

IssueBRIEF

"...performance measures are the key measures of success in achieving the legislative goals of WIA."

<http://www.doleta.gov/performance/quickview/WIAPMeasures.cfm>



The Workforce Investment Act Accountability System: The Role of Performance Measures in Service Delivery

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HIGHLIGHTS FROM THIS BRIEF

Across the Local Workforce Investment Areas (local areas) participating in the Workforce Investment Act Adult and Dislocated Worker Programs Gold Standard Evaluation:

- Most, but not all, local administrative staff indicated that the three “common measures” used to assess performance—employment, retention, and earnings—were appropriate for assessing the work that they do.
- Local areas typically used performance measures—most often the common measures and enrollment targets—to hold the providers of services under the Adult and Dislocated Worker programs accountable for their performance.
- Performance measures, as well as resource availability and client needs, affected local areas’ decisions about who to serve and services offered.
- Local area administrative staff generally supported (1) the addition of a credential attainment measure and (2) the use of statistical modeling to develop local area performance targets. These were two of the changes to the accountability system included in the Workforce Innovation and Opportunity Act.

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WIA Adult and Dislocated Worker Programs | Gold Standard Evaluation

The Workforce Investment Act of 1998 (WIA) established a system to promote performance-based accountability for the public workforce system. This system assessed the performance of the states and Local Workforce Investment Areas (local areas) charged with delivering employment-related services through the WIA Adult and Dislocated Worker programs and other programs. As part of this system, the Act specified four performance measures for job seeking customers: (1) entry into unsubsidized employment, (2) employment retention, (3) earnings after six months in employment; and (4) credential attainment. The Workforce Innovation and Opportunity Act (WIOA) superseded WIA but maintained, with several changes, WIA’s accountability system.

This brief describes key features of the WIA accountability system and the role of performance measures in the 28 local areas randomly selected to participate in the

WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WIA Gold Standard Evaluation). The data are mostly drawn from the evaluation's qualitative data collection during visits made to the local areas in 2012 and 2013 and telephone interviews in 2014.

BACKGROUND ON THE WIA PERFORMANCE SYSTEM

The U.S. Department of Labor's (DOL) Employment and Training Administration (ETA), following recommendations from the U.S. Office of Management and Budget (OMB), developed a set of "common measures" (see text box to the right) to consistently assess performance across multiple workforce development programs. Initially to assess the WIA programs' performance, these measures were used with the credential attainment measure established under WIA. However, by May 2014, 44 states and the District of Columbia had received waivers allowing them to use only the common measures.

ETA negotiated goals for the performance measures with each state, and states, in turn, negotiated with their local areas to set local performance goals. As specified by WIA, these negotiated goals incorporated local factors, such as economic conditions and the characteristics of the program participants. WIA stipulated that states and local areas receive incentive awards for exceeding their performance goals and, conversely, be subject to sanctions for a continued failure to meet them.¹

LOCAL AREA PERSPECTIVES ON THE COMMON MEASURES

During interviews, administrative staff from most of the study local areas (17 out of 28) said that the common measures captured the most important aspects of their Adult and Dislocated Worker programs' performance. Of the remaining 11 local areas, staff from three expressed both positive and negative views of the measures and staff from four offered a predominantly negative opinion. Staff from four local areas did not comment.

Local area staff members with a predominantly positive opinion of the common measures said that they "measured what they are supposed to measure" and "captured the key benchmarks of performance." One local area staff member

THE COMMON MEASURES TO ASSESS PERFORMANCE IN FEDERALLY-FUNDED WORKFORCE PROGRAMS

- **Entered employment.** The percentage of customers employed in the first calendar quarter after the quarter in which program services ended. The measure included only customers not employed at the start of program participation.
- **Employment retention.** The percentage of customers employed in both the second and third quarters after the quarter in which program services ended. The measure included only customers employed in the first quarter after they exited the program.
- **Average earnings.** Customers' average earnings in the second and third quarters after the quarter in which program services ended. The measure included only customers employed in the first, second, and third quarters after they exited the program.

Source: U.S. Department of Labor. "Training and Employment Guidance Letter No. 17-05."

also appreciated the common measures' simplicity, while another noted that because they were common across programs they were effective in "breaking silos" and in promoting service integration across multiple federally-funded workforce development programs.

Although opinions of the common measures were mostly positive, local administrative staff did identify some challenges. Staff from three local areas cited as a challenge the amount of time, effort, and expense that was put into gathering and validating customers' employment and earnings data from state unemployment insurance systems in order to fully document performance measure outcomes. Two other challenges mentioned by staff from at least four local areas were that (1) the time lag with which performance data became available prevented them from using the measures to improve service delivery in real time, and (2) the common measures did not capture outcomes of their other goals, such as improving job search skills for customers, placing customers in jobs that were in demand in local labor markets, and developing partnerships with other agencies.

PERFORMANCE ACCOUNTABILITY FOR WIA SERVICE PROVIDERS

Local areas were responsible for the performance of their WIA service providers. To help ensure that their service providers performed sufficiently well for the local area as a whole to achieve its negotiated goals, many local areas established performance measures for their providers of services to job seekers under the Adult and Dislocated Worker programs. These measures, often used in combination with each other, included:

- **Common measures.** Staff in five local areas reported holding providers accountable to the common measures. In four of the five local areas, staff reported establishing with their providers the same performance goals on the common measures as the local area had negotiated with the state. In the fifth local area, however, local area staff reported that they established levels of performance that were higher than those that they had negotiated with the state, as a precaution to ensure that the local area would meet the required performance levels even if some providers underperformed.
- **Enrollment or caseload measures.** Local area staff in eight of the local areas reported requiring enrollment or caseload measures because they enabled a more immediate assessment of performance than the common measures would allow. Staff from three local areas reported using enrollment targets in combination with the common measures. Two local areas utilized an approach used in the manufacturing sector, in which providers establish and maintain optimal “production capacity,” or the number of customers being served by the program. The local areas assessed providers’ performance by whether they complied with the optimal capacity rule.
- **Additional employment measures.** One local area assessed the number of job placements in which customers received more than a “self-sufficiency” wage. Another local area required each of its service providers to measure the number of job placements in which customers found jobs through the provider’s connection with the employer.
- **Cost efficiency measures.** One local area assessed its service providers by their success in maintaining operating expenses within pre-established limits. Another local area assessed the performance of its service providers using a

cost-per-participant measure; another used a cost-per-placement measure.

- **Customer satisfaction measures.** One local area assessed its providers based on customer satisfaction scores.

While WIA did not specify performance measures for local areas’ provision of services to businesses, WIOA introduced business service performance measures and about a quarter of the 28 local areas in the study reported establishing business services performance measures. Measures used to assess performance on providing business services included:

- **Job orders, vacancies filled, and customers employed.** One local area expected its WIA-funded business services contractor to provide at least one job for every four job seekers who were determined job-ready or were within 30 days of completing training. The three local areas in the study in Texas—Gulf Coast, North Central Texas, and South Plains—were held accountable for business-services performance measures set by the state. These measures included the percentage of job postings in the state’s job matching system that were filled and the percentage of new unemployment insurance claimants placed in employment within 10 weeks of their initial monetary eligibility.
- **Employer contacts.** Another local area in the study assessed the number of new employer contacts and whether the frequency of contacts was at least once every two months. The three local areas in Texas were also held accountable for the number of employers served.
- **Training positions created.** Two local areas set performance targets related to the number of on-the-job-training positions its contractors established; in one of these areas, the local area administrative staff tracked the number of individuals who received training customized to a specific employer. Another local area tracked the number of customers placed in apprenticeships.

Local areas used performance measures to encourage strong performance by their service providers. Staff from several local areas reported that specialized local area staff members conducted a regular visit—from weekly to quarterly—to each Adult and Dislocated Worker service provider to discuss performance issues and plan corrective actions if necessary. Three local areas specified repercussions in the provider contracts if the provider failed to achieve performance targets. For example, one local area had a

contract with its providers that made 20 percent of its reimbursement contingent on performance. WIOA allows 100 percent performance-based contracting, and therefore may prompt more local areas to adopt this approach.

ROLE OF PERFORMANCE MEASURES IN SERVICE DELIVERY

WIA gave states and local areas flexibility in determining who should receive staff-assisted services and training under the Adult and Dislocated Worker programs. To participate in the programs, customers had to meet basic eligibility criteria (such as being able to work legally in the United States) but WIA also allowed the local areas the flexibility to serve customers they deemed suitable for services as long as they served “those who can benefit from, and who are most in need of, such opportunities.”² Once a customer began receiving staff-assisted services from the Adult or Dislocated Worker program, his or her performance outcomes would be included in the local area’s performance measures once he or she left the program.

Of the 28 local areas in the WIA Gold Standard Evaluation, staff members in 24 reported conducting some type of “suitability” assessment. In most local areas, the suitability policy appeared to be established by the local area and followed by service providers, although suitability criteria did vary slightly across service providers.

Different criteria were used to assess customer suitability for services. The most frequently cited criterion was the level of customer motivation or commitment, as determined by a career counselor. Another commonly mentioned indicator of suitability was the customer’s skill level at the time of enrollment, measured by educational attainment (for example, persons without a high school diploma or general educational development (GED) credential may not be enrolled), or by assessment test scores. These skill level requirements were predominantly used by local areas that emphasized training. In other local areas, health issues, lack of stable housing, criminal history, drug abuse history, and other barriers to employment might affect suitability for enrollment. Individual local areas often included several of these criteria in their requirements.

Some study local area staff maintained that meeting performance goals was one, but not their only, reason for conducting suitability assessments. They believed that it was an efficient

use of workforce investment program resources to enroll customers who were serious about seeking employment and had a reasonable prospect of being successful. As one local area director said, the program managers “take seriously that they are giving government money to serve clients... and they want to make sure, from both a wise use of money and [WIA] performance standpoint, that they are only giving money to clients who they think will actually follow through with what they say that they are going to do.”

Some study local areas required or encouraged their providers to offer services that local staff considered more likely to lead to outcomes that would increase their ability to meet performance goals. For example, staff in a few local areas explicitly mentioned meeting employment performance measures as one of the main reasons for promoting on-the-job training for their customers. These staff emphasized that on-the-job training helped their performance on both the entered employment and earnings measures, because the customers would likely remain at their employers at the end of the on-the-job training contract.

STAFF PERCEPTIONS OF WIOA CHANGES TO THE ACCOUNTABILITY SYSTEM

During interviews with local area administrative staff in 2013 and 2014, we asked their opinions about three changes to the common measures that were being considered at that time and were ultimately included in WIOA: (1) adding a credential attainment rate; (2) substituting median earnings for the average earnings common measure; and (3) requiring the use of statistical modeling for setting performance targets.

Credential attainment

While credential attainment was one of the core indicators of performance under WIA, and ETA has highlighted the importance of obtaining meaningful credentials,³ it was not included as a common measure. Even though states were required to report to ETA on credential attainment, many states and local areas did not use credential attainment as a performance measure. Credential attainment is a primary performance indicator under WIOA, which requires states to report a measure of credential attainment that will be used to judge states’ performance.

Administrative staff from 15 study local areas had a favorable or mostly favorable opinion on using a credential attainment measure. Staff from three local areas expressed a neutral opinion, and staff in two other local areas had a negative or mostly negative view. Staff from the remaining eight study local areas declined to express an opinion.

Staff who favored including credential attainment as a measure of performance said that, because training was an important component of WIA-funded programs, completing training programs and obtaining industry-recognized credentials were important program outcomes that should be measured. However, staff from two local areas said that this would penalize programs that emphasized on-the-job training, which did not typically lead to the attainment of formal certificates. In addition, some staff maintained that the educational institutions providing the training—and not the WIA programs—should be held accountable to this measure. Staff members from other local areas were, in principle, supportive of a credential attainment measure, but said that it was important that the measure also include locally recognized credentials.

Median earnings

While WIA and the common measures used average earnings in the performance measure related to post-program earnings, WIOA changed the measure to median earnings, likely to limit the influence of either very high or very low earnings on overall measured performance. Local area staff members interviewed for the study indicated that they did not know enough about this proposed measure to express an opinion.

Statistical adjustments to local areas' performance targets

WIOA requires states to use the statistical model developed by the Departments of Education and Labor to adjust local areas' performance targets in order to account for differences in the characteristics of the labor market or the populations they serve. The purpose of these adjustments is to prevent local areas from being penalized on performance measures because they serve a challenging population or because of a weak local labor market. For example, if a local area experienced a high local unemployment rate or served a particularly challenging population, their performance targets would be adjusted downward. In the last several years under WIA, ETA used statistical adjustments when negotiating states' performance targets.

Administrative staff from study local areas overwhelmingly supported the idea of statistical adjustment of performance targets. They said that these adjustments better accommodate the diversity of economic conditions than the current system. Moreover, statistical adjustments enable local areas to enroll a higher proportion of customers with significant barriers to employment.

WIOA maintains the importance that WIA placed on holding states and local areas accountable for their performance. Local area staff in the 28 study local areas believed that the performance measures played a critical role in how they structure service provider contracts, enroll participants, and deliver services.

ENDNOTES

¹U.S. Department of Labor, Employment and Training Administration. 2014a. “Workforce Investment Act Waiver Report.” Available at [http://waivers.doleta.gov/reports/criteria_basicreport.cfm]. Accessed May 7, 2014.

²Public Law 105-220, Section 195.

³U.S. Department of Labor, Employment and Training Administration. 2014b. “What Works In Job Training: A Synthesis of the Evidence.” Available at [<http://www.dol.gov/asp/evaluation/jdt/jdt.pdf>]. Accessed September 15, 2014.

ABOUT THIS SERIES

Through the Workforce Investment Act of 1998 (WIA), Congress allocated about \$2 billion annually for employment and training services that states and their Local Workforce Investment Areas (local areas) provided through their Adult and Dislocated Worker programs. WIA mandated that job seekers and employers have access to employment and training resources provided by more than a dozen workforce system partners through American Job Centers. At these centers, job seekers could access core services, such as information on local labor markets and job openings. In addition, eligible adults and dislocated workers could receive intensive services, such as career counseling and skills assessments, and training services. The Workforce Innovation and Opportunity Act (WIOA), which superseded WIA, made important changes to the public workforce systems but largely maintained the services provided through the Adult and Dislocated Worker programs.

This issue brief is one in a series of briefs that presents findings from the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation, which is being conducted for the U.S. Department of Labor (DOL), Employment and Training Administration (ETA). The study examines the implementation, effectiveness, and benefits and costs of the Adult and Dislocated Worker programs using an experimental design. The study occurred in 28 local areas that were randomly selected to participate. For more information about the evaluation, please visit the [project web page](#).

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