

# Next Generation Performance Accountability

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To meet the combined challenges of a competitive economy and a changing labor force, and make the best use of limited resources, Washington's workforce system must achieve its objective outcomes and continuously improve its performance. While Washington's workforce system has been a national leader in performance accountability, new mandates from the Workforce Innovation and Opportunity Act (WIOA) create the opportunity to improve performance measures to better support a more integrated and coordinated service delivery system.

## **New measures for a new federal act**

New measures will focus on customers: workers, employers, jobseekers and students. Previous performance measures focused on programs rather than people.

New measures will be developed to provide a system-level, cross-agency assessment of overall progress that provides a clear picture of customer progress (worker, employer, jobseeker and student) rather than individual program results.

## **Next Generation Performance Goal**

The following goal will help move Washington's system forward:

- Develop a system to accurately measure the collective success of all WIOA partners in serving workforce populations.

In addition, soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Board to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

1. *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
2. *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
3. *Work together as a single, seamless team to make this happen.*

These three goals will inform the larger system and guide any changes. Below are ways the system is evolving to better serve all populations through enhanced performance measures.

## **Federal and State Framework**

WIOA combines six federal programs under a common performance measurement system. This updating of federal law brings with it new requirements, challenges, and opportunities.

All but one of the six WIOA core programs (Title III - Wagner-Peyser) have been included in the performance measurement and evaluation framework previously developed by the Workforce Board under state law. This framework includes annual reporting of state Core Measures, including the employment and earnings of workforce program participants along with skill attainment, employer and participant satisfaction, and the return on investment to taxpayers and participants. State core performance measures cover several additional components of the workforce system not included in the WIOA performance system, such as apprenticeship, secondary and postsecondary career and technical education programs, and licensed private career schools.

## **Overview of Washington's workforce development accountability system**

Washington has made great progress in implementing a workforce development accountability system since the Legislature created the Workforce Board in 1991. Part of the Board's mandate was to establish standardized performance measures across multiple workforce education and training partners and programs. In consultation with workforce training and education agencies and providers, a comprehensive set of Core Measures and data collection methods were established to address the following questions:

- Did participants of workforce programs get the skills they needed?
- After leaving the program, were participants employed?
- How much did they earn?
- Were program participants and their employers satisfied?
- Did the participant and public get a good return on investment?

To achieve these goals, the Workforce Board developed a variety of measurement methods, including administrative records matching, surveys, and statistical evaluations. The last question, about return on investment, was answered through periodic "net impact" studies which compared the employment rates and earnings of program participants with those of a control group with similar demographic characteristics.

The establishment of these core measures and data collection methods constituted one of the broadest and most sophisticated ongoing state workforce education and training assessment systems in the country.

Federal workforce programs also addressed performance accountability on a program-by-program basis. However, different performance measures were developed separately for many federal programs during this period.

The performance measures largely focused on participant outcomes in terms of employment, earnings, attainment of credentials or progress in education and customer satisfaction. The Workforce Board was heavily involved in national efforts, starting in 2003, to bring interested states together to develop model measures for participant performance outcomes that could be applied across a wide range of programs. The resulting model measures were very similar to the ones adopted by Washington in 1996, and are known as the *Integrated Performance Information* measures.

Under the Workforce Investment Act (WIA) further progress was made toward service coordination and integration of federal programs. Although WIA emphasized closer service coordination across agencies and programs, there were no provisions for performance measures except for the Title I (Adult, Dislocated Worker, and Youth) and Title III (Wagner-Peyser employment services) programs. WIA did advance participant choice and consumer information provisions and Washington aggressively implemented a performance-based Eligible Training Provider List, requiring programs meet specific completion, employment and earnings thresholds in order to be eligible for federal training dollars.

Washington also uses this performance information to help individuals seeking training make informed choices, most notably through the Washington Career Bridge website, launched in 2009. Not only can job counselors see whether an education program led to living-wage jobs, but so can jobseekers, students, parents, educators, and anyone else interested in the outcomes of thousands of Washington education programs.

### **WIOA promises a better integrated, more coordinated system**

It was against this backdrop that WIOA was enacted, the first federal reform of the workforce system in 15 years.

WIOA's overall goal is to serve customers at a variety of entry points and offer services as needed, rather than requiring customers to proceed on a specific pathway through increasingly "intensive" levels of assistance. If the intention of a high-functioning system is to enable customers to move into and across programs as needed, then the performance measurement system needs to be capable of accurately measuring results when many of the participants are served by multiple programs.

Many details of WIOA's performance accountability system are yet to be defined in regulation and federal guidance; however parts of the emerging picture are becoming clear. WIOA makes important changes in federal performance measurement requirements, including:

- Updated and standardized outcome measures applied across all six core programs. The majority of these measures are very similar to Washington's existing IPI/State Core measures, which have been used for all of the core programs except Wagner-Peyser.
- Reporting procedures which recognize the relationship between participants' barriers and other characteristics and their outcomes, and that many participants may be served by more than one program.
- Extending the types of training providers to be covered under performance-based Eligible Training Provider List processes.

Several of WIOA's key features move toward more consistent accountability for its component programs. In addition to the updated measures and reporting improvements mentioned above, final WIOA rules are likely to include a "common exit" rule under which the exit outcome period for a participant served by multiple programs will not start until the participant has exited from all of them.

However, WIOA does not focus on assessing the collective performance of the WIOA partners, instead focusing on participants served under each of the six separate federal funding streams. Reporting on performance measures is required for participants with specific barriers and by demographic groups within each of the six core programs, but not unduplicated reporting across all of the core programs. Recent regulatory drafts from the federal departments of Labor and Education reference an "average indicator score," arrived at by averaging each performance measure across all six programs. This may be an initial step toward assessing system-level performance, but the average of performance at the program level will not be very effective in measuring the system-level performance of the WIOA partnership.

In contrast to the previous act (WIA), WIOA measures are proposed to exclude the outcomes of participants who rely solely on self-service, eliminating the performance of almost 40 percent of the state's Title III (Wagner-Peyser) participants from the official performance measures. However, Washington will continue to include this growing segment of the state's workforce customer base.

### **Washington's Commitment to System-Level Performance Accountability**

Washington's Workforce Board is committed to developing a true "system" of workforce delivery, with service delivery coordinated and aligned across programs and agencies. In May 2015, the Workforce Board decided to pursue development of performance data appropriate to a coordinated and aligned system of service delivery by measuring how the components of

that system collectively affect the outcomes of different types of clients, regardless of the mix of resources involved. That is, the system will be measured by how well the state is collectively serving populations—such as those with disabilities, or out-of-school youth—rather than how participants receiving services from Vocational Rehabilitation or from Title I Youth are faring.

This will be in addition to—and developed more slowly than—the required calculation and reporting of federal measures at the program level.

Performance targets will be required for all six core WIOA programs using the new WIOA measures at the state level, with the state targets set in negotiations with the federal departments. Performance targets are required at the sub-state level only for the three Title I programs – Adult, Dislocated Worker, and Youth. These local targets are to be negotiated between the regional Workforce Development Councils (WDCs) and the Workforce Board. The current practice under WIA has been to consult with the WDCs in developing target levels to propose to the federal agencies as required for the negotiation process. Only the six core WIOA programs are required to use the WIOA performance measures. Participation of any other federal or state program in a WIOA “combined plan” or “unified plan” does not invoke WIOA accountability for any additional programs.

### Washington’s Alignment with WIOA

While WIOA shifts several elements of the performance accountability system in the direction of current Washington practices, the act will require significant changes and at least minor modifications in almost every aspect of those processes.

### WIOA measures compared to current Washington State Core Measures

Measure	WIOA	Washington	Impact
Employment Rate	2 <sup>nd</sup> and 4 <sup>th</sup> quarters after exit	3 <sup>rd</sup> quarter after exit	These are very similar to the IPI/State Core measures. Existing sources and methods appear to be adequate for providing this data.
Median Earnings	2 <sup>nd</sup> quarter after exit	3 <sup>rd</sup> quarter after exit	
Credential Rate	Percentage of participants who either obtained postsecondary credential, or obtained secondary school diploma during participation or within one year after exit. (More complicated definition for Title III Youth)	State Core measure is similar, but significant details still to be determined.	A new measure of progress while in training has yet to be
Skills Gain	Percentage of participants (not only exiters) who are in a program leading to either: a	No comparable State Core measure	

	postsecondary credential, or employment and achieve measurable skill gains toward credential or employment		fully defined, and will pose some challenges as it involves data and sources not used in previous workforce performance measures.
Effectiveness in Serving Employers	TBD	State has conducted periodic employer surveys.	New measure(s) will be developed over the next year or more by the federal agencies.

At a high level, the key outcomes identified nearly 20 years ago for the workforce system remain the focus of most performance measurement efforts. They are not static targets, but areas in which positive results should be achieved for all people, and by which improvement efforts should be focused.

- Employment.
- Earnings.
- Skills.
- Satisfaction of workforce program participants.
- Satisfaction of employers.

Washington will also strive for quality performance measures by emphasizing the following considerations for outcome measures:

- Quantify the results for customers rather than processes or the quantity of inputs.
- Promote behavior and results consistent with longer-term objectives – and does not incent actions with unintended consequences contrary to overall objectives of the workforce system.
- Comprehensible to a lay audience.
- Create a level playing field among programs and service strategies.
- Scalable and divisible such that they are applicable to local institutions, regional areas, and the state, and for subpopulations and service strategies.
- Not easily “gamed” or manipulated.
- Affordable and not a substantial diversion of resources from direct service to customers.

## Washington’s Commitment to System-Level Performance Accountability

WIOA’s goal is to serve customers at a variety of entry points and offer services as needed rather than requiring customers to move through increasingly “intensive” levels of assistance. If the intention of a high-functioning system is to enable customers to move into and across programs as needed, then the performance measurement system should be appropriate to a system in which many of the participants are served by multiple programs. However, the formal WIOA performance assessment process does not focus on assessing the collective performance of the WIOA partners, instead focusing on each of the six separate federal funding streams.

Washington is committed to developing a true “system” of workforce education and training service delivery, including the integration of performance accountability.

To measure achievement of this plan’s objectives of Improving the Customer Experience for Current and Future Workers, Improving Accessibility and Technology, and Engaging Business for Better Results, the Workforce Board is committed to the development of a system-level or cross-agency assessment of overall progress. This is a commitment beyond the federal requirements in order to develop a performance approach that addresses how the WIOA partners are collectively serving all populations within the workforce system. This approach will provide aggregated data by population type, in unduplicated counts across all the core programs.

The development of performance data appropriate to an integrated system of service delivery is necessary to measure how the components of that system collectively affect the outcomes of different types of clients, regardless of the mix of resources involved. This systemic performance accountability effort will be in addition to, and developed more slowly than, the required federal measures computation and reporting at the program level.

### Work to be Done (What we don’t know)

Many critical details have yet to be released. However, a substantial amount of policy, procedure, and technical development will be involved in implementing the performance accountability components of this far-reaching federal act. This work is likely to continue for at least the next two years. A partial list includes the following:

#### Which core programs are included in WIOA?

##### 1. Employment and Training Programs under Title I

- Disadvantaged Youth Services.
- Economically Disadvantaged Adult Services.
- Dislocated Worker Programs.

##### 2. Basic Education for Adults under Title II

##### 3. Wagner-Peyser Employment Services under Title III

##### 4. Vocational Rehabilitation Services under Title IV

### **Implementing Federal Measures and Reports**

The full scope of this task will not be determined until more federal instructions are released. However, almost all parts of the process of computing performance measures will require some modification. Some new data will have to be collected for the new education and training progress measure (#5). Data collection and processing procedures must be modified or expanded to support new WIOA requirements for performance measurement, statistical adjustment of performance measures, and mandatory reporting. Data validation processes will need to be established for new data items, and may need to be modified for some items currently collected.

### **Performance Target Negotiation**

Data will have to be assembled and analyzed so that performance can be monitored relative to agreed targets and timely requests can be made for target level adjustments in response to unforeseen developments. This will be particularly important during the initial years when federal statistical models for performance adjustment are not fully developed.

### **Sanctions and Incentives**

The system of federal incentives under WIA was not retained under WIOA. New performance sanction procedures must be developed, and the option of state-designed incentives considered.

### **Combining WIOA and State Core Measures**

Because all three of the current State Core Measures for participant outcomes are very similar (but not identical) to WIOA measures, the number of measures used for the programs involved in WIOA should be consolidated. Because the State Core Measures have been in use for almost 20 years and are applied to programs outside WIOA, careful evaluation is needed before consolidation.

### **Eligible Training Provider List Processes**

WIOA requires the establishment of some new procedures for the existing processes for eligibility of education and training programs for Adult and Dislocated Worker participants. The existing criteria must also be re-evaluated and modified. Further, systems for performance assessment and minimum criteria for programs providing several additional types of services to Youth, Adults, and Dislocated Workers must be developed, including pre-apprenticeship and incumbent worker training. Additional program information identified as important in WIOA may need to be collected and disseminated, requiring modification of the Eligible Training Provider List and Career Bridge.wa.gov processes and systems. The WIOA draft regulations indicate that states have the flexibility of setting different standards for different types of providers. Significant time and effort will be required to determine how to define different

types, and how to set standards for provider types for which there is limited experience and baseline data.

### **Measures for Combined Plan Programs and Other Partners**

The separate federal performance measurement systems for all non-core programs will remain unaffected by WIOA, regardless of the extent to which their activities become formal or informal partners in One-Stop and WIOA. As part of developing a system accountability approach for Washington, it may be desirable to eventually include participants from these other partners in an overall accountability framework. However, this would be strictly a state option, and not subject to federal targets and sanctions.

### **The System-Level View**

Going beyond the federal requirements to develop a system-level view will also require substantial work, and will proceed more slowly than development of required federal reporting. Phased implementation is expected, beginning with development of descriptive data about how many people from which populations are currently receiving what types of services across the partnering agencies. Fortunately, the Workforce Board has significant relevant experience and established methods for parts of this task.

### **Summary and Goals**

In conclusion, Washington's performance accountability system leads the nation, but there is clearly room for improvement. Determining how to make these adjustments will take time as the state waits for additional federal guidance and sorts through the many metrics involved in workforce performance. In general, the state is committed to developing a system to accurately measure the collective success of all WIOA partners in serving workforce populations. This approach will provide data aggregated by population type, in unduplicated counts across all the core programs.