

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING
BOARD MEETING NO. 197
January 6, 2016**

BUSINESS ENGAGEMENT METRICS

Background: The most common approach to measuring how well Washington’s workforce system reaches out to engage business would be to estimate the percentage of employers or firms that have used the state workforce system to fill job vacancies or skill shortages. As with any data, there are multiple ways of measuring this, with advantages and disadvantages associated with each approach. For example, most measures of business engagement look at a percentage of firms, regardless of firm size. An alternative approach would be to measure the reach in terms of what percentage of current employment the employers reached represent. The downside to this approach is that it could further bias the numbers toward larger companies and minimize the role of smaller ones.

Putting aside the debate between employment sizes versus the number of firms, there are two basic approaches to counting employers. One is to use existing administrative data, in which case one has to gather both the numerator (e.g., number of firms that used the workforce system) and the denominator (all firms—though it may be winnowed to something like all firms with two or more employees). The second approach is to use a survey. In a survey, the numerator would be those self-reported to be using the system, divided by the total number of firms in the survey. The sample data can be extrapolated to the entire population.

Existing Administrative Data Approaches

During Gov. Christine Gregoire’s tenure, Washington used an accountability measuring system known as GMAP, or Government Management and Accountability and Performance to help assess the performance of state agencies. During that time, the state’s Employment Security Department routinely calculated its business engagement. Two administrative databases tracked contacts: 1) When employers posted job openings and 2) When there was a live person engaged with One-Stop staff. For the numerator in this percentage calculation, the employers listed in either database were unduplicated to arrive at a total number of employers. This was divided by the total number of unique employers with employment of one or more workers from the unemployment insurance file.

Existing Survey Approaches

Accenture Report Provides “8 percent” Figure

While taking the state workforce plan on the road at a series of public forums in the fall of 2015, the Workforce Board cited a figure of 8 percent of firms as being engaged with the workforce development system. Not surprisingly, some of the audience, particularly local folks who did much of the actual engagement, questioned the low percentage.

The 8 percent figure is actually a national figure from a 2014 report, “U.S. States: For Richer, For Poorer?” published by the global management consulting firm, Accenture. In this report, surveys indicated just 8 percent of U.S. employers “extensively” use government services to find the skills they need. We have not been able to speak with experts at Accenture to get a better explanation about what “extensively” means, and other issues such as how they define employers, how many employers they surveyed, and other questions. However, the same report states that 47 percent of employers “do not use government services at all to find talent.” This would seem to indicate that over half do use some government service.

While the 8 percent is a national figure, Accenture also published some data for Washington. In a different publication (but we don’t know if it is derived from a different survey), they state that only 4 percent of Washington’s employers “turn to public employment services to find the right candidate.” It doesn’t use the term “extensively” with the 4 percent, but it is likely that this represents “extensive usage.”

The Accenture website does say that the survey included “small, medium, and large” companies, that there were 300 interviews per country, and that it was conducted September-November 2013. It does say that there was a “boost” for 12 states where n=100 (and Washington is suspected to be one, as otherwise the number would have been based on about 15 Washington employers).

The Workforce Board Employer Survey

The Workforce Board’s Employer Needs and Practices Survey, most recently administered in 2012, asks firms about their hiring challenges, skill gaps, and training practices. This survey is traditionally conducted every two years in cooperation with the Association of Washington Business and the Washington Chamber of Commerce Executives. It is part of the Workforce Board’s mission to ensure Washington’s employers have a skilled workforce to thrive, and that the state’s workers have the education and training they need to get good jobs. The Workforce Board uses the survey results to estimate the results for employers statewide.

In 2012, 2,802 firms were included in the survey. This number was extrapolated to 118,934 firms in Washington. While the survey did give good information on issues such as “how many firms had new hires?” “how many provided incumbent worker training?” and “community or technical college usage for training needs,” it did not attempt to determine the percent of firms using the workforce system.

Workforce Board Compliance Survey

This study was conducted for the Workforce Board as a federally required component of using the Workforce Investment Act (WIA) Common Measures framework. This included a survey of a random sample of employers who had interactions with One-Stop centers. The purpose of the federally required survey items was to gather data about employer satisfaction with workforce services.

Questions in this survey focused on satisfaction and perceived duplication of efforts within public sector job placement programs. For example, in the PY 2014 survey, 69 percent of valid responders were satisfied to some degree. Again, it did not attempt to measure overall system participation by employers.

The departments raised the possibility of applying the employer service measure as a shared indicator across programs, rather than separately for each Workforce Innovation and Opportunity Act (WIOA) program.

Board Action: Discussion only.