

NCWD/YOUTH POLICY BRIEF

**PERFORMANCE MEASUREMENT
IN THE
NEW WORKFORCE DEVELOPMENT ENVIRONMENT:
A BACKGROUND PAPER**

INTRODUCTION:

With passage of the Workforce Investment Act in 1998, Congress attempted to improve the nation's employment and training programs by forging a single streamlined, customer-focused workforce development delivery system. The Workforce Investment Act built on emerging workforce development themes and lessons from various employment and training programs. Amongst the major themes in the new law was an increased emphasis on accountability and continuous improvement at all levels. Improving on lessons learned under the Job Training Partnership Act, the WIA established new performance measures for its mandated partners in the three major program areas---WIA Adult, Dislocated Worker, and Youth. In WIA, Congress attempted to weave a myriad of hit or miss programmatic measurements into a new performance-based accountability system.

As the first Congressional review of the WIA occurs, it is timely and appropriate to explore the effectiveness of WIA's performance-based accountability system and the impact of performance measures on services for youth and adults with disabilities. This ***Policy Brief*** is the first in a series of similar papers, to be prepared by the ***National Collaborative on Workforce & Disability/Youth***, which will examine WIA's performance measurement system. The Collaborative is a national technical assistance center sponsored by the U.S. Department of Labor's **Office of Disability Employment Policy**. This ***Policy Brief*** offers a simple primer for the dialogue based on a review of the literature; that is, it is a descriptive background paper about WIA's performance measurement requirements, including those of the mandated partners. The paper is organized to offer a common understanding of key terminology and then briefly describes the history of performance accountability in the workforce development system beginning with the Government Performance and Results Act through the current push toward common measures across programs. The paper begins with a discussion of key terminology and then briefly describes the evolution of performance accountability in the workforce development system beginning with the Government Performance and Results Act (GPRA) through the current push toward common measures across programs. This ***Policy Brief*** is intended to set the stage, to be used as a background paper for a common understanding of performance measurement, and for future ***Briefs*** and discussions on the subject.

KEY TERMS:

Before beginning any dialogue as important as this one, an understanding of key terms and definitions is essential. Oftentimes, the words, performance measures, performance standards and performance indicators are used interchangeably and incorrectly.

Two decades ago, the Urban Institute defined *performance measurement systems* as the regular collection and reporting of program information in three areas: efficiency, quality, and effectiveness. Researchers have shaped the following understanding of these measurements: a) measuring efficiency of a program involves assessing the amount of service provided and the number of clients completing the program and comparing these measures against the costs involved; b) measuring quality involves the assessment of the nature of services provided and tries to maximize the quality of services provided in relation to program inputs; and, c) measures of effectiveness focus on outcomes of programs, such as the number of youth with disabilities who find jobs through an employment program. In the new WIA workforce development system, the emphasis has been placed on measuring the effectiveness of programs rather than their efficiency or quality; that is, on measuring results or accomplishments.

In 1998, the Government Accounting Office offered the following helpful definitions and interpretation: “*Performance measurement* is the ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals...Performance measures may address the type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), and/or the results of those products and services (outcomes).” Conducted by program or agency management, performance measurement focuses on whether a program has achieved its objectives, expressed as measurable performance standards. While performance measurement is usually aimed at supporting resource allocation and other policy decisions to improve service delivery and program effectiveness, it also can serve as an early warning system to management and as a vehicle for improving accountability to the public.

Process performance measures address administrative or operational activities of a program or programs; in other words, measures that usually reflect the “means” of getting to an end result, rather than the goal itself. Some examples of process measures include participation rates reflecting the type and level of service received through a program, the percentage of applications for assistance which are acted upon in a timely manner, and the percentage of cases closed within a specific time period. *Outcome performance measures* focus on the results of a policy or program and are typically related to the goals the program hopes to achieve. In most cases, these measures focus on the outcomes for a group of individuals involved in the program. In the new workforce development system, for example, key outcome measures include job

placement rates, employment retention rates, or wage rates. And, some outcome measures, such as education and training certificate attainment rates, are referred to as “*interim outcome measures*” because they represent key milestones on the way to achievement of the ultimate goal of the program.

Performance indicators measure behavior, status, or conditions that can be tracked over time and across people. Indicators typically track the behavior or situations of broad population groups, like the unemployment rate of specific populations, the high school drop out rate, or the rate of youth with disabilities entering the Social Security rolls. *Performance standards* measure pre-determined numerical “goals” of progress, such as a 90 percent employment rate, a 75 percent participation rate, or a 50 percent completion rate.

TABLE 1

**PERFORMANCE MEASUREMENT
TERMINOLOGY AT A GLANCE**

MEASUREMENT TYPE	WHAT IS BEING MEASURED
Process Measurement	Type or level of program activity
Output Measurement	Products or services of program
Outcome Measurement	Results of program products or services
MEASUREMENT MEANS	
Performance Indicators	Behavior, status or condition tracked over time and across populations
Performance Standards	Predetermined numerical goals of progress

There are clearly a number of different approaches for developing outcome-based performance measures. In some cases, there are comprehensive, cross-sector systems which focus on establishing indicators or benchmarks of progress toward certain goals. Sometimes there are measurable social goals, such as reducing the dependency rate of people with disabilities on government funded income support programs, which are used to monitor the overall effectiveness of public programs, establish program goals, and encourage coordination across agencies. Different program goals may require different types of performance measures. For example, to identify how to improve the effectiveness of programs, the measures selected have to be an accurate gauge of the program’s effectiveness. Or, to motivate local program staff, measures must be easy to understand, timely and linked to the allocation of resources. In other words, there may be a need for a variety of different performance measures, particularly if measuring a system which has multiple programs and goals.

GOVERNMENTWIDE RESULTS:

A decade ago, Congress enacted the Government Performance and Results Act in an attempt to promote improved federal management and increased efficiency and effectiveness of federal programs. GPRA instituted a government wide requirement for agencies to set goals and report annually on program performance. Under GPRA, federal agencies were asked to take a deep look inward; that is, to define their missions, establish goals and means of achieving those goals, and to measure and publicly report on their performance. As its name implies, GPRA attempted to shift the focus of agencies on improving program results. Agencies are required to prepare multi-year strategic plans that set the general direction for their programs and services. Starting in Fiscal Year 1999, agencies began preparing annual performance plans linking their long-term strategic goals outlined in the strategic plans with the day-to-day activities of managers and staff. In their annual reports to Congress, agencies are to describe the extent to which they are meeting their performance goals and the actions needed to achieve or modify those goals not yet met.

While GPRA does not require a specific format for the performance plan, it does require the plan to: (1) identify annual performance goals and measures for each agency's program activities; (2) discuss the strategies and resources needed to achieve annual performance goals, and (3) provide an explanation of the procedures the agency will use to verify and validate its performance data. In other words, GPRA expects a clear understanding of what agencies and departments do, right down to the individual program level.

According to the Government Accounting Office, GPRA established the first statutory link between agencies' budget requests and their performance planning efforts through the annual plans. GPRA is supposed to be a management tool for measuring the effectiveness of agencies; yet, as GPRA has been implemented, agencies have tended to merely pass their GPRA goals on to their state and local grantees.

WORKFORCE INVESTMENT ACT:

In creating a streamlined workforce development system, Congress folded many employment and training programs into five separate titles of the Workforce Investment Act. This ***Policy Brief*** primarily deals with programs under Title I of WIA, including those funded through One Stop Career centers. It is notable---in fact, critical in the context of the entire workforce development environment---that other programs contained in WIA, particularly the Adult Education and Literacy Program contained in Title II and the Vocational Rehabilitation Program contained in Title IV, came into WIA with their own performance measurement standards and indicators.

The new workforce development environment uses outcome performance measures to determine partner program and workforce development system progress. Title I of the Workforce Investment Act requires the state and local workforce development agencies that operate employment and training programs, such as through One Stop Career centers, to meet specific outcome-based performance measures and provides incentives as well as sanctions.

The WIA performance measurement system in Title I is built on the nation's first workforce program to measure performance; that is upon lessons learned from the Job Training Partnership Act. The JTPA performance measurement system had four core measures for adults and relied on survey data collected from program participants to calculate the measures. For youth, there were two measures, and performance was calculated based on administrative records. Local programs were expected to meet or exceed specific minimum standards set at the federal level based on the most recent program experiences. The JTPA performance measurement system used both monetary rewards and programmatic sanctions for programs that exceeded or failed to meet their expected performance. Over the years, the JTPA performance system was criticized for promoting creaming and other unintended consequences. In other words, programs in localities that were focused heavily on meeting the performance standards served the less disadvantaged and offered low-cost services rather than serving the disadvantaged and providing more intensive services. During the evolution of JTPA statutory reauthorizations, these conflicts were addressed and measurements and data collection efforts were refined. These JTPA-learned lessons heavily influenced the performance measurement system envisioned in the new WIA.

As articulated in Title I of the statute, the WIA establishes "a comprehensive performance accountability system...to assess the effectiveness of States and local areas in achieving continuous improvement of workforce investment activities...in order to optimize the return on investment of Federal funds in statewide and local workforce investment activities." Building on the system developed under the JTPA, the Workforce Investment Act places a strong emphasis on outcome-based performance measures with "core indicators" to guide the system. Essentially, the WIA established new performance measures and a critical requirement to use Unemployment Insurance data to track and report achievements of WIA-funded Title I programs. Data collected from the states in support of the performance measures are intended to be comparable across states in order to maintain objectivity in determining incentives and sanctions. These measures are also intended to provide information to support the U.S. Department of Labor's performance goals under the Government Performance and Results Act (GPRA) as well as for program evaluation efforts.

As can be seen in Table II below, the WIA Title I performance measures are intended to gauge program results in areas of job placement, employment

retention, and earnings change as well as skill attainment and customer satisfaction.

For each of the WIA-funded Title I programs, there are much more specific standards that define these measures. For example, the entered employment rate for the Older Youth program is the number of older youth who entered employment by the end of the first quarter after exit who are not enrolled in postsecondary education or advanced training of those who are not employed at registration, divided by the number of older youth who exit during the quarter. Or, the Older Youth employment retention rate is the number of older youth who are employed in the third quarter after exit for those who are employed in the first quarter after exit and who are not enrolled in postsecondary education or advanced training in the third quarter divided by the number of older youth who exit during the quarter. The standard for retention rate under the Younger Youth program, however, is the number of younger youth found in postsecondary education, advanced training, employment, military service, or qualified apprenticeships in the third quarter following exit divided by the number of younger youth who exit during the quarter, except those still in secondary school at exit. And, so on for all the other measures.

TABLE II
**PERFORMANCE MEASURES
FOR WIA-FUNDED TITLE I PROGRAMS**

WIA FUNDING STREAM	PERFORMANCE MEASURE
Adult	1) Entered employment rate
	2) Employment retention rate at 6 months
	3) Average earnings change in 6 months
	4) Entered employment and credential rate
Dislocated Worker	5) Entered employment rate
	6) Employment retention rate at 6 months
	7) Earnings replacement rate in 6 months
	8) Entered employment and credential rate
Older Youth	9) Entered employment rate
	10) Employment retention rate at 6 months
	11) Average earnings change in 6 months
	12) Entered employment/education/training and credential rate
Younger Youth	13) Skill attainment rate
	14) Diploma or equivalent attainment
	15) Placement and retention rate
Customer Satisfaction	16) Customer satisfaction for participants
	17) Customer satisfaction for employers

Source: GAO-02-275

The law requires that the expected levels of performance on each core indicator be negotiated between the U.S. Department of Labor and individual states. The agreed-upon level of performance for each state reflects how the state compares with other states and can account for differences in economic conditions, participant characteristics, and the service mix and strategies. States negotiate with each local workforce investment area and reaches agreement on the local level of performance expected on each core indicator, accounting for similar factors.

As mentioned, the WIA offers an incentive system with both rewards and sanctions. If a state fails to meet the adjusted levels of performance in two consecutive years, the state allocation can be reduced by up to five percent. The U.S. Department of Labor is required to award an incentive grant to each state that exceeds its performance levels for WIA as well as the performance requirements for the Adult Education and Literacy Act and the Vocational and Applied Technology Education Act. States are supposed to set aside part of their allocation, to be distributed at the discretion of the governor, to provide incentive grants---thought of as bonuses---to localities. States are expected to provide incentive funding to local areas regardless of whether the state receives federal incentive funding. Localities that fail to meet the core indicators of performance for two consecutive years can be forced to reorganize.

MEASURING MANDATED PARTNERS:

The WIA established a comprehensive reform of existing Federal employment and job training programs beyond the Title I WIA Adult, Dislocated Worker and WIA Youth programs. It also revised the Job Corps Program, Veterans Employment Program, Migrant and Seasonal Farmworker program, and a host of other small job training programs. As mentioned earlier, WIA also folded in major amendments impacting the Wagner-Peyser Act, Adult Education and Literacy Act, and the Rehabilitation Act.

Forging One Stop Partners: Congress and the Administration envisioned a unified workforce development system in which job seekers could visit a single point of contact within their local community, known as a One Stop Center, to access the information and resources available that could help in the achievement of their career goals. The law requires 17 federally funded programs to be partners in the One Stop delivery system to provide comprehensive services. The intention of the One-Stop system is to establish a network of programs and providers in co-located and integrated settings that are accessible for individuals and businesses alike.

In addition to the three WIA-funded programs discussed above, all but one of the other mandated One Stop partners also measure program performance, albeit some more rigorously than others. Each of the employment and training

programs, suddenly forged into a new delivery system, brought its own version of performance standards and indicators with the exception of the Unemployment Insurance program that does not measure participant performance. Each program also brought its own performance definitions, measurement methodologies, constituencies, and program culture and history.

Based on a similar matrix developed by the Government Accounting Office, Appendix A graphically displays the complexity of the performance measurement system in the new workforce development environment. Appendix A shows the commonalities and gaps in measures for the 17 mandated One Stop partners by federal funding stream.

As can be seen, the 17 mandated partners have several common performance measures. Most similarities are in the core areas of job placement and job retention. Not counting the Unemployment Insurance program, only the HUD Youthbuild and Labor's Native American Employment and Training Program do not measure some version of job placement; and Youthbuild, the Native American Program, and the Vocational Rehabilitation program do not measure some form of job retention. There is a striking gap, though, when looking at programs that measure earnings progression: for example, eight of the 17 mandated partners do not track the impact their programs have on the earnings capability of their customers. Eleven of the 17 programs do not measure the satisfaction of their customers with the program. While there is a wide variation of measures of mandated programs outside the Department of Labor, even the 12 programs administered by the Department of Labor have uncommon elements. Some of these variations are related to the purpose of the programs, the populations they serve, and their individual program cultures. While the mandated One Stop partners have their own versions of measuring performance, there are no measures to assess the overall performance of a One-Stop or the entire newly-created workforce development environment.

In consultation with **NCWD/Youth**, the Department of Labor's Office of Disability Employment Policy's research staff has developed a separate matrix, delineating the existing performance measure, applicable definitions, measurement methodology and data source used for each of the 17 mandated One Stop partners. This matrix is to be published separately from this **Policy Brief** but reinforces the complexities and variations amongst the 17 mandated One Stop partners. While there are similar measures used in some of these programs, the definitions, detailed methodologies, and data sets used to collect the measures vary widely.

Other WIA Measures: The Workforce Investment Act also contains performance measurement requirements for two other large programs folded into the WIA, namely, the Vocational Rehabilitation program and the Adult Education and Literacy program.

Under Title II of WIA, the Adult Education and Literacy Act, requires a “comprehensive performance accountability system...to assess the effectiveness of eligible agencies in achieving continuous improvement of adult education and literacy activities.” The statute establishes three “core indicators” and allows agencies to “identify in the State plan additional indicators” for evaluating the performance of adult education and literacy programs. The “core indicators” are: 1) demonstrated improvements in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills; 2) placement in, retention in, or completion of, postsecondary education, training, unsubsidized employment or career advancement; and 3) receipt of a secondary school diploma or its recognized equivalent. Agencies must submit expected performance levels for each of the core indicators for the first three program years and the statute spells out an intricate mechanism for reaching agreement on future performance levels. The Secretaries of the Departments of Labor and Education are also required to consult broadly and issue “definitions for indicators of performance and levels of performance established under titles I and II.”

Under Title IV, the Vocational Rehabilitation Act Amendments of 1998, WIA requires the “establishment of evaluation standards and performance indicators” with little specificity as to what is being measured. The law spells out a process by which the Rehabilitation Services Administration must consult and publish the evaluation standards and performance indicators. It requires the standards and indicators to “include outcome and related measures of program performance that facilitate the accomplishment” of the vocational rehabilitation program and to be consistent with the WIA Title I core performance indicators. This portion of WIA merely incorporated concepts for the Vocational Rehabilitation program enacted in 1992 and tried to link the new WIA measures to those standards through administrative negotiations. Through extensive consultation during the regulatory process after the 1992 Amendments to the Rehabilitation Act, the Vocational Rehabilitation program developed its own set of performance standards and indicators and means for evaluating overall program performance between the states. Employment outcomes and earnings gains are key indicators of program success for all program participants, including those with significant disabilities. After enactment of WIA, these standards and indicators have been reviewed and slightly refined.

TOWARD COMMON MEASURES:

Performance accountability in the workforce development system is on the brink of yet another overhaul, with only two years of reporting experience under the WIA performance-based accountability system. As part of the FY 2004 budget, the President’s Office of Management and Budget proposed another performance measurement system, this time under the auspices of simple, common measures across like employment and training programs. The budget adopts a set of “common” performance measures for six federal agencies

administering 31 employment and job training programs. The relevant departments include Labor, Education, Health & Human Services, Veterans Affairs, Interior and Housing. Some of the programs within these departments are major grants to states (such as TANF, Vocational Rehabilitation, Dislocated Workers, etc.), while others are relatively minor and obscure programs (e.g. Education's Projects with Industry, Labor's Youth Opportunity Grants, Labor's Homeless Veteran's Program, etc.). And, the new "efficiency" standard is essentially an annual cost of each program participant. The new OMB-proposed program performance measures include:

TABLE III

**OFFICE OF MANAGEMENT & BUDGET'S
FOUR COMMON MEASURES**

ADULT PROGRAMS	YOUTH PROGRAMS
✓ Entered Employment	✓ Placement in Employment or Education
✓ Retention in Employment	✓ Degree or Certificate Attainment
✓ Earnings Gains	✓ Literacy & Numeracy Gains
✓ Program Efficiency	✓ Program Efficiency

Source: President's FY 2004 Budget Documents

OMB's new proposal shifts the discussion of workforce development program measures from one of effectiveness based on program outcomes to one that includes efficiency based on program cost. The budget proposes that the six agencies would develop guidelines for the common measurements among the similar employment and job training programs in 2004 and publish these measures in the FY 2005 budget.

The OMB proposal is currently weaving its way through the Congressional process. Multiple statutes, such as GPRA, TANF, and WIA, will need to be amended, as well as specific budget line authorizations for these "common elements" to become law. As Congress considers FY 04 spending authorization bills and WIA program reauthorization legislation, Congress appears to be moving toward adopting the common measures although there are still minor detail differences to be ironed out. And, the Department of Labor, as well as other federal agencies, plans to develop formal guidance and technical assistance efforts to assist state and local programs in understanding and implementing the new common measures.

CONCLUSION:

Performance measures can be used to meet a variety of goals and gauge program success or failure. Performance can be measured in many different ways, with varying definitions and methodologies. Careful consideration must be given to the design and implementation of performance measurement systems

that use outcome measures. The WIA performance-based accountability system is still relatively new. Multiple programs are still learning how to forge partnerships and how to develop measurement methodologies that fit together. Common measures have more to do with comparability amongst similar programs than a drive toward uniformity of those programs.

The National **Collaborative on Workforce & Disability for Youth** strives to ensure that youth with disabilities are provided full access to high quality services in integrated settings in order to maximize their opportunities for employment and independent living. **NCWD/Youth** recognizes the importance that performance measurement in the new workforce development environment can play in achieving---or thwarting---this mission.

Therefore, **NCWD/Youth** intends to stimulate a dialogue about the appropriateness and effectiveness of existing and proposed measures in facilitating employment outcomes of youth and adults with disabilities as well as for other “hard to serve” populations. As mentioned earlier, this **Policy Brief** is the first in a series of similar papers designed to examine the WIA performance measurement system sponsored by the Office of Disability Employment Policy of the Department of Labor. This **Policy Brief** merely offers background for the discussion. In the near future, **NCWD/Youth** is committed to producing a series of similar papers that explore: whether the current measures specified in WIA are facilitating or hindering employment outcomes for special populations, such as youth with disabilities; the relationship between the Government Performance and Results Act and WIA performance measures; alternative measures and incentives that could be used to promote full integration and participation of people with disabilities in the WIA-funded programs and One Stop centers; and, strategies for using performance measures to support continuous program improvement at the state and local levels.

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APPENDIX A

**PERFORMANCE MEASURES FOR
17 MANDATED ONE-STOP PARTNERS:
A SNAPSHOT COMPARISON**

	PLACEMENT	RETENTION	EARNINGS	SKILL IMPROVEMENT	CUSTOMER SATISFACTION	OTHER
Department of Labor						
WIA Adult	Yes	Yes	Yes	Yes	Yes	No
WIA Dislocated Worker	Yes	Yes	Yes	Yes	Yes	No
WIA Youth	Yes	Yes	Yes	Yes	Yes	No
Wagner-Peyser Employment Service	Yes	Yes	No	No	Yes	No
Trade Adjustment Assistance Training Program	Yes	Yes	Yes	No	No	No
Veterans' Employment & Training Services	Yes	Yes	No	No	No	Yes
Unemployment Insurance	No	No	No	No	No	No
Job Corps	Yes	Yes	Yes	Yes	No	No
Welfare-to-Work Program	Yes	Yes	Yes	No	No	No
Senior Community Service Employment Program	Yes	Yes	No	No	Yes	Yes
Migrant & Seasonal Farmworker Employment & Training Program	Yes	Yes	Yes	Yes	Yes	No
Native American Employment & Training	No	No	No	No	No	Yes
Department of Education						
Vocational Rehabilitation Program	Yes	No	Yes	No	No	Yes
Adult Education & Literacy	Yes	Yes	No	Yes	No	Yes
Perkins Vocational Education Program	Yes	Yes	No	Yes	No	No
Health & Human Services						
Community Services Block Grant	Yes	Yes	Yes	No	No	Yes
Housing & Urban Development						
HUD-administered Employment & Training (Youthbuild)	No	No	No	Yes	No	Yes

Source: GAO-02-275

APPENDIX B:

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