

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING  
BOARD MEETING NO. 198  
February 24, 2016**

**BUSINESS ENGAGEMENT METRICS**

**Background:** At the Jan. 6 Board meeting, Workforce Board staff presented on the idea of developing a new business engagement metric. Since then, staff have done additional research and met with various stakeholders. What became clear from conversations with stakeholders was that: 1) No one is happy with the number given in the Accenture Report; 2) The interest level in this is high; and 3) The desire to both comprehensively measure the whole system and do it in one neat measure might be self-defeating.

On February 3, staff presented the idea of a new business engagement metric to the Washington Workforce Association. The discussion went beyond the allotted time so it was decided to form a workgroup to come up with recommendations. Three WWA members volunteered for this work group. In addition to those three, Chris Green from the state's Department of Commerce and Cynthia Foreland from the state's Employment Security Department also joined the group. The group will be meeting shortly, and we don't anticipate the need for more than a handful of meetings. The goal is to bring recommendations to this Board at the April 20 Board meeting.

**Other State Efforts**

**Louisiana Business Engagement Metrics:** Louisiana developed a dashboard of metrics (below) as part of its strategic plan for Program Year 2014.

<b>Metric Description</b>	<b>Methodology</b>	<b>Data Source</b>
Overall Market Penetration	The percent of firms (with employment of 10 or higher) that engaged in one of six identified activities.*	The data is tracked by an MIS system. Some of the actions need to be manually entered by Business and Career Solutions Center staff.
Targeted Business Market Penetration	The number of unique business in the targeted industry engaged in the six* activities divided by the top 200** firms in the given WIB.	The data is tracked by an MIS system. Some of the actions need to be manually entered by Business and Career Solutions Center staff.
Employer Based Training	The current count of training service contracts*** as a percent of the baseline number of such contracts.	Training services provided by employers are recorded by Business and Career Solutions Center staff.
Demand Occupations Job Vacancies with Staff Referrals	The percent of job listings for in-demand occupations that received at least one job referral.	Job listings are recorded by Business and Career Solutions Center staff and employers. All information is collected in the MIS system.

Time Ratio for a Successful Staff Referral	Average number of days for staff referral to job placement (for in-demand occupations)	Job listings are recorded by Business and Career Solutions Center staff and employers. All information is collected in the MIS system.
Ratio of Staff Referrals Resulting in Placement to Self-Referrals Resulting in Placement	The number of staff referrals placed into in-demand vacancies as a percent of self-referrals placed into in-demand vacancies	Job listings are recorded by Business and Career Solutions Center staff and employers. All information is collected in the MIS system.
<i>*Posted job hires, provided employer based training, conducted resume research, used customized labor market information, received Incumbent Worker Training funding, attended seminars and workshops.</i>		
<i>**Top 50 in the construction industry and top 50 in the top three local industries</i>		
<i>***Includes provision of OJT services to adults and youth, customized training services, apprenticeships, and services funded by Incumbent Worker Training Program.</i>		

**Existing Administrative Data Approaches:** When Government Management Accountability and Performance (GMAP) was in place under former Gov. Chris Gregoire, Employment Security Department (ESD) routinely calculated its business engagement. There were two administrative databases that 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 plan on the road, we 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 Accenture: The percent of employers that “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, etc. However, the same document does state that 47 percent of employers don’t use any government service to find talent, meaning that over half do use some government service.

While the 8 percent is a national figure, Accenture also published some Washington-specific data. In a different publication (although it’s unclear whether it was derived from a different survey), they report 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 we suspect we are one, as otherwise the number would have been based on about 15 Washington employers).

**The Workforce Board and 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 businesses 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:** The study was conducted for the Workforce Board as a federally required component of using the WIA Common Measures framework. This included a survey of a random sample of employers who had interactions with WorkSource centers. The purpose of the federally required survey items was to gather data about employer satisfaction with workforce services.

Questions in this survey focus on satisfaction and perceived duplication of efforts within public sector job placement programs, etc. 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.

**Workforce Innovation and Opportunity Act (WIOA):** It is not clear whether there will be any federally required employer surveys under WIOA, as the employer service performance measure is not scheduled for development until next year.

Preliminary discussions last spring from the federal departments of Education and Labor proposed approaches that aim to minimize the burden on business while still measuring the effectiveness of how well programs serve employers.

One approach discussed would measure employee retention rates of workers with employment they obtained after receiving WIOA services. Under this approach, states would use wage records to identify whether or not a participant’s wage records came from the same employer in the second and fourth quarters. This approach has the lowest burden on employers, as it requires no action from the employer. Under this approach, WIOA’s services are effectively serving an employer if that employer hires a WIOA participant and the participant is still employed by that employer in the fourth quarter (up to a year) after program exit.

Another potential way to define this indicator would be to measure the repeat rates for employers hiring participants from core programs. The two federal departments are also considering using the number, or percent, of employers using the core program services as a percentage of all employers represented in an area.

The two federal departments raised the possibility of applying the employer service measure as a shared indicator across programs, rather than for each WIOA program separately.

**Board Action:** Discussion only.