

# **An Analysis of WIA Performance Measures & the Integrated Service Delivery Model**

## **A White Paper**

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## Introduction

The Workforce Investment Act (WIA) was passed in 1998 replacing the long-standing Job Training Partnership Act (JTPA). Unemployment nationwide averaged 4.5 percent, which is considered full employment, and job opportunities were readily available at most skill levels. The JTPA service model, characterized by training and education for low-income and long-term unemployed individuals gave way to a new model for new economic realities: a one-stop career-center system for all job seekers and all employers.

WIA's one-stop model created tiers of service: universal, core, intensive, and training. Universal service is essentially self-service use of the one-stop resources, such as computer labs and fax machines. Core services begin the introduction of staff assistance, for which enrollment into the performance tracking system is required. Intensive services, such as individual counseling and support services, and training, which includes tuition and on-the-job training subsidies, are reserved for those individuals who are formally enrolled.

The complex system of performance standards carried forward from JTPA and became the original 17 WIA performance measures. Since then, those measures have been reduced to nine "common measures." The common measures rely mostly on rates — percentages or averages — that require careful selection of those enrolled and management of the timing of exits in order to meet or exceed annually increased targets. Meeting or exceeding targets brought federal incentive dollars to states and local areas, while failing to meet brought technical assistance funding.

Along came the Great Recession and everything about our labor market changed, necessitating a new view of service delivery and a new method for assessing impact. The State of California had just introduced an experiment that permitted twelve workforce investment boards to employ a new service model called Integrated Service Delivery or ISD. The philosophy behind the model is that we should count and track performance for everyone who uses the one-stop system in order to fully assess its effectiveness and popularity with customers. Integrating services between WIA staff and state Wagner-Peyser staff allowed service delivery to all regardless of WIA eligibility.

In the ISD model, the volume of enrollees increased dramatically when customers, rather than staff, made the enrollment decision. Service delivery shifted from one-on-one case management to career advising and class-based offerings. Exits became "soft," meaning that they were not managed at all, but rather determined automatically at 90 days following the last recorded service. As with other states that had adopted this model, the State of California accepted that as volumes increased, rates for performance measurement would decrease, especially in a high-unemployment economy.

At the local level, workforce investment boards were impressed by the raw data, with service counts and jobs obtained reaching levels that the private sector members considered worthy of the investment of federal tax dollars. Performance rates were considered a reflection of the economy and not the quality of the services. Customers voted with their feet and swarmed the ISD one-stops.

The experiment with the ISD model has evolved over time and is still very popular with customers and staff. The emphasis is on a high quality of service delivered to a high volume of customers, as opposed to a high-touch individualized approach provided to a much smaller number. Only a local area can decide which method offers the best solutions for the unique barriers to prosperity faced by their constituencies.

The NOVA Workforce Investment Board has embraced the ISD model and bears witness to the advantages for re-designing services in an economic meltdown like the recent recession. With a model designed for volume, NOVA one-stop staff was quickly able to scale up group enrollment and services to meet the burgeoning demand to become a mainstay of the community for the support for the unemployed.

“The Anomaly of Silicon Valley” (<http://files.novaworks.org/NOVA-SVAnomaly.pdf>), an earlier white paper, describes an economy in which commuters from a broad geographic region — and even from around the globe — compete with local residents for high-skilled, high-wage jobs. In this environment, job seekers must constantly re-train and update their skills to stay competitive. Cutting-edge career navigation skills make the difference between rapid re-employment and career-diminishing bouts of long-term unemployment. High volumes of customers continue to seek NOVA services. And if employers are to be taken seriously as customers in the NOVA market, large numbers of skilled job seekers need to be prepared to meet growing demand.

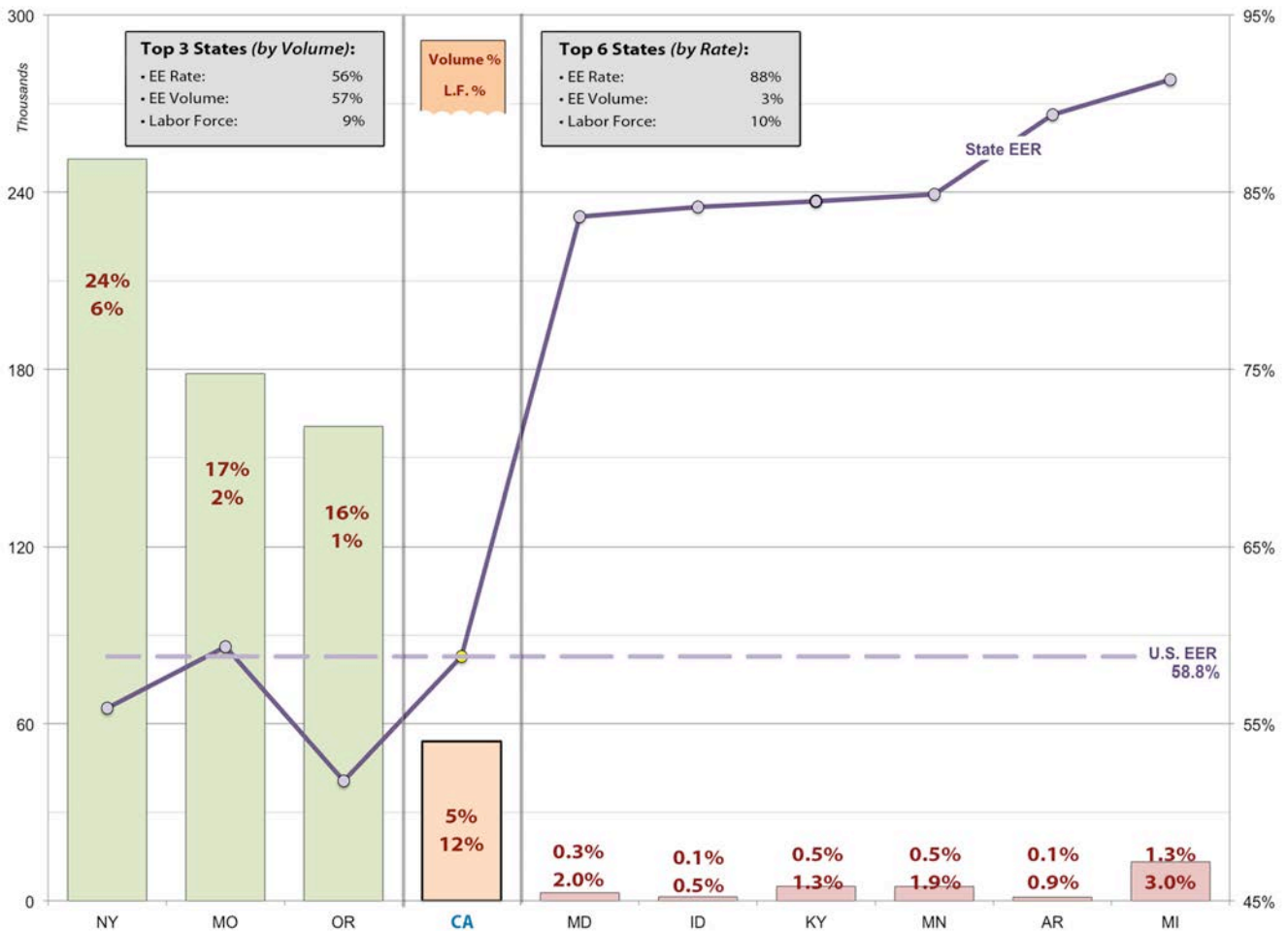
The data in this white paper demonstrate the choices and the trade-offs of the ISD versus the non-ISD service models as related to performance measures. The following charts comparing California to other states and comparing NOVA to other workforce investment boards within the state visibly prove that high volume equates to low rates and high rates equate to low volume.

As key State decision-makers grapple with how best to determine performance measures for the local workforce boards (WIBs), the unique differences between each WIB and their respective approach to providing services and the resulting trade-offs should be considered.

## California within the Context of the United States

California is not the first state to experiment with integrated service delivery. There are at least three states that have implemented the model statewide: New York, Missouri, and Oregon. In each of these cases, the numbers of individuals enrolled by the system are high and disproportionate to the states' share of the U.S. population. Combined, these states account for less than 10 percent of the U.S. population, but in Program Year 2011 (PY2011)<sup>1</sup>, they represented 57 percent of all *jobs counted*<sup>2</sup> for WIA-enrolled adults and dislocated workers within the United States.

Chart 1: **PY2011 Entered Employment: U.S. States / Adult + Dislocated Workers** (combined)  
 Chart Layout: Top 3 States by Volume / CA / Top 6 States by EE Rate (comparable labor force)



Oregon dramatically illustrates the results of this service provision model. This rural state represents 1 percent of the U.S. population but comprised 16 percent of jobs counted for WIA-enrolled adults and dislocated workers. Missouri, with 2 percent of the population, produced 17 percent of jobs counted in the same time period. New

<sup>1</sup> *Program Year* is defined as the period beginning July 1 and ending June 30 of the following year and is identified by the *beginning* of the period (i.e., PY2011 begins July 1, 2011).

<sup>2</sup> *WIA entered employment rate* is the ratio of jobs counted to the universe of those exited during a designated timeframe. *Jobs counted* refers to the numerator of this fraction that is divided by the total exits to achieve the *entered employment rate*.

York, with 6 percent of the population — third highest nationwide — accounted for 24 percent of all jobs counted. These three states have pursued an operational model focused on higher enrollment levels with the tradeoff being lower entered employment rates. The six states with the highest entered employment rate, as shown on the graph above, represented 10 percent of the nation’s labor force and generated an entered employment rate of 88 percent, but had a mere 3 percent of the job count volume.

Chart 2: **PY2011 Earnings: U.S. States / Adult + Dislocated Workers** (combined)

Chart Layout: Top 3 States by Earnings / CA / Top 4 States by Average Earnings (AE for comparable labor force)

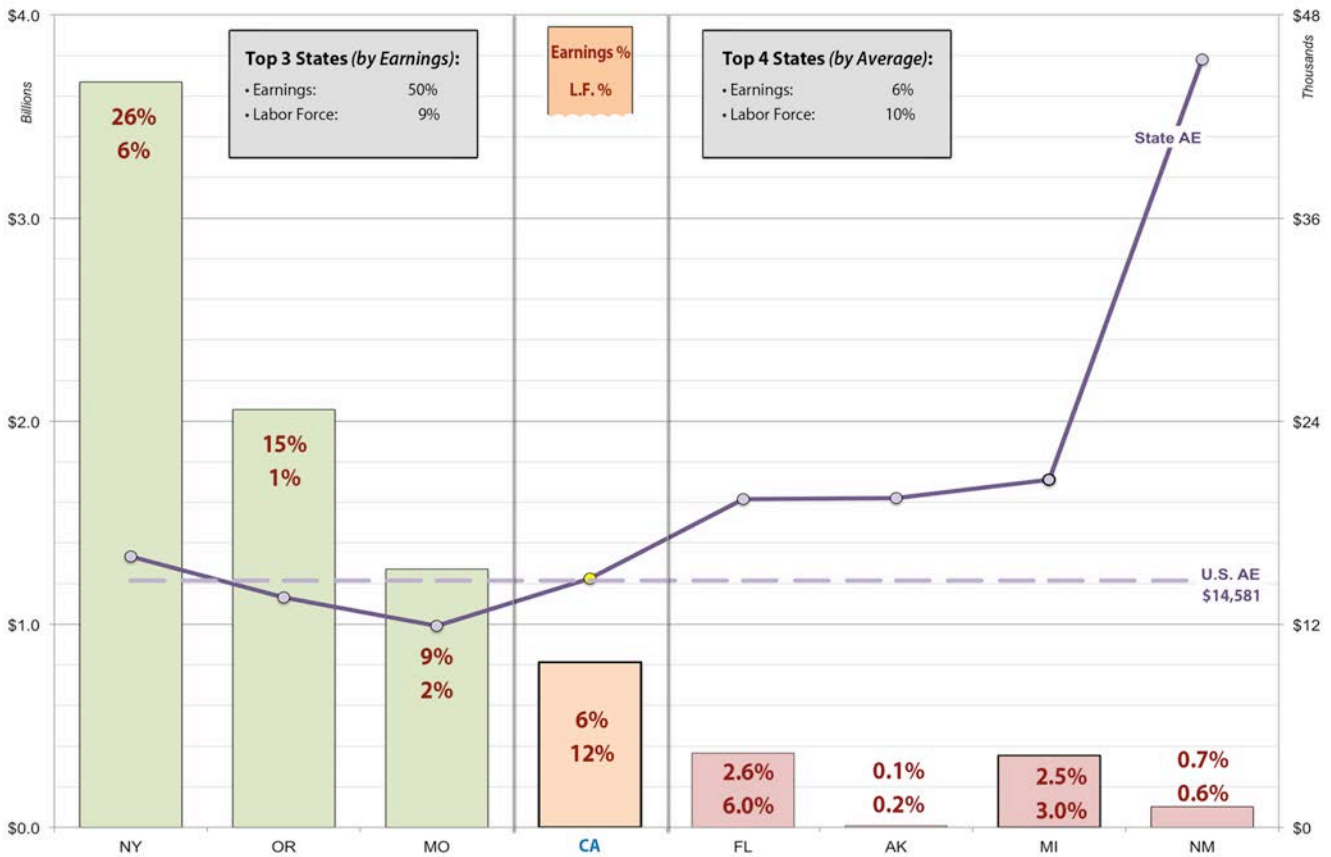


Chart 2 highlights the combined Adult and Dislocated Worker performance data for wages generated by states operating under the ISD and traditional, non-ISD service models. This chart illustrates the difference between assessing raw data for volume versus assessing data for an average rate. Since the ISD model enrolls a dramatically higher volume of clients, the calculation of average earnings times a larger number of jobs counted produces dramatically higher *statewide total earnings*.<sup>3</sup>

The top three states by total earnings generated 50 percent of the nationwide earnings while representing only 9 percent of the labor force. Conversely the top four states by average earnings per client generated a mere 6 percent of the total earnings while representing 10 percent of the labor force.

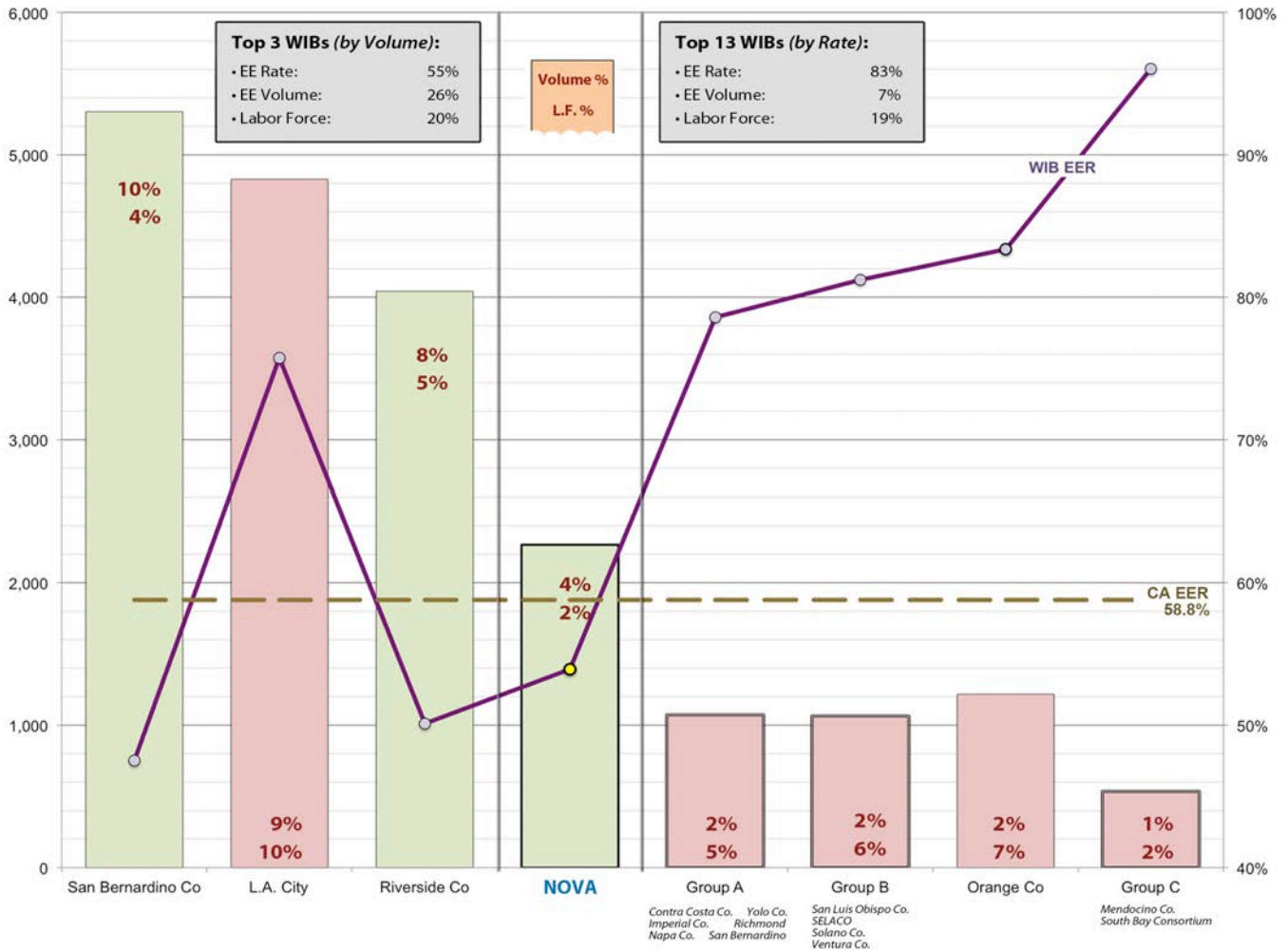
<sup>3</sup>  $Earnings (total) = Average earnings \times Jobs\ counted$

### California’s Workforce Development System

As with the states that have implemented the integrated service delivery model statewide, the twelve California workforce investment boards that have moved to ISD show similar differences in performance.

Chart 3: **PY2011 Entered Employment: CA WIBs / Adult + Dislocated Workers** (combined)

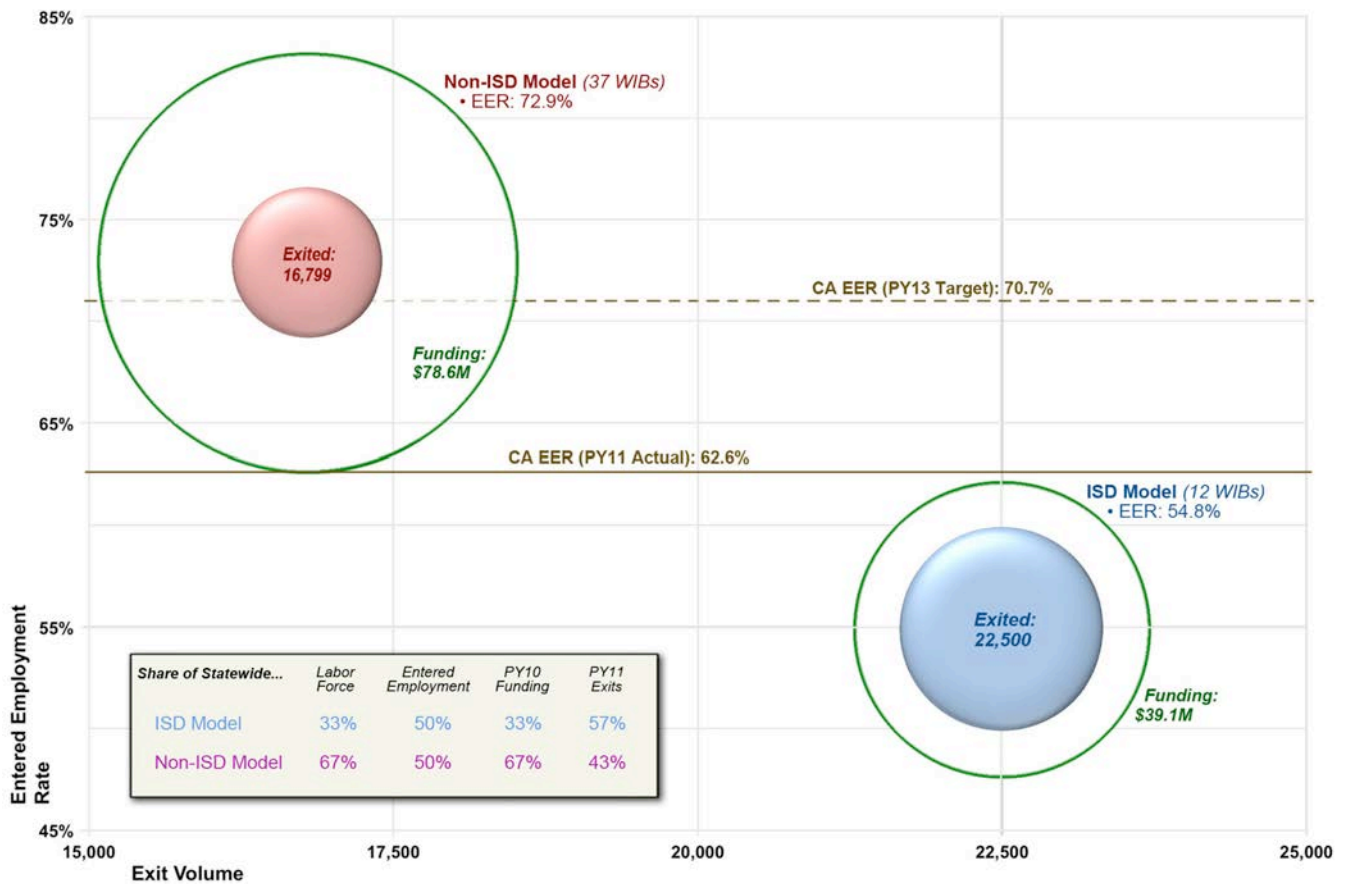
Chart Layout: Top 3 WIBs by Volume / NOVA / Top 13 WIBs by EE Rate (comparable labor force)



Two of the three WIBs with the highest number of jobs counted operate under the ISD model. It is only Los Angeles City, an anomaly because of its sheer volume of both labor force and customers that has high volume *despite* not being a total-enrollment program. These three WIBs — San Bernardino County, Riverside County, and L.A. City represented 20 percent of the labor force in PY2011 and produced a quarter of all statewide WIA jobs counted for adults and dislocated workers. This is compared to the 13 WIBs with the highest entered employment rates. While these WIBs compare in size of labor force to the high-volume WIBs at 19 percent of the state’s labor force, they accounted for only 7 percent of the statewide jobs counted volume.

Chart 4: **Entered Employment: California WIBs — ISD & Non-ISD Cohorts** (Dislocated Workers, PY2011)  
 Chart Layout: 37 Non-ISD WIBs / 12 ISD WIBs (volume of exited customers; dislocated worker funding)

Chart 4 focuses on dislocated workers and examines exits, which is the denominator in the entered employment ratio. It highlights the differences in results generated by the ISD WIBs, as compared to the non-ISD WIBs for WIA-enrolled dislocated workers in PY2011. The twelve ISD WIBs exited 22,500 clients and generated an entered employment rate of 54.8 percent. They received \$39.1 million in Dislocated Worker allocated funds for PY2010. The 37 non-ISD WIBs exited 16,799 clients and generated an entered employment rate of 72.9 percent. They received \$78.6 million in funds for PY2010. This chart highlights the tradeoff in performance measurement results dependent upon the operational model selected by each WIB.



Extrapolating from this data, a movement of the ISD WIBs back to the traditional model would reduce the number of dislocated worker clients enrolled and exited by approximately 36 percent and would reduce the number of exited clients identified within jobs counted by 25 percent.

This comparison does not recommend either service model on its merits, just the differences in performance based upon how outcomes are measured. Each local WIB must determine the best method of service delivery according to the local economy, demographics of the workforce, and priorities established by board members and the local elected official(s).

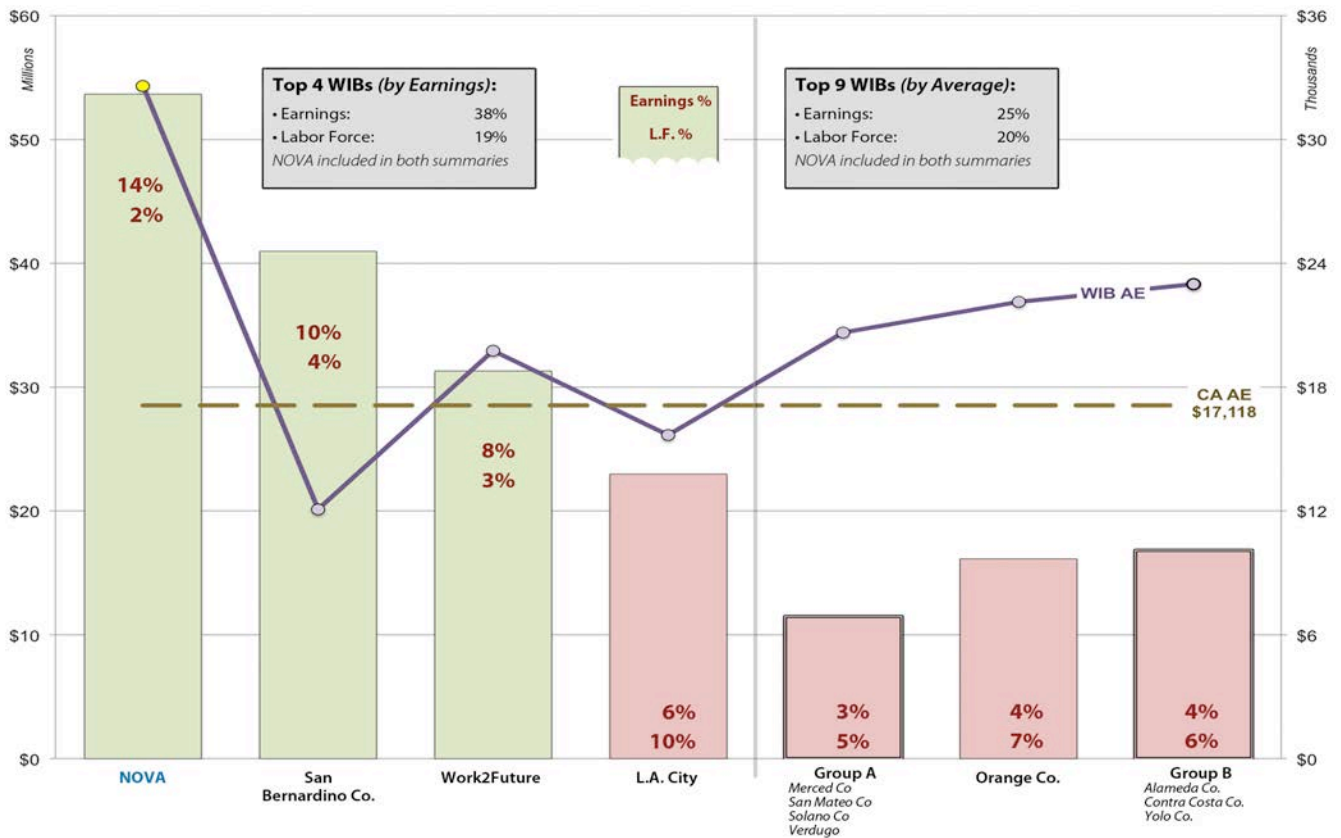
## NOVA within the Context of California

NOVA, like the City of Los Angeles, is also an anomaly. Located in the heart of the Silicon Valley, NOVA enrolls a greater number of dislocated workers than adult customers due, in part, to the churn in its primary sector, technology. As one of the twelve WIBs operating under the integrated service delivery model, NOVA’s share of dislocated worker customers exited represented 7 percent of the statewide total in PY2011 and the share of jobs counted represented 6 percent, despite having only 1.6 percent of the state’s labor force within its jurisdiction.

Chart 5: **PY2011 Earnings: California WIBs / Dislocated Workers (only)**

Chart Layout: Top 4 WIBs by Earnings / Top 9 WIBs by Average Earnings (comparable labor force)

[NOVA counted in both groups]



Earnings for the NOVA region, driven by its technology sector, are also disproportionate to other WIBs and to the state as a whole. The average earnings for NOVA’s dislocated-worker customers, whose jobs were counted in PY2011, was \$32,603 — nearly double that of the statewide average. This figure, when multiplied by the high volume of jobs counted, results in total earnings of \$53.7 million or 14 percent of the \$396 million attributed to the State — far and away the largest share of earnings of all 49 of California’s WIBs. Raw data such as jobs counted and particularly total earnings clearly demonstrate the impact of NOVA’s ISD model on the statewide dislocated worker performance.



## Summary

The ISD and non-ISD models focus on different approaches and measures of performance. The local boards, together with their local elected official(s), must decide which approach best represents success in responding to the local economy, including important sectors and employers, and the demographics of their workforce and targeted populations. The workforce investment boards operating under the ISD model produce higher volumes of customers served and jobs counted at the expense of the traditional “rates” for determining success. This high-volume model delivers dramatically lower costs per service and per job.

A review of the target performance measures published by the Department of Labor reveals that DOL accepts the new operational models in the states of New York, Oregon, and Missouri, as their targeted performance goals are lower than the states operating under the traditional model. A new California Workforce Investment Board, new strategic planning guidelines, and a new focus on accountability within the workforce development system require a careful examination of the impact of increasing performance targets on the service delivery models employed at the local level.