in employment
11. Earnings
12. Earnings gain
13. Employer satisfaction\*
14. State measure of participant satisfaction
15. Federal measure of participant satisfaction

common, cross-program measures related to the seven desired system outcomes as general indicators of achievement.

The “2000 High Skills, High Wages: Washington's Strategic Plan for Workforce Development” expanded on the PMCI framework to accommodate the Workforce Investment Act and Perkins Act amendments of 1998.<sup>25</sup> The First Annual Report of the One-Stop system using the new Performance Indicators (see Box B) was published in the spring of 2003. The report presents individual and aggregate outcomes for WIA Title I-B programs and Employment Services. Washington continues to evolve beyond cross-program measures, and the combined application of the new indicators shows continuing progress towards system measures.

In addition to the statewide performance measures, the PMCI's Continuous Quality Improvement component supports strategic planning and outcomes measures at the local level. In 1999, for example, Washington required that each WorkSource Center and Affiliate Site complete a self-assessment based on the Baldrige Quality Criteria. Local centers have since been encouraged to set their own goals and develop their own performance measures as part of a continuous improvement initiative.

## Data Collection and Management

Washington currently uses a number of data collection tools for performance measures. Surveys – using both state and federal questions – are used to gauge customer satisfaction and seamless, integrated service delivery. The authorizing legislation requires the use of Unemployment Insurance wages data managed by the Employment Security Agency.

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<sup>25</sup> WIA gave more authority for accountability to the Governor and the SWIB, which in turn helped drive the local Workforce Investment Councils toward systemic awareness.

Employment Services, WIA, and other employment/training program data were in the past gathered from administrative records in Washington's JobNet and DataFlex systems. In April 2002 Washington implemented a new data management system known as SKIES (Services, Knowledge, and Information Exchange System) to replace JobNet and DataFlex.<sup>26</sup> WTECB's status as a state eligible agency under Perkins permits access to vocational education data. Administrative data for other programs (adult education, vocational rehabilitation, apprenticeship, etc.) are collected from the operating agencies under interagency agreements.

Washington is also using several innovative techniques to improve the quantity and quality of data available. For example, non-registered foot traffic and types of services rendered at some WorkSource centers are now being tracked by swipe card. Participants in adult education and literacy programs are only counted toward employment measures if the individual identifies the desire to enhance their employment prospects as their motive for attending classes. Additionally, WTECB's Policy and Research division has created regression models for WIA data and Perkins (as of June 2003) data to adjust locally set targets based on demographics and economic conditions, and may expand this procedure to other programs in the future.

A number of data gathering limitations continue to exist. Survey response rates for WIA and other WorkSource services have been low largely because of faulty and outdated contact information. Language has also hampered follow-up with English as a Second Language (ESL) students, who comprise over half of the adult education participants. As elsewhere, confidentiality has risen as an issue for K-12 students for whom unique identifiers rather than social security numbers are available. Vocational education retains an optional field for SSNs, which are provided for about 75 percent of the records. No tool for tracking internet-based service or distance learning customers is currently in place.

Washington has also faced issues regarding definitions. WTECB developed a tighter definition for "credential" that was abandoned as a result of local insistence upon using the broader language found in WIA. The state also struggled with defining completers of postsecondary activities for determining employment outcomes, eventually settling on those who have completed at least 45 hours of vocational coursework.

## **Uses & Consequences**

Washington stands out as an example of a state that is utilizing performance measures to stimulate system change. The PMCI program is firmly connected to the strategic planning process and provides a framework for reports to the legislature and governor. WTECB also views the Performance Indicators as a marketing tool: by demonstrating success through hard data Washington hopes to attract more employers and job seekers to its workforce development programs.

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<sup>26</sup> SKIES is a single statewide information repository that users access via the Internet. Derived from Utah's UWORKS, it presently supports 1,350 users from a cross section of public and private employment and training providers. Future performance measures will be based on SKIES data, which may create some difficulty in cross-year comparison in the short-term.

A subset of the WorkSource performance indicators are considered “core” indicators that serve as state additional measures under WIA and are used for local incentives. The core performance indicators currently are:

- Employment or Further Education of Former Program Participants
- Earnings of Former Program Participants
- Educational Attainment of Program Participants
- Employer Satisfaction with Former Program Participants
- Former Participant Satisfaction.

Although part of the ten percent for WIA incentives held at the state level is used to award local areas for attainment regarding core measures, at present prevailing categorical program measures and their associated incentives/sanctions drive most local behavior. (TANF-related programs and services have a separate set of indicators for individuals and families in transition.) At this stage of system development, WorkSource Centers and Workforce Development Councils are free to advance core measures to the degree that makes sense to them.

## **Lessons Learned & Future Plans**

Washington has experienced the difficulty and the reward of operationalizing system measures beyond those required by the federal government. Washington has learned that introducing a statewide accountability system across programs and agencies requires teamwork. Strategic planning and evaluation processes have played a key role in enhancing a systemic mindset, and it did so largely because there was a concerted effort to bring all stakeholders to the table where the importance of system measures to assess common outcomes is more apparent. The state is also very actively involved in the discussions regarding the proposed federal common measures, and hopes that there can be a viable relationship between the state and federal measures. WTECB looks forward to the maturation of data and applications in SKIES, and hopes that the additional coordination resulting from this upgrade will further Washington’s goal of capturing workforce system performance.

By embracing system building as a long-term goal, Washington has reserved a space at the head of the workforce development pack. It has brought together a broad array of agencies, programs, and services under the purview of WTECB, and has structurally bypassed most barriers to sharing data and accountability for workforce efforts. Significant progress has been made in both the strategic planning and evaluation arenas where the benefits of common, cross-program measures have been realized. The aggregate outcomes approach to the WorkSource Performance Indicators for WIA and Employment Services suggest progress moving away from traditional program silos towards comprehensive system measures. Washington State and the WTECB are likely to continue down these promising pathways.

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## *Emerging Systems*

In addition to the seven in-depth profiles, three states in the early stages of system performance measurement were also invited to share their experiences. Missouri, New York, and Pennsylvania are still experimenting with the performance measure design and implementation processes. These states enjoyed the advantage of being able to draw on the lessons learned by their peers when designing measures. It is interesting to note that all three developed some measures focused on businesses. The following brief overviews highlight the experiences of the three states thus far and review their plans for the future.

# Missouri

Missouri has over 25 years of performance measurement experience but the past decade has seen a pronounced increase in activity. In 1993 former Governor Mel Carnahan established the Governor’s Commission on Management and Productivity (COMAP) to evaluate state programs through Executive Order 93-47. COMAP issued a statewide mandate calling on agencies to integrate strategic planning into budget preparation. This action resulted in the development of “Show-Me Results”, a list of statewide performance indicators. As workforce-related programs began to incorporate Show-Me Results into their agency budgets it quickly became clear that the historically fragmented workforce structure – composed of over 50 programs – was ill-prepared to conduct an evaluation at the macro level.

**Box A**

**The “Governor’s Questions”**

How many people coming in contact with the workforce development system...

...got a job?

...got a job at a higher wage?

...moved from below to above the poverty line?

...retained a job for 3,6,9,12, and 24 months?

In response to the COMAP findings, the Missouri Training and Employment Council (MTEC) was charged by the Governor in 1995 with implementing a statewide workforce development plan<sup>27</sup>. Council members include the Missouri Departments of Economic Development, Social Services, and Labor and Industrial Relations in addition to various representatives from education (Elementary and Secondary, Higher Education, and Community Colleges), labor, community organizations, business, industry, and agriculture. In 1999, Executive Order No. 99-03 brought the programs represented by MTEC under the leadership of a single Division of Workforce Development in the Department of Economic Development for “better consolidation of the functions relating to workforce development”<sup>28</sup>.

The similarities between Missouri’s reorganization and the changes dictated by WIA were not coincidental – senior leadership at MTEC included a former U.S. Department of Labor official that played a major role in the process. It was hardly surprising, then, that the measures chosen to evaluate performance – known informally as the “Governor’s questions” – basically corresponded to the standards WIA later adopted.

Researchers at the University of Missouri-Columbia were contracted to help MTEC create definitions for the Governor’s questions, coordinate data from the various agencies, and tabulate the outcomes. The original outcome measures are listed in Box A. The first report on outcomes – for program years 1995-1996 of Employment Security, JTPA, FUTURES and Vocational Rehabilitation – was published by the University in February 2000.

<sup>27</sup> Missouri Executive Order No. 95-11 *Division of Workforce Development*, signed 12 May 1995.

<sup>28</sup> Missouri Executive Order No. 99-03 *Division of Workforce Development*, signed 4 February 1999.

Missouri continues to explore a variety of non-federal performance measures. The most thorough effort to date uses the Missouri Department of Economic Development's Strategic Planning Outcome Measures (see Box B) that the Department of Economic Development began tracking for WIA and Wagner-Peyser programs in 2002. Missouri's state agencies and National Governors Association Workforce Policy Academy Team are also developing a Workforce Investment System Performance Scorecard (to be completed December 2003) in order to increase uniformity and better align measures with Federal reporting requirements.

The downturn in the economy has made evaluating longitudinal performance difficult. Nevertheless, administrators report that Missouri's experience with performance measures has been positive and the state continues to explore additional options. Findings are used for continuous improvement programs, strategic planning, marketing, and accountability to the Governor and Legislature. Participants also reported that performance measurement efforts led to better coordination between state agencies, furthering the ultimate goal of a seamless state workforce system. With the support of state leaders, Missouri is making progress towards true system performance measurement in the very near future.

## **Box B**

### **Strategic Planning Outcome Measures**

#### *Market Penetration*

Increase the number and percentage of Missourians who find jobs via the workforce system.

Increase the number and percentage of businesses that hire Missourians via the workforce system.

#### *Cycle Time*

Decrease the time it takes to fill job vacancies using the workforce system.

#### *Job Seeker Measures*

Increase the number of people who get a job through the workforce system.

Increase the number of unemployed people who get a job through the workforce system.

Increase the number of Unemployment Insurance claimants who get a job through the workforce system.

Increase the number of people employed after exit who are still employed at 6 months through the workforce system.

Increase the number of people employed after exit who are still employed at 12 months through the workforce system.

Increase the number of people who get a job with increased earnings through the workforce system.

Increase the number of people who move from below to above the poverty line through the workforce system.

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## *New York*

New York State is in the early stages of implementing systemwide performance measures. The state has 33 workforce investment boards spanning over ten separate regional economies. The system – which includes workforce programs overseen by the Department of Labor, the State Education Department, the State University of New York and a variety of other state and local agencies – is flexible and locally driven. During a regularly scheduled Workforce Investment Board directors’ meeting in 2002 the group identified two major areas they wanted to focus attention on – WIA Reauthorization and System Indicators – and split into two workgroups.

WIB directors felt that system indicators were needed both for continual improvement processes and to better identify their individual and especially business customers’ needs. Many local boards were committed to strengthening business-oriented indicators as the federal WIA measures did not address this area. At that time, about 60 percent of local boards had access to monthly data on customers through the One-Stop Operating System (OSOS) case management software. Several had already begun experimenting with local performance measures.

A Systems Indicators Team (SIT), met from July to November of 2002 to establish “locally agreed upon – State directed” performance measures for the New York State workforce system. The group began this process by identifying a set of operating principles (listed in Box A).

Members of the SIT engaged local partners – including Chief Elected Officials, business, labor, and Community Based Organizations – and brought over forty proposed indicators to the table for consideration. From these, three final performance measures were

### **Box A**

#### **System Indicators Team Operating Principles**

1. The recommended system indicators are a starting point for working towards and developing more refined indicators of system performance.
2. Focus should be Statewide local measures, and should reinforce “system”, not “center” or “program.”
3. The recommended indicators must be relevant to the State and Local Workforce Investment Boards, Chief Local Elected Officials (CLEO) and system partners.
4. The two primary customers of the system are Businesses and Individuals (e.g., emerging, transitional and incumbent workers).
5. There must be a strong commitment by all local areas to supply the core data to a common database (electronically or otherwise), in order to establish consistency in measuring and interpreting indicators.
6. The data collection process to support calculation of the indicators must not be onerous on system partners.
7. The indicators should lend themselves to a system report card.
8. Report cards should provide a local context (e.g., local economic conditions) for the indicators.
9. The indicators should promote system integration and continuous improvement.
10. The indicators should be designed to highlight success rather than failure.
11. All system partners would share system outcomes (successes).

recommended as an initial starting point for system measures: Market Penetration, Total System Investment, and Customer Repeat Usage. As mandated by the SIT Operating Principles, the focus of the selected measures is statewide and includes all programs delivered through the One-Stop centers (WIA, Voc-Rehab, Adult Education and Literacy, TANF, and any locally-selected optional partners). The State Board approved the work of the LWIB Directors and convened a new State Board subcommittee on System Integration to assess and consider development of the new measures.

Because the New York workforce system has historically been locally-focused, new data structures must be put in place before it will be possible to measure the indicators across the entire system. The state is currently in the process of installing swipe card readers at all One-Stop centers to improve data collection capabilities. Additionally, boards not using the OSOS case management software are being integrated into the statewide network. All technology infrastructure is expected to be in place by July 2003 and data collection for the Performance Indicators will begin at that time.

New York plans to use performance measure data to promote system integration, conduct continuous improvement programs, market state needs to Congress, and increase equity for underserved populations. Spokespersons that participated in the system indicators selection process emphasized the importance of a systemwide focus, spoke to the importance of collaboration with other states, and emphasized the value of beginning a performance measurement program with a few carefully selecting, easy to measure indicators.

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# *Pennsylvania*

Created by an executive order from then Governor Tom Ridge, the Team Pennsylvania Workforce Investment Board (the Board) was organized in December 1997 to better integrate workforce and economic development programs. The Board is a public-private partnership made up of representatives from the private sector and labor, legislators, county commissioners, community leaders, and cabinet-level officers from Pennsylvania's Departments of Labor and Industry, Community and Economic Development, Education, Public Welfare, and Aging.

## **Box A**

### **Team PA WIB System Indicators**

Percent of employers using services coordinated through the local workforce investment board.

Percent of individuals using services coordinated through the local workforce investment board.

Percent of jobseekers who receive intensive or training services and obtain employment.

Median cycle time to fill a job.

Percent of individuals that used Careerlink service and entered employment in jobs with wages in the following deciles:  
0-10%, 11-20%, 21-30%, 31-40%, 41-50%, 51-60%, 61-70%, 71-80%, 81-90%, 91-100%

Keeping with the board's mandate to build capacity "through systemic change and continuous improvement" while responding to private sector concerns that existing performance measures were inadequate, the Board created a performance evaluation subcommittee in 2000 to develop system indicators. The group considered some twenty-two measures and eventually selected the five indicators listed in Box A.

Pennsylvania attempted to avoid indicators that could be manipulated to achieve better results and only considered indicators that could be measured using currently available data. Discussion regarding sanctions and incentives was tabled to be reconsidered at a future date.

Pennsylvania recently migrated from an older mainframe system to the new CareerLink operating system which connects to the North American Industry Classification System (NAICS) and the U.S. Department of Labor's O\*NET/SOC

databases, allowing users access to information on business activity and high-demand skills. As a result of this upgrade, data gathering for the System Indicators did not begin until the fall of 2002. CareerLink currently contains data from employment services, WIA, and some TANF programs and is continuing to expand as more partner agencies connect to the system. As such, the Team PA WIB System Indicators are not yet true "system measures" but the framework is in place.

**Box B**

**Philadelphia's CareerLink Measures**

*Outcomes for Employer Customers:*

- Employer Satisfaction
- Repeat Usage Rate
- Market Share

*Outcomes for Individual Customers:*

- Entered Employment Rate
- Individual Customer Satisfaction
- Increased Earnings
- Training-Related Placements
- Market Share

*Financial Viability:*

- Diverse Core Funding
- External Fundraising
- Fee-for-Service Activities
- Cost per Customer

*Internal Controls:*

- Material Audit Findings
- Spending Variation
- Customer/Staff Ratio
- Staff Training/Development

Pennsylvania's Systems Indicators are compiled in a quarterly report to the state board. Proposed uses include improving market penetration, developing strategies to improve families' wages, and using the data to examine potential industry clusters for economic development. In addition to the quarterly report, monthly CareerLink statistics by county (including number of job seekers, number of new job orders, etc.) are now available online.<sup>29</sup>

Local boards have also been encouraged to develop their own measures. The Philadelphia Workforce Investment Board CareerLink Committee and CareerLink Consortium, for example, have created quarterly local "CareerLink Measures" (see Box B) which utilize swipe card tracking of foot traffic, mystery shoppers, customer surveys, and data from CareerLink and Advocit, the local case management software.

The Board expects additional measures to be implemented in the near future.

Governor Edward G. Rendell recently announced an initiative to build on current efforts and a private consultant has been hired to further explore program evaluation options for the State of Pennsylvania.

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[http://www.paworkforce.state.pa.us/pa\\_workforce/cwp/view.asp?a=11&Q=160415&pa\\_workforcePNavCtr=#2809](http://www.paworkforce.state.pa.us/pa_workforce/cwp/view.asp?a=11&Q=160415&pa_workforcePNavCtr=#2809)

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