

A New Measure Deserves a New Way of Measuring: An Idea for the WIOA Measure of Effectiveness in Serving Employers

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The following paper draws on our history of engaging in a variety of work with local workforce organizations, considering their data management systems, business engagement strategies, and outcomes measurement capacity, and working with them on ideas that will improve livelihoods for low-income workers and job seekers. We are grateful to a number of leaders from local workforce boards, other service providers, policy analysts and foundation officers for reviewing and providing feedback on this concept.¹ The paper is much richer for their willingness to share their thoughts, ideas and constructive critiques. All errors, omissions, and crazy ideas put forth in the document below remain the responsibility the authors. We look forward to further feedback, suggestions and other reactions to this paper as we refine this concept.

WIOA Background

In July 2014, Congress passed and the President signed the Workforce Innovation and Opportunity Act (WIOA). It reauthorized the Workforce Investment Act (WIA) and provided updates to the federal government's core workforce programs. WIOA is very similar to WIA in many aspects. WIOA continues the job center and workforce investment board structures established under WIA as well as the core programs – adult, dislocated worker, and youth formula programs; Wagner-Peyser employment services; adult education; and vocational rehabilitation. It codifies and officially allows many of the incremental changes that workforce systems have been adopting over the years including sectoral strategies, career pathways, and work-based learning.

Some of the most significant changes in the law are in the area of performance accountability. WIOA establishes a set of common performance indicators on which core programs and other authorized

¹ We would like to thank several early reviewers including but not limited to: Scott Anglemeyer, Executive Director, Workforce Partnership (Kansas); Bill Browning, Senior Program Manager, Workforce Strategies Initiative at the Aspen Institute; Anna Cielinski, Senior Policy Analyst, CLASP; John Colborn, Director, Skills for America's Future at the Aspen Institute; Steve Dawson, Founder and Past President, PHI; Emily Stover DeRocco, Principal, E3; David Hunn, Executive Director, Northern Virginia Workforce Investment Board (workforce area #11); Kermit Kaleba, Federal Policy Director, National Skills Coalition; Eleni Papadakis, Executive Director, Workforce Training and Education Coordinating Board (Washington); Christine Quinn, Director, Workforce Development Agency, Michigan; Lisa Rice, President, CareerSource Brevard (Florida); and James Van Erden, Senior Policy Advisor, National Association of State Workforce Agencies.

programs² will be required to report.³ These core indicators for adult and dislocated formula programs, adult education, Wagner-Peyser employment services, and vocational rehabilitation include:

- Percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program
- Percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from program
- Median earnings in unsubsidized employment
- Credential attainment*
- Achieving measurable skill gains enrolled in an education or training program*
- Effectiveness of core programs in serving employers*

Programs for youth will be measured using similar measures that are tailored to disadvantaged youth. The last three performance indicators marked with asterisks in the list above are new measures under WIOA. The credential attainment measure is defined in the statute and has precedence in previous guidance from the US Department of Labor; however, the last two measures will need to be defined by the US Departments of Labor and Education as they develop regulations. The measurable skill gains indicator will be defined over the next several months with the other performance measures, and the indicator of effectiveness in serving employers must be developed by the end of June 2016.

The legislative language for the indicator of effectiveness in serving employers is in the text box on this page. It is a new indicator, but it builds from a related indicator under WIA--customer satisfaction of employers and participants, which was one of several core indicators for the WIA programs. This indicator was measured using a survey of a randomly selected group of employers who had received any substantial workforce system services in the previous year.⁴ The minimum mandated three questions centered on overall satisfaction with the services, the extent to which services met expectations, and how well the services received compare with the employers' envisioned ideal set of services.

Excerpt from WIOA on indicator of effectiveness in serving employers (WIOA, Section 116(b)(2)(A)(iv)):

“(iv) INDICATOR FOR SERVICES TO EMPLOYERS.—Prior to the commencement of the second full program year after the date of enactment of this Act, for purposes of clauses (i)(VI), or clause (ii)(III) with respect to clause (i)(IV), the Secretary of Labor and the Secretary of Education, after consultation with the representatives described in paragraph (4)(B), shall jointly develop and establish, for purposes of this subparagraph, 1 or more primary indicators of performance that indicate the effectiveness of the core programs in serving employers.”

² Other authorized programs include Job Corps, YouthBuild, Indian and Native Americans, and Migrant and Seasonal Farmworker programs.

³ All national performance measures will be negotiated between the U.S. Department of Labor and each state's governor. Each governor will then negotiate performance with the local workforce areas with each state. Performance expectations are adjusted based on characteristics of the participants and the condition of each labor market.

⁴ The Department of Labor required programs to use the American Customer Satisfaction Index (ACSI) from the University of Michigan (a commonly used survey tool for companies and individuals). State agencies could add their own additional satisfaction questions.

A Unique Opportunity for Advancing the Field in Serving Employers and Helping Workers

The new WIOA employer measure promises to be an improvement on the old WIA measure in several ways. It is focused more sharply on the outcome of services, and it has the potential to provide more useful information about the services workforce agencies provide employers and their results. However, the new measure will be more challenging to define and may require a new approach to performance measurement in order to work.

This new WIOA measure provides a unique opportunity for a fresh approach to how we measure performance in our workforce system. We should seize this opportunity and design a measure that is dynamic enough to accommodate the wide variety of employers, industries, occupations, and regions with which workforce professionals engage. We need a measure that is broad and flexible enough to cover the wide variation in workforce professionals' experience in working with employers and types and levels of services. It would be helpful to design a measure that not only measures performance but also yields useful information about the services provided and provides aspirational benchmarks for each workforce area to engage in a deeper and richer relationship with its employer partners. We should avoid indicators that measure only the least common denominator level of activity and that fail to give credit for more sophisticated and meaningful work with employers.

A Fresh Idea for the WIOA Employer Services Measure

We don't think that the traditional types of one-size-fits-all measures such as percentages of employers involved or services delivered, e.g., the number of hires divided by the number of referrals, will be useful or meaningful. While it may be tempting to develop an indicator(s) that measures easily quantifiable data, if this data is not useful beyond simple monitoring, we will have wasted this opportunity. We propose a more customizable "point-menu" system that would award varying levels of points to workforce investment boards (WIBs) based on the degree of intensity and the value of services provided. Services earning high points would clearly reflect deeper relationships with employers and activities that are the result of longer term relationships. They also would include not just activities that facilitate training and improved talent pipelines, but also ones that address the structure of jobs in ways that use skills to improve job quality elements such as wages, benefits, scheduling, etc.

Each state would negotiate with the federal government a certain number of points on the effectiveness of employer services indicator as their goal for the year. As we understand it, states probably would need to negotiate 4 different point goals – one for each title under WIOA (however, if a state could negotiate one total score across all four titles, that might be preferable). Each state would negotiate a performance point level with local WIBs administering the Title I funding stream. Each state may also negotiate point levels with the local or regional entities administering Titles II through IV or they may choose to work with the local/regional entities in another way to accumulate the state point goal, e.g., perhaps the state would provide incentive funds to entities for completion of certain activities that earn points toward the state goal.

Throughout the year, the state would accumulate points toward its point goal(s) as the local entities administering the various WIOA titles, i.e. local WIBs, adult education providers, employment services

offices, vocational rehabilitation agencies, complete activities and outcomes defined in a master menu.⁵ To provide states and sub-state entities with operating flexibility throughout the year, the specific activities would not be negotiated ahead of time; only the overall point goal would be set prior to the start of the measurement year.⁶ Menu items would have to include a variety of indicators of effectiveness – some would be appropriate for Title I administrators, some appropriate for Title II administrators, etc. But not all menu items need to be applicable to all four titles. This method allows the federal and state governments to develop and provide one common menu while at the same time allowing for customization for each title and for each administrator in the state participating in the WIOA performance measurement system. Menu items would increase in value from low-point activities to higher point activities. The federal agencies overseeing WIOA would establish a minimum point value and would specifically define and set a point value for each indicator in the menu.

For example, let's say State #1 negotiates a point goal for the year of 70 for its Title I funding stream. State #1 negotiates with local WIB X a point goal of 10 for the year (this WIB will be responsible for 10 out of the 70 points the State negotiated with the federal government). WIB X would meet this goal by completing a combination of the items on the point menu, which range from lower-point activities such as filling job orders (at any legal wage level) to medium-point activities such as providing retention services for an employer's workers. WIB X does not have a deep track record working with employers and needs to build its experience. So, it focuses on achieving several activities at the lower end of the point menu in order to build relationships with employers and to build staff capacity and experience. But, this WIB is inspired by the higher-point items and determines to make its own long-range plan to build up to those higher point activities over the next five years.

Another WIB, WIB Y, is much more experienced with employer engagement and has deep relationships with employer partners. It negotiates with the state a goal of 20. This WIB likely will count some of the activities it does at the lower end of the menu, but it really wants to get credit for the hard work it has been doing with a group of home care agencies in its area to establish common training standards for home care aides, implement employer-paid training, and increase and stabilize the work hours for home care aides. These changes would not only help the employer by improving the quality of care (also helps the customer), but they also would help the home care aides. The point menu includes some higher point items where WIB Y could earn points for its successes with these agencies.

In this scenario, higher value measures are likely to stem from longer term relationships and reflect not just transactional results but deeper, transformational changes in employer business models or practices that support the ultimate goal of the workforce system to help job seekers/workers "succeed in the

⁵ While the concept of a menu of options for a performance measure is new, it is not completely foreign. For example, the Center for Law and Social Policy (CLASP) has proposed a menu system for another new indicator in WIOA on "measurable skill gains. See the CLAP concept paper, "Using Measurable Skill Gains to Best Serve Low-Income, Lower-Skilled Individuals," by Anna Cielinski, December 2014.

⁶ One early reviewer indicated that, although the specific activities would not need to be identified at the beginning of the year, many WIBs likely would identify the specific activities they plan to carry out throughout the year as part of their strategic planning and budgeting.

labor market.” Lower point measures are more transactional interactions, but are necessary steps toward building working relationships needed for higher value outcomes.

At the end of the year when DOL receives reports on States’ employer services scores, staff can analyze the spread of points across the menu. It can highlight those States and administrators that earned points through high-point accomplishments that benefitted both the employer and worker customers and share learnings with other administrators. One idea would be to develop a best practices newsletter to share nationally with all administrators in the workforce system to promote system change and improvement. DOL also can provide technical assistance to administrators at the lower end of the point spectrum to continuously “up their game” to higher levels of service and value.

The key design elements that we hope this type of measure would include are that it would be simple to comply with so that it does not add substantially to the paperwork and reporting burden that administrators currently face; it would provide sufficient detail about activities that would support better understanding of how employer engagement is currently approached that would support the information needs of both system administrators and individual operators; and it would be flexible and could be adjusted as learning about employer engagement strategies moves forward.

To begin developing such a menu, we have started with a table of sample indicators. For each indicator, we posed the question: “we would know you were effective in serving employers if...” As the table below shows, the number of points increases as the intensity of the work and the depth of the relationship with the employer(s) increases. The relationships with employers evolve from *transactional* in which the administrator provides basic services to *transformational* in which employers are co-investing (money, time, and effort) and the outcomes for employers and workers/jobs seekers are significantly more robust.

The highest point value column on the far right includes transformational activities and outcomes with a group(s) of employers. This set of indicators can provide credit to WIOA administrators successfully implementing sector strategies and career pathway systems.⁷ These two approaches are required under WIOA but the law does not establish any measures of performance in implementing them. This point menu system can do “double duty” by not only providing a flexible and customizable performance measurement system for the new effectiveness in serving employers indicator – it also can help administrators measure their success in implementing core required strategies in WIOA.

The sample indicators in this table are illustrative only. Also, they tend to focus on the types of activities and outcomes appropriate for WIOA Title I administrators because we have the most familiarity with this part of WIOA. The federal agencies developing WIOA regulations would need to develop indicators appropriate for all titles.

⁷ For a definition of career pathway system, see “Shared Vision, Stronger Systems,” the framework from CLASP’s Alliance for Quality Career Pathways initiative.

As readers review this table, we are interested in your thoughts on:

- Are these the right types of indicators?
- Are they reflective of what WIOA administrators are doing, should be doing, and/or can do?
- Would these indicators produce interesting and helpful information about the effectiveness of serving employers – for DOL, for the state and local administrators, and for external audiences?
- What other types of indicators should be added?

Of course, we will need to define specific indicators during this process, but we want to make sure we include the right general indicators in the menu before moving to the next step of specifically defining each one.

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Sample Indicators of Effectiveness of Core Programs Serving Employers			
Transactional relationship		→ Transformational relationship	
Transactions with an Individual Employer	Transformation with an Individual Employer	Transformation with a Group of Employers as in a sector strategy	
Points increase from low		→ to high	
<ul style="list-style-type: none"> • WIB fills job orders/places job candidates <i>at any legal wage level</i> • Education/training/services are informed by employer needs • Employer accesses qualified job candidates as a result of WIB activities, e.g. job fairs • Provide OJT to 5% (?) of employer clients (<i>OJT is a service to employers and a tool for employer engagement that WIBs should be encouraged to use</i>) • Market penetration measure: WIB serves 5-10% (?) of businesses in workforce area (may want to adjust to focus on sectors?) • Business retention rate/repeat business: at least 20% (?) of businesses served 	<ul style="list-style-type: none"> • Fill job orders/place job candidates <i>at wages above a basic living standard (i.e., a regional wage standard, LLSIL, MIT living wage calculator or WOW Self-Sufficiency Standard)</i> • Successfully provide employment retention services • Workers who complete OJT provided by WIB advance in job/earn wage increase (<i>advancement is an indication of employer satisfaction with training</i>) • Successfully provide incumbent worker training • Successfully provide lay-off aversion/Rapid Response services • Conduct assessment of worker skill needs 	<ul style="list-style-type: none"> • Work with employer to provide supervisor training (ideally, employer-paid) • Successfully assist employer in implementing worker retention strategies • Assist employers in job redesign to improve attracting/retaining qualified candidates or worker productivity (job redesign may include identifiable items such as: increase in wage, introduction of profit sharing, provision of more stable schedules or more notice of hours, reduction of variability in number of hours worked, development of new internal advancement opportunities, other (specify)) • Assist employer in developing and implementing an 	<ul style="list-style-type: none"> • Employers in the sector shift to using competencies for hiring and advancement decisions rather than educational credentials and degrees • Employers jointly invest in training for the sector • Employers provide and facilitate cross-company career advancement opportunities for workers • Employers provide economic stabilization and retention services as a group to workers, e.g., The Source • WIB supports the creation of a model enterprise for the sector, e.g., Cooperative Home Care Associates worker-owned home health agency • Administrator becomes a recognized resource in the sector as evidenced by

<p>in the last calendar/program year have returned for services in the current calendar/program year</p>	<ul style="list-style-type: none"> • Conduct assessment of employment practices [high points in this range] • Market penetration measure: WIB serves 10-20% (?) of businesses in workforce area (may want to adjust to focus on sectors?) • Business retention rate/repeat business: at least 40% (?) of businesses served in the last calendar/program year have returned for services in the current calendar/program year • Employer recommends WIB/job center to peers/colleagues 	<p>apprenticeship program</p> <ul style="list-style-type: none"> • Work with employer to build internal career pathways for workers and demonstrate evidence that workers are advancing on the career pathways • Assist employer with improved Human Resources policies in ways that allow them to tap into new sources of labor, e.g., people without bachelor's degree, ex-offenders, older workers • Successfully assist employer in adopting/improving/expanding employee ownership 	<p>invitations to participate on local or state task forces, economic development committees, etc.</p> <ul style="list-style-type: none"> • Shift industry norms in an industry or occupation to improve labor market conditions for entry-level workers, e.g., increased industry wages, regularized schedules, increased provision of paid leave, etc. • Increase employer utilization of entry-level workers' skills
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Some of these menu items may feel redundant to the WIOA indicators focused on job seekers/workers, and it may feel like we are “double counting” the same activities. This may or may not prove to be problematic. On the one hand, double counting is a form of gaming, which the performance system should safeguard against. On the other hand, some indicators of effectiveness face two directions in that they are indicators of value to both job seeker/worker clients and to employer clients.

Early reviewers of this concept paper suggested that WIBs will need robust training and useful tools to help them select and implement their menu items. Several of these reviewers also noted that WIB staff would benefit from more formal training on providing business services. In our experience, some WIB or job center staff may not feel comfortable approaching employers – either because they are intimidated or because they view their role as serving jobs seekers/workers not “selling” services to employers. Any training of workforce system staff should include content that addresses these issues.

Points for Consideration

There are several issues to consider in designing this concept.

1. Effectiveness in serving individual employers or employers as a group?

Some of the sample menu indicators above are aimed at measuring WIB success in serving individual employers, i.e., employer better understands the labor market or employment laws. Others are aimed at serving employers as a population group, i.e., the market penetration indicators. Is the intent of WIOA to measure the public workforce system’s effectiveness in serving individual employers, employers as a group, or both? If the intent is focused on serving employers as a group, we must recognize the limited resources and staff capacity that most WIBs work with. Measures should be calibrated properly in order to be a fair--as we have suggested in the menu above by incrementally increasing the expected market penetration rate-- and rates should be considered in light of the size of the market and the WIBs resources.

2. Effectiveness of individual core programs or of the core programs as a group?

Is the intent of WIOA to measure the effectiveness of core programs individually in serving employers or is it to measure the effectiveness of the system of programs? Again, given the limited resources and staff capacity of many WIBs, it may be more appropriate to apply this business services measure across the programs to the system as a whole. This cross-program application also may have the added benefit of reducing duplication of outreach efforts to employers by individual programs – a problem that plagues the system now. It also may assist with encouraging more coordinated, aligned, and systemic approaches across programs, which is a theme in WIOA. One challenge with a cross-program or cross-funding stream measure may be management information system (MIS) data collection and reporting.

3. How to determine appropriate point goals for each WIB

A strong argument for a flexible, customizable measurement system such as the point-menu system proposed here is the wide variation in WIB size and capacity, WIB experience and expertise in working with employers, and the wide variation in regional labor markets. It also points to the need for a reasonable and fair method for determining the appropriate level of points in each WIB's annual point goal. Some early reviewers have suggested the development of a regression model to statistically adjust performance targets for WIBs based on relevant variables – similar to the regression model process that DOL began to use with all states in Program Year 2011 under WIA. The idea of a regression model raises a number of technical questions, but at this time, since the public workforce system has not systematically collected information on these types of indicators or outcomes, a regression model is not feasible. This idea could be explored more specifically after gaining some experience and when more data are available.

It may be more appropriate and feasible at this stage to develop criteria to guide the negotiation of the point goal for this metric. Factors that would seem to be important for the criteria include but are not limited to: size of the WIB (perhaps based on funding allocation), current labor market conditions (e.g., wages), current proportion of “low road” employers and “high road” employers, types of industries, size of employers, the strength of organized labor, the status and maturity of any sector strategies, etc.

As mentioned elsewhere in this concept paper, we would recommend piloting this system before widespread use in the public workforce system. Perhaps an initial set of indicators could be developed for the 2016 implementation of the WIOA measures. This would be a streamlined set of easily understood indicators that may even simply build from the WIA employer satisfaction measure. During the first few years of WIOA implementation, the federal agencies could pilot a more robust set of indicators and select the most appropriate ones for the final menu based on results of the pilot testing. Some of the early reviewers from WIBs for this concept paper have enthusiastically volunteered to be considered for piloting this concept.

4. Gaming

As with any new and untested measurement system, this one will need to be designed to discourage “gaming.” Outlined here are a few initial thoughts, and we welcome additional comments from readers. First, clear definitions of each menu item will be needed to ensure that only appropriate activities and outcomes are “counted” toward the point totals. Good examples, guidance, and training will also help ensure consistency. Appropriate – but not over-burdensome – levels of documentation also will help. Audits by DOL will be a high-stakes test of the quality of activities and outcomes counted in the menu.

It is important to note that some of the “gaming” may not be intentional, but rather the result of misunderstanding a new measure. It may be helpful to implement a grace period for this measure in which WIBs must report their performance but are not sanctioned for falling below performance levels. Such a grace period would give everyone time and data to better understand appropriate expectations. Similarly, piloting this measure would be advisable. Several of the early readers of this concept paper

agreed that this particular point-menu proposal would benefit from piloting and have enthusiastically volunteered to participate in a pilot.

Second, we will want to prevent gaming in terms of WIBs simply “loading up” on low-point easy activities and avoiding higher-point, harder activities. This may be somewhat countered by appropriately scoring each menu item and ensuring that harder, more value-add activities/outcomes are scored high enough to be worth the extra effort. Recognizing WIBs for higher-point outcomes – for example, through DOL communications – might also provide incentives and may even provide a little healthy competition in the field. Ultimately, engaging in the higher-point activities provides more valuable service to employers, clients, and communities, which we hope provides incentive in itself.

5. Is the WIOA intent for the new indicator(s) to measure transactional and programmatic activity or to measure strategic efforts with employers or both?

Related to the question of WIOA’s intent regarding service to individual employers or employers as a group is whether the law intended for the new indicator(s) to be transactional programmatic activities or more strategic (and perhaps transformational) activities. This question drives the types of indicators that are appropriate for the point menu. One possibility is that the services to employers indicator(s) should be broadly interpreted to include both programmatic services and strategic activity. The indicators in the sample menu above have been drafted with this broader application in mind. Wherever the line is drawn, cost accounting rules will need to allow charging this work as a program cost, an administrative cost, or both/either.

6. Considerations for Management Information Systems (MIS)

Any new metric on employer services will require changes to current MIS. In order to reduce data reporting burden and possible gaming, the reporting requirements and MIS for this proposed point-menu system should be simple, streamlined, and useful to participating WIBs as well as DOL. WIBs should be allowed to self-report data. The DOL audit process may suffice as the mechanism to confirm reported activity. Verification of reported activities or outcomes will vary by menu item and should be clearly defined. The MIS for this measure may need to include a field(s) to connect to official employer information such as the Employer Identification Number or DUNS number. A few early reviewers of this concept paper suggested that some sort of employer account management system - similar to client case management systems – may be a helpful tool to develop. Such a system could help staff manage relationships with employers and document activities and outcomes (both those that accumulate points and those that do not). Such a system should be developed to serve both individual employers and groups of employers as in a sector strategy.

7. Are we asking too much of the system by focusing some (high point) indicators on job quality?

A few early reviewers asked this question: are we asking too much of our public workforce system by considering efforts to improve job quality a possible part of their work, especially given how underfunded it is? We do not think this is asking too much of the system. First, it is designed as a dual customer system to serve both job seekers/workers and employers. Within this dual expectation, it is

important to get right the types and levels of expected performance, and we believe the point-menu system is an especially good tool for calibrating and customizing performance expectations. Second, on the customer side, this duality should extend to not only helping job seekers/workers develop skills, but should also help them find *quality* jobs. Much of the focus in the public workforce development system has been on skill development and access to jobs (sometimes quality, sometimes not). Given the magnitude of the erosion in wages, benefits, job stability, and meaningful jobs as well as the crisis level of economic inequality in this country, it is critical that anyone concerned with the welfare of workers and families play a part in addressing this challenge.

Questions for Readers

We understand that this is a novel approach and there are many, many details that would need to be worked out. But we also understand that the new WIOA law and this new employer services measure is a unique opportunity to think differently about how we measure performance and get more out of the measures we design. Even more importantly, this is a time when this country's workforce development system needs to prove its value to workers, employers, and taxpayers. A lot more is riding on whatever performance measurement system we develop than simply tallying numbers and percentages.

If you find our idea interesting, please help us develop it. We've posed some questions below to prime the conversation and provided our contact information to receive your feedback. Thank you for taking valuable time to consider this idea.

Questions:

1. Does this idea seem useful?
2. Does this idea seem doable?
3. What benefits or opportunities do you see with a system like this?
4. What challenges do you see?
5. Should this idea be piloted?
6. What indicators or measures would you most/least like to see such a system include?



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