

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
MEETING NO. 170  
MAY 2, 2013**

**STATE CORE MEASURES**

At the March meeting the Board continued its review of State Core Measures. The Board considered the option of moving from the current State Core Measures to the measures developed through the Integrated Performance Information (IPI) project and endorsed by the National Governors Association (NGA). The Board reviewed a series of questions about transitioning to the NGA measures.

At the conclusion of the discussion the Board directed staff to come back to the May meeting with three items:

- 1) An action item to adopt the NGA recommended measures.
- 2) More information on measuring outcomes for employers.
- 3) A summary of the current Workforce Investment Act Title I target setting process.

Behind this face sheet is a recommended motion for the first item; Action to adopt the NGA recommended measures. A table comparing the current State Core Measures and the NGA measures appears after the recommended motion.

**Board Action Requested:** Adoption of the Recommended Motion.

## RECOMMENDED MOTION

**WHEREAS**, One of the key statutory functions of the Workforce Training and Education Coordinating Board (Workforce Board) is to establish common standards for evaluating workforce development programs; and

**WHEREAS**, The Board adopted the State Core Measures in 1996 after two years of discussion among representatives of the affected programs at the state and local levels, and has used the measures ever since; and

**WHEREAS**, In 2004 the U.S. Department of Labor asked the Workforce Board to lead the states in designing the next generation performance measurement system. This project came to be known as the Integrated Performance Information (IPI) Project; and

**WHEREAS**, The IPI measures were developed and vetted by state and local policy and technical staff from the affected programs from 16 states, as well as national evaluation experts, and stakeholder organizations; and

**WHEREAS**, The National Governors Association considered the IPI measures and adopted a resolution endorsing them (with one change) for Workforce Investment Act (WIA) reauthorization; and

**WHEREAS**, Congress is expected to move toward the NGA recommended measures in WIA reauthorization; and

**WHEREAS**, *High Skills, High Wages* 2012 states that the Workforce Board will reconsider the State's Core Measures;

**THEREFORE, BE IT RESOLVED**, The Workforce Training and Education Coordinating Board adopts the performance measures for workforce development programs that were developed through the Integrated Performance Information Project and recommended by the National Governors Association (NGA), and the Board directs staff to work with stakeholders to develop a plan and timeline for transitioning from the current State Core Measures to the NGA recommended measures.

## State Core Measures and National Governors Association Recommended Performance Measures for Workforce Development

The chart below shows Washington’s State Core Measures and the measures recommended by the National Governors Association (NGA). Differences between the measures are underlined.

Outcome	State Core Measures	NGA
Skill Gain	<u>Percent or number</u> of program participants leaving the program who achieved <u>appropriate skill gains</u> or an education or training credential.	<u>Percent</u> of program participants leaving the program who obtain an education or training credential.
Employment	Percent of former participants with employment during the <u>third quarter</u> after exit. (For programs serving youth - employed or enrolled in education.)	Short-term: Percent of program participants who are employed during the <u>2nd quarter</u> after exit. (For youth, employed or enrolled in education.)  Long-term: Percent of program participants employed during the <u>4th quarter</u> after exit. (For youth, employed or enrolled in education.)
Earnings	Median earnings of program participants during the <u>third quarter</u> after exit. Measured <i>only</i> among former participants not enrolled in education during the quarter.	Median earnings of program participants during the <u>2nd quarter</u> after exit. (For youth, earnings only among those not enrolled in education.)
Employer Satisfaction	Percent of employers who report satisfaction with new employees who are program completers as evidenced by survey responses.	<u>None</u>
Participant Satisfaction	Percent of former participants who report satisfaction with the program as evidenced by survey responses.	<u>None</u>

In addition, both Washington and NGA support formal measures of the net return on investment. These measures, however, are intended as general indicators of program performance, as opposed to accountability measures that are frequently measured against numeric targets—due to the expense and imprecision of these measures.

## Employer Outcome Measures

It is challenging to identify a single good metric of how well workforce development programs serve employers. Here are some options and considerations.

**Survey of Employer Satisfaction:** The current State Core Measures evaluate the percent of employers who report satisfaction with new employees who are program completers as evidenced by survey responses. This measure has generally produced very high results that do not vary much over time or from one program to another, making it less than ideal to measure progress. Also, surveys are expensive to administer across the whole workforce development system.

**Employee Earnings:** Economists will argue that the benefit to employers can be measured in the additional earnings paid to program participants since employers would not pay the additional earnings if former participants did not produce value at least equal to that cost. Elected officials and others, however, are unlikely to find this a very satisfying measure of results for employers.

**Productivity Gains:** Theoretically this is a strong measure of the benefit to employers; however, it is difficult to measure and is not very scalable. It is also hard to isolate the effects of workforce development from other factors.

**Employee Retention with the Same Employer:** Retention by the same employer may be a sign of employer satisfaction with the quality of program participants' work. Employees, however, may leave an employer for good reasons (for a better job) as well as for bad reasons (they were fired), and employment retention with the same employer would count both as though they were bad.

**Employer Market Penetration:** Serving more employers may be a sign that employers like the service. The number of employers served by workforce programs, however, is impacted by other factors such as program budgets and the state of the economy. If the measure is the percent of all employers who are served, then small employers would be treated the same as large employers. It would be easier to increase one's market share by targeting small employers even though there can be a much larger economic impact from serving a large employer than a small employer.

**Repeat Employer Customers:** Employers coming back to the same program for service may be a sign that employers like the service. This measure, like market penetration, has the dilemma of whether to count small and large employers the same. The measure can also be impacted by program budgets and the state of the economy.

## **Workforce Investment Act Title I Target Setting Process**

In response to feedback from the Workforce Development Councils (WDCs), Workforce Board staff have changed the process for setting Workforce Investment Act (WIA) performance targets. The WDCs had expressed concern that in the past the Workforce Board would first reach agreement with the Department of Labor (DOL) on statewide targets for the federal measures, and the Board would set targets on the State Core Measures, before negotiating local targets that summed up to the statewide targets. The WDCs felt this sequence did not provide sufficient opportunity for the WDCs to negotiate their local targets. In response to this concern, Board staff are now obtaining input from the WDCs earlier in the process.

Workforce Board staff are in the midst of receiving input from the WDCs on the target setting methodology and negotiating specific targets with WDCs prior to proposing statewide targets for PY 2013. The Washington Workforce Association organized a workgroup of WDC staff that is helping develop the process and provide input through weekly conference calls with Workforce Board staff.

The steps in the process are:

- Workforce Board staff prepare draft targets based on regression models, with input from the WDCs, and circulate the draft targets to the WDCs.
- WDCs identify which targets they wish to negotiate.
- WDCs assemble evidence supporting the adjustments they are seeking.
- Workforce Board staff evaluate the evidence and may ask for clarifications.
- Workforce Board staff and the WDCs negotiate to arrive at adjustments to WDC targets as appropriate.
- WDC targets are summed to create statewide targets for the State Core Measures and federal targets to propose to DOL.
- If DOL requires adjustments to the proposed state targets, corresponding adjustments will be made to the WDC targets.

The experiment with a new process has started with the WIA Youth program targets, for which negotiations are under way and are scheduled to be completed by the time of the May Board meeting. Targets for the Adult and Dislocated Worker programs will not be completed until after the May Board meeting.