



Evaluation 2006

Accomplishments and Outcomes of the Texas Workforce Development System

Texas Workforce Investment Council
December 2006

Texas Workforce Investment Council

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Texas Department of Criminal Justice
Texas Education Agency
Texas Health and Human Services Commission*

*Texas Higher Education Coordinating Board
Texas Veterans Commission
Texas Workforce Commission
Texas Youth Commission*

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The Mission of Texas Workforce Investment Council

*Assisting the Governor and the Legislature with strategic planning for
and evaluation of the Texas workforce development system to promote
the development of a well-educated, highly skilled workforce for Texas.*



Texas Workforce Investment Council

January 2007

Ann Hodge
Chair

John W. Sylvester
Vice Chair

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James Brookes

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Mary Pat Moyer

Shirley Neeley

Raymund Paredes

Larry Temple

John W. Wroten

Cheryl Fuller
Director

Dear Fellow Texan:

The Texas Workforce Investment Council (Council) is pleased to present this 2006 evaluative report on the Texas workforce development system (system). Approved unanimously by the Council at its December 7, 2006 meeting, this year's report follows the streamlined format established in prior publications.

The focal point is a series of report cards with outcome data for program and system performance attributable to the efforts and actions of eight partner agencies and their delivery arms – local workforce development boards and workforce centers, community and technical colleges, independent school districts and local adult education providers. This report follows the same structure established in the Evaluation 2004 report, and contains the third data point for those Formal measures approved by the Governor in October 2003. This report includes comparisons between data sets for both 2005 to 2006, and 2004 to 2006. We look forward to including more in-depth longitudinal analysis in future reports as additional data points become available for workforce system programs.

This report addresses the four components that the Council is required by statute to include in the system evaluation:

- Formal and Less Formal measures;
- Implementation of *Destination 2010: FY2004-FY2009 Strategic Plan for the Texas Workforce Development System*;
- Adult education action and achievements (SB 280, 78th Legislature); and
- Local workforce development board activities and alignment.

This report is a unique compilation and analysis of the achievements of the system. Through the delivery of 25 workforce education and training programs, this system of state and local partners served over to 4.5 million individuals in the last reporting year.

I commend this report to you.

Sincerely,


Ann Hodge, Chair

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EVALUATION AND FRAMEWORK

Required Evaluation

The Texas Workforce Investment Council (Council) was created in 1993 by the 73rd Texas Legislature. As an advisory body to the Governor and the Legislature, the Council is charged with promoting the development of a well-educated and highly skilled workforce for the State of Texas, and assisting with strategic planning for and evaluation of Texas' workforce development system. The 19-member Council includes representatives from business, labor, education and community-based organizations.

The Council is required by Chapter 2308, Texas Government Code, to monitor the state's workforce development system. As part of that responsibility, the Council annually reports to the Governor and the Legislature on the degree to which the system is achieving state and local workforce goals and objectives.

State statutes require that four components be addressed in the system evaluation report:

- ▶ Formal and Less Formal performance measures
- ▶ Implementation of *Destination 2010: FY2004-FY2009 Strategic Plan for the Texas Workforce Development System (Destination 2010)*
- ▶ Adult education action and achievements
- ▶ Local workforce development board activities and alignment

The strategic plan – *Destination 2010* – and other Council reports are posted on the Council's website at:

<http://www.governor.state.tx.us/divisions/twic/>

Texas Workforce Development System

The system is comprised of the workforce programs, services and initiatives administered by eight state agencies, 28 local workforce development boards, independent school districts, community and technical colleges and local adult education providers. System partners include:

- ▶ Economic Development and Tourism (EDT)
- ▶ Texas Association of Workforce Boards (TAWB)
- ▶ Texas Department of Criminal Justice (TDCJ)
- ▶ Texas Education Agency (TEA)
- ▶ Texas Health and Human Services Commission (HHSC)
- ▶ Texas Higher Education Coordinating Board (THECB)
- ▶ Texas Veterans Commission (TVC)¹
- ▶ Texas Workforce Commission (TWC)
- ▶ Texas Youth Commission (TYC)

System partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training for three participant groups: adults, adults with barriers and youth.

¹ House Bill 2604 (79th Legislature) required the transfer of veterans' employment services from TWC to TVC. Effective April 1, 2006, the transfer introduced a new partner agency to the activities of the system and the Council. As provided in Title 38, Section 3671 of the United States Code (U.S.C.), Governor Perry designated TVC as the State Approving Agency for all courses, programs or tests pursued by veterans and other eligible persons. As a result, the Veterans Education Program transferred from TWC to TVC on October 1, 2006.

Background

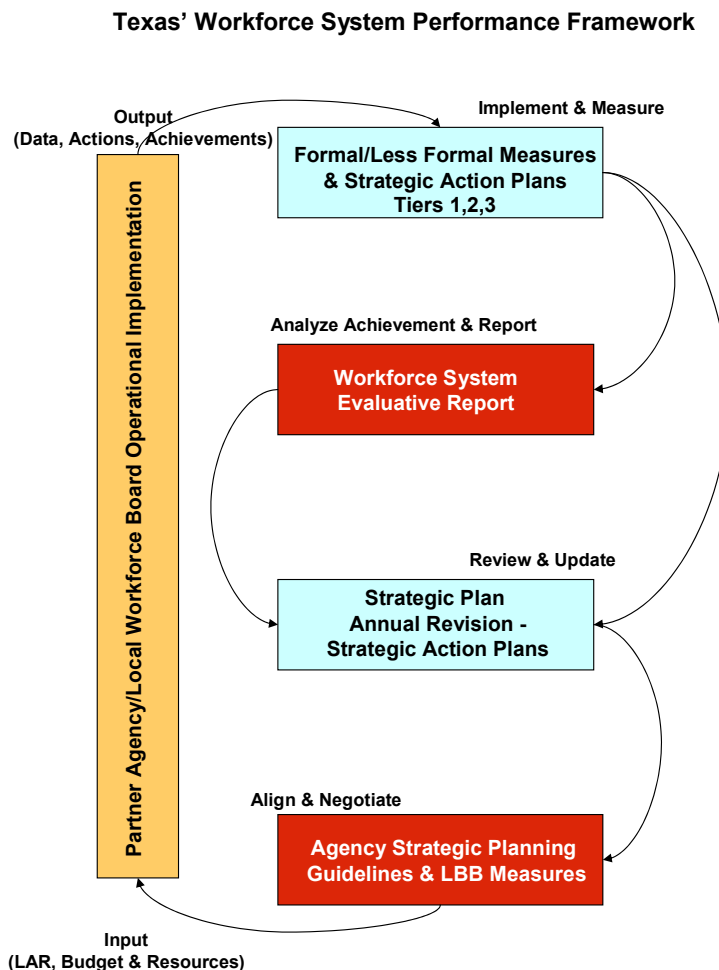
In FY2004, in conjunction with the development of *Destination 2010*, the Council adopted a three-tier evaluation hierarchy that is one component of a comprehensive system performance framework, illustrated in the graphic below. The framework depicts the inputs, outputs, and planning and evaluative components that form the cycle of planning, evaluation and implementation that the Council engages in with its system partners.

The 'Implement & Measure' box at the top right references the three evaluation tiers, which are comprised of metrics designed to evaluate workforce system performance as well as progress toward achieving the Long Term Objectives (LTOs) identified in the system strategic plan.

- ▶ Evaluation Tiers 1 and 2 consist of Formal and Less Formal measures, respectively, which are presented in the **Report Card Series** and **Less Formal Measures** sections of this report.
- ▶ The third tier consists of Strategic Action Plans (SAPs) and progress milestones toward the LTOs. These achievements are noted in the **System Accomplishments** section.

Key:

- Gold = delivery/yields
- Red = formal evaluative actions and course correction
- Blue = planning actions and impacts
- LAR = Legislative Appropriation Request
- LBB = Legislative Budget Board



Destination 2010

Working with system partners, the Council completed a two-year planning process in September 2003. The result of that process was *Destination 2010: FY2004-FY2009 Strategic Plan for the Texas Workforce Development System*. This strategic action plan was approved by the Governor on October 15, 2003.

Destination 2010 was devised on a six-year timeframe to align with the existing Texas Strategic Planning and Performance Budgeting System as well as the anticipated reauthorization of federal workforce legislation. The plan is modified annually to indicate accomplishments and milestones achieved, as well as other applicable changes to the SAPs. The 2006 Update to *Destination 2010*, which includes all of the SAPs considered in this evaluative report, is posted on the Council's website: <http://www.governor.state.tx.us/divisions/twic/mandate/view>.

Measures

During the development of *Destination 2010*, performance measures were negotiated with partner agencies and subsequently approved by the Governor in October 2003.

Definitions and methodologies were determined by the Council and its partners during the 2004 biennial agency strategic planning process and in consultation with the Governor's Office of Budget, Planning and Policy and the Legislative Budget Board. Only the Tier I Formal measures are included in the agency's Legislative Appropriation Request, and may or may not be specified as a Key measure².

There are three tiers of performance measures outlined in *Destination 2010*:

<i>Tier 1 – Formal</i>	System measures are outcome oriented and influenced by system partners. They establish responsibility for end outcomes / outputs that are central to the success of the system. System measures are essentially consistent across workforce programs and consist of the Formal measures found in partner agencies' performance measures for state-based budgeting and reporting.
<i>Tier 2 – Less Formal</i>	Strategy-critical measures are also outcome oriented and influenced by system partners. They establish responsibility for end outcomes / outputs that are central to the system partners' missions. Strategy-critical measures consist of the Less Formal measures, typically one to two per partner agency.
<i>Tier 3 – SAP Specific</i>	Capacity-building measures are process oriented. They establish responsibility for intermediate outcomes that identify and chart achievement of steps and milestones. These measures track progress towards achieving LTOs and workforce system integration through implementation of <i>Destination 2010</i> and annual updates.

Measures Definitions

- ▶ *Constructive Activity* – Percentage of youth who have been on parole for at least 30 days, and who are employed, and/or attending school, college, GED preparation, vocational or technical training.
- ▶ *Customers Served* – Number of employers and individuals who received system services, including program participation.
- ▶ *Educational Achievement* – Number and percent of all program participants who obtain a degree, other credential of completion, or complete the level enrolled in either a training or educational program.
- ▶ *Educational Participation* – Percentage of the Texas population enrolled in higher education.
- ▶ *Educational Transition* – Percentage of public high school students who graduated in the previous fiscal year and who enrolled in higher education in the next fiscal year.

² Key measures – outcome, output, efficiency, and explanatory measures that are referenced in the General Appropriations Act and for which actual performance must be reported in ABEST (the Automated Budget and Evaluation System of Texas). Key measure reporting indicates the extent to which an agency is achieving its goals or objectives. [Legislative Budget Board, Performance Measure Reporting for State Agencies, December 2003]

- ▶ *Employment Retention* – Number and percent of all program participants who retain employment at a specified point after exiting a program.
- ▶ *Entered Employment* – Number and percent of all program participants who secure employment after exiting a program.
- ▶ *Jobs Created* – The number of newly created, non-transient jobs as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.
- ▶ *Jobs Retained* – The number of job positions retained as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.
- ▶ *Pre-release Placement* – Percentage of offenders released from Texas Department of Criminal Justice facilities into society that were employed prior to release.
- ▶ *Secondary Dropout* – Percentage dropout (annual) for grades 7-12, based on the agency definitions and exclusions.³
- ▶ *TANF Recidivism* – Percentage of current adult recipients on Temporary Assistance for Needy Families (TANF) who have returned to TANF cash assistance one or more times within the last five years.

Programs in the Report Card Series

Apprenticeship Chapter 133
 Adult Education – Workforce Investment Act (WIA II)
 Adults – WIA I
 Blind Services
 CTC Academic – Community and Technical College
 CTC Technical – Community and Technical College
 Dislocated Workers – WIA I
 Employment Services – Wagner Peyser
 Food Stamp Employment and Training
 Perkins Secondary Education – Career and Technical Education
 Postsecondary – Community and Technical College / TDCJ
 Project RIO (Re-Integration of Offenders)
 Rehabilitation Services
 SCSEP – Senior Community Service Employment Program
 Secondary Education
 Secondary Education: Academic – TYC
 Secondary Education: Technical – TYC
 Secondary Education: Windham Academic – TDCJ
 Secondary Education: Windham Technical – TDCJ
 Self-Sufficiency Fund
 Skills Development Fund
 TANF Choices – Temporary Assistance for Needy Families
 TAA/NAFTA – Trade Adjustment Assistance/North American Free Trade Act
 Veterans Employment and Training (E&T)
 Youth – WIA I

³ Dropout data reported to the Council will conform to the requirements of the National Center for Education Statistics (NCES) beginning in 2007, as required by Senate Bill 186 (78th Legislature). Prior years' data will be amended to and replaced by NCES-conforming data for the purposes of longitudinal analysis. A detailed explanation is provided as an attachment to the Evaluation 2004 report.

Issues Identification

System partners operate in a complex, changing economic environment as they strive to provide employers, current workers and future workers with services that are comprehensive, timely and relevant. The growth of high-tech and knowledge-based industries, coupled with efforts to be competitive in today's global economy, increases employers' demand for workers with higher education levels and more technical skill sets. In addition, the state's demographic composition is changing dramatically, with the workforce projected to include larger proportions of women, Hispanics and prime-age (i.e., 25-54 years of age) workers.

The Council is charged with facilitating the development of a systemic, integrated approach to the delivery of programs and services that meet the needs of employers and individuals. In part, this is accomplished through identifying issues and working with system partners to achieve their resolution. It should be noted that the items included in the **2007 – Issues for Consideration and Action** section are limited to those that directly relate to the report's scope as outlined on page 1.

However, in addition to the issues outlined in this report, the Council also identifies and works to address issues related to the state's workforce development system through a variety of other mechanisms, e.g.:

- ▶ *System Integration Technical Advisory Committee (SITAC)* – Established by the Council Chair to oversee implementation of the system strategic plan, *Destination 2010*, SITAC members represent all partner agencies and the Texas Association of Workforce Boards.
- ▶ *Council Work Sessions and Strategy Sessions* – Convened in addition to, or in conjunction with, regular Council meetings in order to identify and address systemic issues.
- ▶ *State of the Workforce Reports* – Produced periodically to address specific workforce issues.
- ▶ *Stakeholder Roundtables* – Conducted annually or biennially to obtain feedback regarding system stakeholder needs and to assess workforce system usage and satisfaction levels. In FY2006, the Council hosted an employer roundtable and a higher education roundtable.

REPORT CARDS

Data

Data for all Formal measures except Customers Served are presented as both an absolute number and as a percentage. All data are from the most recent 12-month reporting period available and appropriate to that measure.

Data is presented and tracked longitudinally. Longitudinal calculations and tracking began with the 2005 report.

Each report card includes columns for two rates of change:

- ▶ *Change 2005-2006* – The one-year rate captures the change from the previous year to the current year. Expressed as a percentage, the rate represents the percentage point difference from 2005 to 2006.
- ▶ *Cumulative 2004-2006* – The cumulative rate aggregates the rate of change from 2004 (baseline year) to the current year. Expressed as a percentage, the rate represents the percentage point difference from 2004 to 2006.

Data Decisions and Treatment

- ▶ *Agency Negotiation* – During 2004 data definition and methodology negotiations, the Council requested that where federal common definitions were relevant, those definitions be used. The intent was to lessen the differences between the data sets, thereby achieving a higher degree of relatedness and relevance when aggregating data across multiple programs. Collaboration with partner agencies on the 2005 and 2006 reports reinforced the understanding that, to the extent possible, definitions for measures used in this report align to federal common measures.
 - *Program-Level Reporting* – As required by statute, data is presented by program rather than by agency.
 - *Unduplicated Data* – In most cases, data is unduplicated and conforms with the reporting definitions and methodologies agreed to by partner agencies. For example, Educational Achievement data may include duplicate data where a participant has outcomes for both education and training programs. Where known, these instances are noted and addressed in the applicable report card section.
- ▶ *Explanation of Variance* –
 - *5% Variance* – Instances where the value in the Change 2005-2006 column was more than 5%, either positive or negative, are addressed within the appropriate report card section. This reporting is aligned to Legislative Budget Board (LBB) performance measures reporting requirements.
 - *Base Values* – Significant changes in numerator and/or denominator values from 2005 to 2006, but with no resulting significant rate change, were also reviewed. Those instances are addressed in the respective report card sections.

- ▶ *Rounding Convention* – A rounding convention has been applied to the Formal and Less Formal measures data: .001 to .004 has been rounded down to .00; .005 to .009 has been rounded up to the next highest hundredth. Rounding rules are applied after completion of applicable mathematical operation(s) such as division or subtraction.
- ▶ *Hurricane Relief Efforts* – Last year, Texas absorbed many evacuees from affected states in the aftermath of Hurricane Katrina. In addition, Hurricane Rita caused significant damage to homes and businesses in Texas, as well as to the state's infrastructure. Disaster relief efforts led by the Governor involved partner agencies, as well as local workforce development boards, independent school districts, colleges and universities. In response to surveys collected for a March 2006 State of the Workforce Report, partner agencies reported that, in most cases, management information systems allowed for the segregation of performance and budget data connected to hurricane relief activities.

However, due to the data time lag noted in the following section, related impact may not be evidenced until the next evaluation cycle. Performance variations directly attributable to the hurricane relief effort in the specified reporting cycle are addressed in the applicable report card section.

Limitations

- ▶ *Data Ownership* – Some partner agencies process their own data, while others have interagency agreements with other partner agencies for data processing. Raw data are confidential records owned by the applicable agency.
- ▶ *Unemployment Insurance Records* –
 - *Time Lag* – There is a significant delay in receiving and analyzing unemployment insurance (UI) wage records for measuring performance. For example, when looking at six-month retention factors, there is a six-month wait to establish the period of data collection, plus four to five months for employers to submit the data to the Texas Workforce Commission. This lag continues to pose significant challenges regarding timely performance measurement in other states, as well as Texas. It appears that this approximate one-year data lag will be ongoing because of the UI records delay and the time necessary for agencies to process and report the data to the Council.
 - *Coverage* – An unknown number of program exiters obtain jobs that are not covered by the Texas UI system. For example, the self-employed, those who relocate and become employed in another state, and those who live in Texas but are employed across state lines are not reported in the Texas UI database. Such non-coverage issues result in lower levels of documented employment, reflecting negatively when the efficacy of education and training programs is evaluated. More complete data sets may be available in instances where the agency can utilize other databases, such as the Wage Record Interchange System, to identify employment with employers who do not file UI wages in Texas.
- ▶ *Report Card Series* – The Council believes that the report card series is a useful tool to present overall system performance. System evaluation is complex and, although the four Formal measures are appropriate to provide a system snapshot, they should not be viewed in isolation from other factors. It should be noted that agencies and programs have different service populations with unique needs and characteristics, which has a large effect on performance data. Additional limitations of specific significance to a single program are footnoted on the applicable report card.

Aggregate data is presented on the four Formal measures report cards as well as the System report card. However, it is important to note that not all data definitions or methodologies are identical, thus the total should be viewed only as a good approximation of overall system performance.

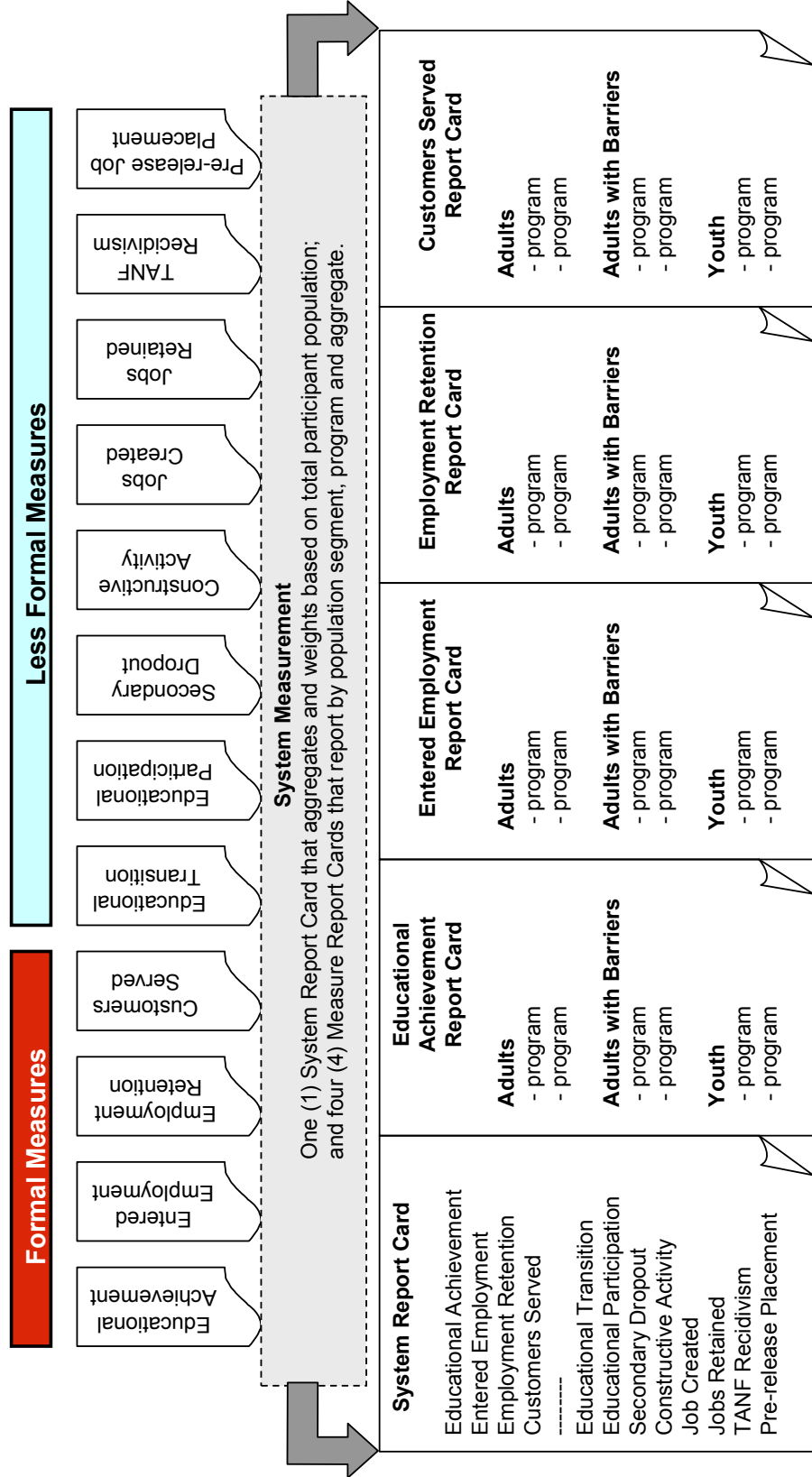
Structure

System performance is presented in a series of five report cards that contain data reported by partner agencies for the Formal and Less Formal (Tiers 1 and 2) measures. The graphic on the following page illustrates the relationship of Formal and Less Formal measures to the report card series.

- ▶ *System Report Card* – This report card contains aggregate data for the four Formal measures, with the data sets combined across programs. In addition, it includes data for the eight Less Formal measures. Since Less Formal measures are specific to a single program there is no data aggregation.
- ▶ *Formal Measure Report Cards* – Individual report cards with accompanying analysis are included for each of the four Formal measures. Each of these contains outcome data by program organized into three categories: Adults, Adults with Barriers and Youth. Each program was assigned to one of the three categories in order to establish the greatest level of outcome equivalency and comparability.

All programs included in the Adults with Barriers category had to meet at least one of four criteria as a characteristic of the participant population: economically disadvantaged, educationally disadvantaged, incarcerated or physically impaired and requiring adaptive or rehabilitative services.

Report Card Structure for Reporting and Evaluating Measures



REPORT CARD SERIES

As with the 2004 and 2005 Evaluation reports, the System report card shows the performance of Texas' workforce development system and includes totals for each of the four Formal measures that have been aggregated and weighted by the number of program participants. The card also shows the number, percent, where applicable, and two rates of change for the Formal and Less Formal measures.

The System report card contains aggregate data for the four Formal measures, with the data sets combined across programs. In this 2006 report, the change columns reflect the increase or decrease between values in the 2005 report and those calculated for 2006 report, as well as the cumulative change from 2004 to 2006. It should be noted that outcome decreases in the change column are positive for some programs. For example, a decrease in the number of customers served may be due to an improved economy and less need for the services offered by programs such as TAA/NAFTA, Dislocated Workers (WIA I), Food Stamp E&T and TANF Choices.

Following the System report card, a report card for each Formal measure is presented and discussed. The next section of the report presents the Less Formal measures by goal, definition, benchmark and data sets.

The Council is required by statute to report program-level data and to provide an overall assessment of implementation of the workforce system strategic plan – *Destination 2010*. As noted in the Limitations section on page 7, the aggregate data presented in the report card series should be viewed as an approximation of overall system performance.

System⁴

2006 Workforce System Report Card				
Formal Measures	Actual	Percent	Change 2005-2006	Cumulative 2004-2006
Educational Achievement ⁵	443,481	80.14%	0.40%	1.02%
Entered Employment ⁶	1,070,932	76.91%	1.13%	4.45%
Employment Retention ⁷	1,050,459	82.39%	0.55%	2.60%
Customers Served ⁸	4,781,007	N/A	4.23%	1.31%
Less Formal Measures				
Educational Transition	129,265	53.92%	0.80%	0.90%
Educational Participation	1,183,476	5.26%	0.01%	0.10%
Secondary Dropout	18,290	0.94%	0.08%	0.03%
Constructive Activity	1,790	58.10%	0.41%	6.78%
TANF Recidivism	13,900	44.64%	-1.36%	0.96%
Pre-release Placement	1,753	5.42%	2.24%	4.43%
Jobs Created	7,650	N/A	24.03%	12.97%
Jobs Retained	16,390	N/A	-5.65%	28.90%

The report card series is a useful tool to present overall system performance, but that the data presented should be taken in context. Most workforce programs are designed to serve participants that meet specific eligibility criteria and that have unique needs. Accordingly, program objectives and desired outcomes vary, and therefore the approved data definitions and methodologies are program-specific. Partner agencies such as the Texas Workforce Commission (TWC) promote integrated service delivery, thus many customers may receive services from more than one program or funding source. The System report card contains aggregate data for all agencies' applicable programs by performance measure as noted in the report card for each Formal measure. Due to known duplicates that cannot be removed from program-level data, adjustments have been calculated at the System report card level, with unduplicated outcome data footnoted as a point of reference.

⁴ Percentage point differences reflect revised Evaluation 2004 and 2005 data published in the data addendum.

⁵ The aggregate Educational Achievement rate, adjusted to exclude duplicate TWC customers, is 80.00%.

⁶ The aggregate Entered Employment rate, adjusted to exclude duplicate TWC customers, is 76.47%.

⁷ The aggregate Employment Retention rate, adjusted to exclude duplicate TWC customers, is 82.54%.

⁸ The aggregate Customers Served count, adjusted to exclude duplicate TWC customers, is 4,523,627. Project RIO-Youth participants (226) were also excluded as they are not included in the report card series.

Educational Achievement⁹

2006 Educational Achievement Report Card

	Actual	Percent	Change 2005-2006	Cumulative 2004-2006
Adults				
CTC Academic	16,255	26.30%	3.99%	5.17%
CTC Technical	9,056	23.71%	0.50%	0.49%
Apprenticeship Chapter 133	2,550	76.28%	-0.39%	-1.16%
Skills Development Fund	4,664	99.47%	0.34%	0.45%
Dislocated Workers (WIA I)	2,405	94.98%	-0.33%	-0.71%
Adults (WIA I)	4,793	93.39%	0.77%	-1.59%
Adults Total	39,723	34.33%	2.60%	2.13%
Adults with Barriers				
Adult Education (WIA II)	6,299	57.90%	15.10%	3.76%
Self-Sufficiency Fund	688	92.60%	-5.40%	-3.89%
Postsecondary	1,818	31.14%	-2.39%	3.72%
Secondary Windham Academic	4,225	80.52%	-3.41%	1.51%
Secondary Windham Technical	5,998	80.26%	4.57%	6.56%
Adults with Barriers Total	19,028	63.05%	6.31%	5.54%
Youth				
Perkins Secondary	122,936	92.05%	-0.31%	0.32%
Secondary Education	259,568	95.70%	-0.42%	0.21%
Youth (WIA I)	2,787	46.97%	-7.81%	8.09%
Secondary Academic (TYC)	1,257	47.98%	0.32%	-0.87%
Youth Total	386,548	93.52%	-0.71%	0.51%
Total	443,481	80.14%	0.40%	1.02%

⁹ Percentage point differences reflect revised Evaluation 2004 and 2005 data published in the data addendum. Educational achievement includes participant outcomes for both educational and training programs. Data subsets (duplicates) include Postsecondary. The card total has been adjusted to provide an unduplicated count.

Educational Achievement Analysis

Educational Achievement –

number and percent of all program participants who obtain a degree, other credential of completion, or complete the level enrolled in either a training or educational program.

The data sets in the Educational Achievement report card are from those system programs and services that have the acquisition of knowledge and skills as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the third data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from the 2004 and 2005 reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for Adults is from 23.71% for Community and Technical College Technical programs to 99.47% for the Skills Development Fund. The six programs reported performance in three ranges: (1) 26.30% and below, (2) 76.28%, and (3) 93.39% or above, with a segment total of a 34.33% achievement rate. An overall increase of 2.60% was noted for this group, while the increase from 2004 to 2006 was 2.13%.

Community and Technical College data for both Academic and Technical programs are based on a starting cohort and total awards earned within a six-year period. The data sets include certificates, as well as associate and higher degrees. While this data reflects the success of a specific cohort across time, it does not indicate the educational success of students in a 12-month period as measured by the awarding of certificates¹⁰ or associate degrees. In academic year 2005, almost 57,000 Community and Technical College credentials were awarded. This number is more than double the completions, or graduation rate, reported under the longitudinal definition. For this reason, the Council will continue to request 12-month credential data from the Texas Higher Education Coordinating Board (THECB) in order to provide a more complete representation of educational achievement in Texas' Community and Technical Colleges. [See Issue 1, page 47]

Adults with Barriers

The data range for Adults with Barriers is from 31.14% for Postsecondary to 92.60% for the Self-Sufficiency Fund. The five programs reported performance in two ranges: (1) 31.14% to 57.90% and (2) 80.26% to 92.60%. An overall increase of 6.31% was noted for the group, which had a two-year increase of 5.54%.

The Texas Education Agency (TEA) attributes the 15.10% increase for Adult Education (WIA II) performance (i.e., high school diplomas and GED certificates of equivalency) to increased verification through the new management information system, as well as intensive professional development for GED teachers. While the percent rose, the absolute number served (denominator) fell from 13,047 in 2005 to 10,880. TEA reported that the decrease may be due to a decrease in federal funding, and also noted that teacher training has led to more effective and consistent student orientation, resulting in more accurate goal setting by students. Students are encouraged to set realistic goals that are attainable within one program year, rather than across multiple years.

¹⁰ Certificates – Includes (1) Level One (15-42 semester credit hours), (2) Level Two (43-59 semester credit hours) and (3) Level Three, or Enhanced Skills (6-15 semester credit hours and attached to an applied associate degree), Certificates. [Texas Higher Education Coordinating Board, Guidelines for Instructional Programs in Workforce Education – 2003 GIPWE]

Reductions in performance levels for the Self-Sufficiency Fund (-5.40%) are likely due to a change in program rules. The Texas Workforce Commission (TWC) reported that in early FY2004, rules were amended to include a parent, including a noncustodial parent, whose annual wages are at or below \$37,000 in the definition of at risk of becoming dependent on public assistance. This expanded definition had the effect of broadening the pool of eligible trainees from primarily prospective employees to both new workers and incumbent workers. Employed individuals with salaries in the low \$30,000 range who are seeking training to enhance on the job skills are less likely to pursue educational attainment when employer-led training is available.

Youth

Youth data includes four programs. The data range for this population is from 46.97% Youth (WIA I) to 95.70% for Secondary Education. In the Youth segment, 386,548 individuals achieved educational outcomes. While this represents a slight increase of 0.51% from 2004 to 2006, the change from 2005 was a 0.71% decrease.

Performance for the Youth (WIA I) program decreased 7.81%. TWC is increasing the focus for educational activities toward out-of-school youth in alignment with the federal vision for youth programs. In-school youth are much more likely to achieve a degree or credential, while out-of-school youth are comparatively harder to serve due to the challenge of getting and keeping them reengaged with the educational system.

Total

Of the 553,378 program participants, 443,481 (80.14%) achieved an educational outcome, an increase from 2005 of 0.40%. Over the two-year period, performance increased 1.02%. Postsecondary completion numbers of 1,818 in the Adults with Barriers segment were subtracted from the aggregate of all programs to achieve the unduplicated performance total and percent.

While the total completions rose slightly (0.40%), the absolute number of individuals with an educational achievement outcome (numerator) decreased from 436,416 in 2005 to 443,481 in 2006. However, notable absolute increases were reported for the Community and Technical College programs, up 3,122, as well as the Perkins Secondary program, which reported an increase of 3,130.

Additional Data

The following data sets were provided by partner agencies so that a more comprehensive picture of educational achievement could be presented, thereby providing important contextual information.

- ▶ Career Schools and Colleges awarded 60,804 degrees and certificates, a decrease of 8.76 from the prior year¹¹.
- ▶ Of Windham Secondary enrollments, 42.61% completed the level enrolled, an increase of 2.45% from the previous year, and 8.39% for the two-year period.
- ▶ Through the Windham School District, an additional 1,943 persons were enrolled in postsecondary academic and workforce training through a federal Youthful Offender Grant. Of the enrollees, 1,786 gained a certificate or degree, including short course completions.
- ▶ Of the 404,778 enrollments in Secondary Education and Secondary Career and Technical Education¹², 160,581 were in Tech Prep¹³. This represents a slight decrease (-0.06%) from the previous year but an 8.66% increase over the two-year period.

¹¹ Incorrect data was reported in the 2005 report. The correct figure 2005 figure is 66,645 rather than 71,083.

¹² This number represents the combined number served for these two programs.

¹³ Tech Prep – a comprehensive and articulated program that offers students the opportunity to study in a career program in high school and either gain credit or experience which will assist them in their transition to higher education.

- ▶ Adult Education students completed the level enrolled at a rate of 43.42%, up slightly (0.28%) from 2005. However, the number of enrolled adults who were assessed and had 12 hours of class time decreased from 127,344 to 119,867 (-5.87%). TEA reported that the decline is due to a 10% decrease in federal funding¹⁴.
- ▶ The THECB reported the awarding of 68,029 bachelor's degrees by public institutions, up 3.62% from the previous year and 9.05% for the two-year period.
- ▶ In addition to outcomes for publicly supported institutions, THECB reported the awarding of 712 associate and 17,680 bachelor's degrees by independent institutions¹⁵.

¹⁴ Workforce Investment Act, Title II, Adult Education and Family Literacy Act.

¹⁵ In October 2005, THECB adopted revised goals and targets that formally incorporated the contributions of independent higher education institutions towards *Closing the Gaps*. [*Closing the Gaps by 2015: 2006 Progress Report*, p. 1 (July 2006)] Private/independent institutions of higher education, i.e., a private or independent college or university that is organized under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes); exempt from taxation under Article VIII, Section 2, of the Texas Constitution and Section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. Section 601); and accredited by a recognized accrediting agency. Currently, there are 44 independent institutions: 39 universities; two junior colleges (two-year); one health-related; and two chiropractic.

Entered Employment¹⁶

2006 Entered Employment Report Card				
	Actual	Percent	Change 2005-2006	Cumulative 2004-2006
Adults				
CTC Academic	15,557	90.73%	-0.14%	0.07%
CTC Technical	26,967	88.38%	-0.32%	-1.18%
Skills Development Fund	3,589	95.68%	1.83%	1.02%
TAA/NAFTA	3,480	81.75%	3.95%	2.99%
Veterans E&T	44,758	76.78%	5.91%	7.04%
Employment Services	759,371	76.57%	1.09%	3.81%
Dislocated Workers (WIA I)	8,850	88.19%	-1.47%	-1.24%
Adults (WIA I)	15,697	88.68%	-2.10%	-2.68%
Adults Total	878,269	77.49%	1.45%	3.79%
Adults with Barriers				
Blind Services	1,333	71.09%	-2.28%	-3.91%
Rehabilitation Services	12,944	56.55%	-2.12%	20.78%
Adult Education (WIA II)	2,061	38.62%	-0.56%	5.61%
Food Stamp E&T	16,630	82.89%	1.39%	11.61%
Project RIO	12,713	73.71%	-2.68%	7.10%
Self-Sufficiency Fund	1,712	89.45%	8.51%	7.04%
SCSEP	193	45.31%	13.64%	25.87%
TANF Choices	47,605	81.61%	1.26%	1.80%
Adults with Barriers Total	95,191	74.32%	-0.20%	14.04%
Youth				
Perkins Secondary	90,326	76.15%	1.01%	-0.04%
Youth (WIA I)	7,146	57.84%	-3.73%	5.73%
Youth Total	97,472	74.42%	0.27%	1.42%
Total	1,070,932	76.91%	1.13%	4.45%

¹⁶ Percentage point differences reflect revised Evaluation 2004 and 2005 data published in the data addendum.

Entered Employment Analysis

Entered Employment –

number and percent of all program participants who secure employment after exiting a program.

The data sets in the Entered Employment report card are from those workforce development system programs and services that have the acquisition of employment as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the third data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from the 2004 and 2005 reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for Adults is from 76.57% for Employment Services to 95.68% for the Skills Development Fund. Five of the eight programs reported performance at 88% or above. An overall increase of 1.45% was noted for this group, with a two-year increase of 3.79%.

Veterans Employment and Training increased 5.91% from 2005 and 7.04% for the two-year period. The Texas Workforce Commission (TWC) noted that the agency is now able to utilize the Wage Record Interchange System and Federal Employment Data Exchange System databases to identify employment with employers who do not file UI wages in Texas, thus the possible increase in the employment rate.

Adults with Barriers

The data range for this group is from 38.62% for Adult Education (WIA II) to 89.45% for the Self-Sufficiency Fund. Of the eight programs, five reported entered employment rates of over 71%. While overall performance declined slightly (-0.20%) from 2005, the two-year change rate was 14.04%.

The largest one-year increase (13.64%) was reported for the Senior Community Service Employment Program, which also increased 25.87% since 2004. In 2006, 193 of 426 participants entered employment, compared to 19 of 60 in 2005 and 212 of 1,091 in 2004. TWC indicated that a data interface with The Workforce Information System of Texas (TWIST) was implemented just prior to September 2005, the end of the reporting period for this program. Thus, complete data for the FY2005 Entered Employment Rate is not available for comparison with FY2006, and therefore the rate of change is not accurate.

The Self-Sufficiency Fund rate increased 8.51%. According to TWC, the Workforce Business Services Department has been promoting the program and reinforcing the commitment needed by employer partners to hire successful trainees. In addition, Contract Management has worked more diligently to hold contractors accountable to reporting requirements. Technical assistance by Workforce Business Services during the program design phase and by Contract Management during the contract period contributes to attainment of program objectives such as entering employment.

Rehabilitation Services declined 2.12% from 2005, but marked a two-year increase of 20.78%. As noted in last year's report, entered employment for this program is typically in the low 50% range, which is consistent with national vocational rehabilitation program averages. Since baseline data was reported in 2004, the Health and Human Services Commission's Department of Assistive and Rehabilitative Services has taken substantive steps to reduce caseloads. Notably, the population served (denominator) declined from 54,980 in 2004 to 22,889 in 2006, as did the number entering employment (numerator) which was 19,669 in 2004 and 12,944 in 2006. The criteria used to set caseload limits and add clients to existing caseloads were consistent with federal guidelines from the Rehabilitative Services Administration.

Youth

For the two programs, entered employment outcomes ranged from 57.84% for Youth (WIA I) to 76.15% for Perkins Secondary (Career and Technical Education). A slight overall increase (0.27%) occurred from 2005 to 2006, with a two-year change of 1.42%.

Total

Of the 1,392,488 program participants, 1,070,932 (76.91%) entered employment. This represents an increase of 1.13% from 2005 and a two-year increase of 4.45%.

Although the percentage of customers entering employment rose, the absolute number of individuals served and entering employment declined in 2006. The number of customers served (denominator) was 1,392,488, down from 1,614,789 the previous year. Similarly, the number entering employment (numerator) fell from 1,223,578 in 2005 to 1,070,932. The largest decrease was reported for the Employment Services program, with 160,946 fewer individuals entering employment. The decrease may be due in part to economic growth and improvement, with fewer individuals seeking Employment Services assistance.

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Employment Retention¹⁷**2006 Employment Retention Report Card**

Adults	Actual	Percent	Change 2005-2006	Cumulative 2004-2006
CTC Academic	10,650	82.57%	0.59%	0.33%
CTC Technical	22,643	89.25%	0.87%	1.02%
Skills Development Fund	8,875	92.95%	-1.35%	8.47%
TAA/NAFTA	4,698	91.49%	1.08%	3.51%
Veterans E&T	54,056	85.12%	1.02%	3.69%
Employment Services	790,201	82.53%	0.39%	2.08%
Dislocated Workers (WIA I)	7,871	89.90%	0.22%	1.92%
Adults (WIA I)	12,986	86.80%	-2.56%	2.34%
Adults Total	911,980	83.08%	0.45%	2.24%
Adults with Barriers				
Blind Services	557	85.04%	0.16%	-0.23%
Rehabilitation Services	9,703	86.07%	0.74%	3.33%
Adult Education (WIA II)	8,231	54.37%	7.83%	4.87%
Food Stamp E&T	9,226	74.18%	1.70%	5.34%
Project RIO	6,801	65.29%	-0.66%	-8.21%
Self-Sufficiency Fund	2,024	84.90%	3.04%	24.26%
TANF Choices	29,784	74.48%	1.45%	2.16%
Adults with Barriers Total	66,326	71.86%	2.48%	3.17%
Youth				
Perkins Secondary	72,153	84.81%	0.37%	7.91%
Youth Total	72,153	84.81%	0.37%	7.91%
Total	1,050,459	82.39%	0.55%	2.60%

¹⁷ Percentage point differences reflect revised Evaluation 2004 and 2005 data published in the data addendum.

Employment Retention Analysis

Employment Retention –

number and percent of all program participants who retain employment at a specified point after exiting a program.

As with Entered Employment, the data sets in the Employment Retention report card are from those workforce development system programs and services that have the acquisition and maintenance of employment as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the third data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from the 2004 and 2005 reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for employment retention for Adults is from 82.53% for Employment Services to 92.95% for the Skills Development Fund. Overall increases of 0.45% and 2.24% from 2005 and 2004, respectively, were noted for this group.

Performance for individual programs remained relatively stable, with the largest change from 2005 attributed to the Adults (WIA I) program which decreased 2.56%.

Adults with Barriers

The data range for Adults with Barriers is from 54.37% for Adult Education (WIA II) to 86.07% for Rehabilitation Services. An overall increase of 2.48% was noted for the entire group, with a two-year improvement of 3.17%.

As noted in the Entered Employment Analysis section, the Health and Human Services Commission has made significant changes to the Rehabilitation Services program since baseline data was reported in 2004. With agreement from the federal Rehabilitation Services Administration, the Division of Rehabilitative Services (DRS) changed the program paradigm from outcome volume to outcome quality. Production benchmarks and caseload sizes were reduced, allowing staff to focus on better upfront planning, making good eligibility determinations, and conducting comprehensive assessments that help the counselors and consumers identify appropriate vocational goals and plan the services. For the retention measure, the population served (denominator) declined from 15,924 in 2004 to 11,274 in 2006, as did the number retaining employment (numerator) which was 13,175 in 2004 and 9,703 in 2006. Although these absolute numbers declined over the past three years, the retention rate increased annually, rising from 82.74% in 2004 to 86.07% this year. Such an increase is consistent with the DRS strategy to improve the quality of employment outcomes for DRS consumers.

Employment retention for Adult Education (WIA II) program improved 7.83%. The Texas Education Agency (TEA) reports that the increase is a result of local-level partnerships between local adult education providers and local workforce development boards and their staff. While the retention rate rose, the absolute number of individuals served (denominator) fell from 18,478 in 2005 to 15,138. TEA attributes this to decrease in federal funding.

While 2005 to 2006 data comparisons for the Project RIO program indicated a minor decrease of 0.66%, there was a two-year decline of 8.21%. Last year, TWC reported that in September 2003 the tracking system for local boards to enter Project RIO client information changed from a mainframe system to The Workforce Information System of Texas (TWIST), thereby ensuring a high degree of accuracy for data capture and reporting. Notably, the absolute numbers reported have increased greatly. For 2004, 760 of 1,034 served retained employment compared to 6,801 of 10,416 clients this year.

Youth

Youth data includes only one program and the performance for Perkins Secondary (Career and Technical Education) improved slightly (0.37%) from 2005. From 2004 to 2006, employment retention increased 7.91%.

Total

Of the 1,275,038 program participants who entered employment, 1,050,459 (82.39%) retained employment. This represents an increase from 2005 of 0.55%, and a two-year increase of 2.60%.

Although the percentage of customers retaining employment rose, the absolute number of individuals served and retaining employment declined in 2006. The number of customers served (denominator) was 1,275,038, down from 1,467,063 the previous year. The number retaining employment (numerator) fell from 1,200,547 in 2005 to 1,050,459. As with Entered Employment, the largest decrease was reported for the Employment Services program, with 158,593 fewer individuals retaining employment. The decrease may be attributed to a strong economy, with fewer individuals seeking Employment Services assistance.

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Customers Served¹⁸

2006 Customers Served Report Card			
	Actual	Change 2005-2006	Cumulative 2004-2006
Adults			
CTC Academic	283,196	0.43%	7.47%
CTC Technical	155,533	-3.69%	-6.46%
Apprenticeship Chapter 133	3,483	6.45%	-3.25%
Skills Development Fund	12,601	-14.26%	-8.68%
TAA/NAFTA	6,403	3.46%	-29.77%
Veterans E&T	95,803	-2.01%	6.75%
Employment Services	1,526,486	12.84%	0.39%
Dislocated Workers (WIA I)	16,147	-19.26%	-20.32%
Adults (WIA I)	44,461	24.35%	37.45%
Adults Total	2,144,113	8.62%	1.18%
Adults with Barriers			
Blind Services	9,577	-2.75%	-6.44%
Rehabilitation Services	70,238	-7.99%	-39.63%
Adult Education (WIA II)	140,496	0.58%	6.59%
Food Stamp E&T	39,167	29.17%	49.98%
Project RIO	22,703	-8.37%	4.48%
Self-Sufficiency Fund	2,704	-66.18%	-27.64%
SCSEP	966	-9.64%	30.01%
TANF Choices	67,121	-28.45%	-39.13%
Postsecondary	5,838	-13.34%	-20.71%
Secondary Windham Academic	72,489	2.57%	1.99%
Secondary Windham Technical	11,092	-5.03%	-7.48%
Adults with Barriers Total	442,391	-6.46%	-13.49%
Youth			
Perkins Secondary	914,461	2.38%	5.41%
Secondary Education	1,253,033	2.98%	4.81%
Youth (WIA I)	22,333	-15.92%	-2.40%
Secondary Academic (TYC)	6,093	1.55%	5.27%
Secondary Technical (TYC)	4,421	3.13%	8.04%
Youth Total	2,200,341	2.49%	4.99%
Total	4,781,007	4.23%	1.31%

¹⁸ Percentage point differences reflect revised Evaluation 2004 and 2005 data published in the data addendum. Educational achievement includes participant outcomes for both educational and training programs. Data subsets (duplicates) include Postsecondary. The card total has been adjusted to provide an unduplicated count.

Customers Served Analysis

Customers Served –

number of employers and individuals who received system services, including program participation.

As with all other Formal measures, the data sets in the Customers Served report card are from Texas' workforce development system programs and services. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnote.

This is the third data point for this Formal measure approved by the Governor in October 2003. While Customers Served is typically defined and treated as a lag measure, it was recommended for inclusion as a Formal measure for two reasons:

- ▶ Customers Served may be used as a lead measure for the purpose of system strategic planning given its tie to program infrastructure usage and capacity; and
- ▶ Total Customers Served indicates the number of individuals served by system programs and services. It should be noted that a given individual may receive services from one or more programs, either concurrently or at different points in time. Thus, the absolute number of individuals served is typically less than the total presented on the Customers Served report card as it represents aggregate, program-level participation counts. While known duplicates cannot be removed from program-level data, adjustments have been calculated at the System report card level, footnoted as a point of reference on page 11.

Data

Adults

The data range for Adults is from 3,483 customers served by Chapter 133 Apprenticeship programs to 1,526,486 customers served by Employment Services through local workforce development boards' workforce centers. The nine programs in this segment reported serving 2,144,113 individuals, marking an increase of 8.62% from 2005 and 1.18% for the two-year period. Significant increases were reported for the Adults (WIA I) (24.35%), Employment Services (12.84%) and Apprenticeship Chapter 133 (6.45%) programs. Conversely, large declines were reported for Dislocated Workers (WIA I) (-19.26%) and the Skills Development Fund (-14.26%).

According to the Texas Workforce Commission (TWC), the increase in Employment Services' customers was due to continued improvement in the Texas economy, as many currently employed clients felt confident in the job market and sought other, better, or additional employment.¹⁹ Similarly, the number of clients served in the Dislocated Workers (WIA I) program is based on economic events. Given the improved Texas economy, fewer clients needed these services, accounting for the decrease of 19.26% from 2005 and 20.32% from 2004. This economic improvement is further evidenced by the two-year decrease for TAA/NAFTA (-29.77%), with fewer trade-related layoffs occurring during the reporting period.

TWC reports that the 6.45% increase for the Chapter 133 Apprenticeship program is due to changes in the program rules. As noted in the Evaluation 2005 report, methods prescribed by rule and the definition did not provide an accurate reflection of participation. Previously, the official counts were taken at the second and fourth class meetings, or the third class meeting, a method based on the traditional nine-month model used in academic settings. The TWC rule revisions, effective FY2006, allows counting all enrolled apprentices.

¹⁹ While this data appears to contradict the employment and retention outcomes, it should be noted that customer service data is reported for a more recent time period and is not affected by the time lag associated with UI wage records. Therefore, changes in the economy that are reflected in the Employment and Retention Rates may not be applicable to Customers Served.

Because TWC continues to promote integration of services to provide better service to clients, many are co-enrolled in multiple programs, particularly the Adult (WIA I) program. The number served under this program increased 24.35% from 2005 and 37.45% from 2004.

The Skills Development Fund is a grant-based program, established to assist businesses and trade unions by financing the design and implementation of customized job training projects. While the number and size of grants may vary annually, TWC indicated that the decline (-14.26%) in customers served reported this year is likely due to delayed reporting for one grant contract.²⁰ TWC expects to obtain the records later in 2006 and anticipates total customers served would then be within 5% of last year's total.

Adults with Barriers

The data range for Adults with Barriers is 966 customers served for the Senior Community Service Employment Program to 140,496 customers served by Adult Education (WIA II) and literacy programs. The 11 programs in this segment reported serving 442,391 individuals, a decrease of 6.46% and 13.49% from 2005 and 2004, respectively.

The only significant increase was reported for the Food Stamp E&T (FSE&T) program, which rose 29.17%, with a two-year increase of 49.98%. TWC attributed the rise to increased outreach efforts, noting that several local workforce boards increased outreach to the program's General Population²¹ to 100%. FSE&T mandatory work registrants are classified as either the General Population (i.e., Food Stamp recipients with families), or as an Able-Bodied Adult without Dependents (ABAWDs). The increased outreach was due in part to the additional 100% federal (ABAWD-only) funds allocated to the local boards during the first quarter of FY2006. The additional funds promoted increased services to the ABAWD population which enabled boards to use other FSE&T funds to serve more General Population participants, as well as voluntary program participants.

Decreases exceeding the 5% variance range were reported for 7 of the 11 programs in this subgroup, with the largest declines reported for the Self-Sufficiency Fund (-66.18%), TANF Choices (-28.45%) and Postsecondary (-13.34%) programs.

The Self-Sufficiency Fund program is administered with grant contracts that span several state fiscal years. The number of trainees reported for each fiscal year includes a carry forward of all active trainees from continuing contracts. According to TWC, the carry forward from FY2005 to FY2006 was substantially lower than the previous year, thus resulting in the large decrease.

House Bill (HB) 2292 (78th Legislature) which mandated the merger of human service agencies under the Health and Human Services Commission (HHSC) has continued to have a significant impact on reducing the number of TANF recipients. TWC noted that the number of adult TANF clients in the Choices Participation Rate denominator has dropped by more than 32% since August 2004; therefore, rather than the number of clients to serve going up as expected, HB 2292 implementation has continued to reduce the available population. At the same time, the Choices Participation Rate (i.e., the rate of work activity participation by Choices clients) continues to grow. Additionally, exemptions from work requirements for a significant portion of the adult TANF population have impacted performance numbers.

Customers served by the Postsecondary program decreased 13.34%, with a two-year decline of 20.71%. The Texas Department of Criminal Justice (TDCJ) reported several contributing factors: a five percent reduction in state funds from FY2005 to FY2006; tuition increases by most of the colleges and universities that contract with TDCJ; and a shift in the program's emphasis from academic to vocational training. The programmatic shift resulted in a larger percentage of college tuition funds being used for vocational enrollments. Typically, vocational training is more expensive with up to 24 credit hours per six-

²⁰ TWC uses Social Security numbers (SSNs) to count unique customers for this measure. At the time of data submission to the Council, SSNs had not been provided to TWC for participants served under a contract which involved training up to 1,800 plant employees; thus, those trainees are not counted in the reported performance.

²¹ TWC website, revised January 24, 2005.

month program compared to the lower costs for three credit hour academic classes; therefore, fewer customers were served within the amount of program funding.

TWC is working with the TDCJ to implement HB 2837 (79th Legislature). HB 2837 requires improved data sharing that should allow staff to more effectively identify Project RIO-eligible customers who are being served by the workforce system. Although the number of customers served decreased 8.37% this year, TWC expects performance to improve as the agencies continue to work toward automated data connectivity.

The number of customers served through the Rehabilitation Services program decreased 7.99%, with a two-year decline of 39.63%. The continued decrease was expected given the HHSC's increased emphasis on quality outcomes. As noted earlier, HHSC's Division of Rehabilitative Services (DRS) has reduced performance benchmarks and staff continues to respond by reducing caseload size in order to provide higher quality services to eligible consumers and to redirect more staff time to outreach into the community to develop better referral sources. The continuing decrease also results from DRS staff efforts to provide better upfront planning and eligibility decisions, as well as more thorough assessments for consumers who require more comprehensive and complex services.

Youth

The data range for Youth is 4,421 customers served through Secondary Technical programs administered by the Texas Youth Commission to 1,253,033 customers served by Secondary Education. The five programs in this segment reported serving 2,200,341 individuals. This reflects an increase of 2.49% from 2005 and 4.99% for the two-year period.

The number of customers served under Youth (WIA I) decreased 15.92%. TWC is following the federal youth program vision by eliminating stand-alone summer youth programs, and as noted in the Educational Achievement report card section, TWC is increasing the focus for educational activities toward out-of-school youth.

Total

Partners in Texas' workforce development system served 4,781,007 individuals for an overall increase in the customers served from 2005 of 4.23%, and 1.31% from 2004.²²

The increase in the total number of customers served reflects positively on Texas' workforce system as the programs with the largest absolute increases can be correlated with continued improvement in Texas' economy, which has been growing steadily over the past three years. The largest absolute increase (173,756) was reported by TWC for the Employment Services program. As noted earlier, TWC attributed the increase to continued improvement in the Texas economy, stating that many currently employed clients were seeking other, better, or additional employment. Conversely, programs associated with negative economic conditions such as layoffs (e.g., TAA/NAFTA, Dislocated Workers) saw a decline this year.

Significant absolute increases were also reported for the Perkins Secondary (21,218) and Secondary Education (36,285) programs. This growth may be attributed in part to changing demographics, as well as to enrollment of youth displaced by Hurricane Katrina.

Notably, TWC reported that 90,551 employers received services, including those awarded Skills Development Fund (261) or Self-Sufficiency Fund (212) grants. Overall, service to employers increased 16.33% from 2005 and 143.16% over the two-year period. TWC attributes the rise to the increase in the number of employers using the WorkInTexas.com Internet application. In addition, the agency aggressively outreached employers to help them use the workforce system following hurricanes Katrina and Rita.

²² Postsecondary performance numbers of 5,838 in the Adults with Barriers segment were subtracted from the aggregate of all programs to achieve the unduplicated performance total and percent.

LESS FORMAL MEASURES AND BENCHMARKS (TIER 2) _____

Agency Action Plans

Approved by the Governor in October 2003, the eight Less Formal measures presented below were derived from the Agency Action Plans (AAPs) contained in *Destination 2010*. These AAPs apply to actions and responsibilities at the individual agency level and are directly linked to programmatic Long Term Objectives (LTOs) contained in the Customers Key Performance Area.

In the Evaluation 2004 report, benchmarks were established for each Less Formal measure. Less Formal measures are those specified in Texas Government Code, Section 2308.104, which are critical to the implementation of the workforce development system strategic plan.

As noted in the **Report Cards** section, the state was greatly affected by Hurricanes Katrina and Rita last year, both through the influx of evacuees and by major damage to public and private property. Workforce system partners played an active role in relief efforts, including the delivery of programs and services to affected individuals. Evidence of this resource shift may not be evident until the next reporting cycle.

Actions and Outcomes

Critical Success Factor for the Programmatic LTOs: Current and future workers will access and be successful at the programs necessary to gain knowledge and skills for tomorrow's economy. The system will maximize participant outcomes in critical points in the continuum of education to employment.

Agency Action Plan Objectives

- ▶ Reduce student dropouts from public schools between grades 7 and 12.

Secondary Dropout definition: Percentage dropout (annual) for grades 7-12, based on the agency definitions and exclusions.²³

Benchmark (established by data submitted for 2004 report): 0.91%

Secondary Dropout percentage: 0.94%

Data: 18,290 individuals counted as a dropout from a population of 1,954,752.

Change from data reported in 2005: 0.08%

Cumulative change 2004-2006: 0.03%

²³ Dropout data reported to the Council will conform to the requirements of the National Center for Education Statistics (NCES) beginning in 2007, as required by Senate Bill 186 (78th Legislature). Prior year's data will be amended to and replaced by NCES-conforming data for the purposes of longitudinal analysis. A detailed explanation of the definitional differences is provided as an attachment to the Evaluation 2004 report.

- ▶ Increase exiting secondary students pursuing academic and/or workforce education.

Educational Transition definition: Percentage of public high school students who graduated in the previous fiscal year and who enrolled in higher education in the next fiscal year.

Benchmark (established by data submitted for 2004 report): 53.02%

Educational Transition percentage: 53.92%

Data: 129,265 individuals counted as transitioning from a population of 239,716.

Change from data reported in 2005: 0.80%

Cumulative change 2004-2006: 0.90%

- ▶ Increase the Texas higher education participation rate (i.e., the percentage of the population enrolled in higher education).

Educational Participation definition: Percentage of the Texas population enrolled in higher education.

Benchmark (established by data submitted for 2004 report): 5.16%

Educational Participation percentage: 5.26%

Data: 1,183,476 individuals counted as enrolled from a Texas population of 22,490,022.

Change from data reported in 2005: 0.01%

Cumulative change 2004-2006: 0.10%

Explanatory information: Of the 1,183,476 enrolled individuals, the participation rate by demographic group was as follows – Black, 133,461 (11.28%); Hispanic, 309,015 (26.11%); White, 613,152 (51.81%); and Other, 127,848 (10.80%).

- ▶ Decrease number of Temporary Assistance for Needy Families (TANF) recipients returning to the program.

TANF Recidivism definition: Percentage of current adult recipients on Temporary Assistance for Needy Families (TANF) who have returned to TANF cash assistance one or more times within the last five years.

Benchmark (established by data submitted for 2004 report): 43.68%

TANF Recidivism percentage: 44.64%

Data: 13,900 individuals counted as returning to TANF from a population of 31,135.

Change from data reported in 2005: -1.36%

Cumulative change 2004-2006: 0.96%

- ▶ Increase the percentage of adult offenders placed in jobs prior to release.

Pre-release Placement definition: Percentage of offenders released from Texas Department of Criminal Justice facilities into society that were employed prior to release.

Benchmark (established by data submitted for 2004 report): 0.99%²⁴

Pre-release Placement percentage: 5.42%

Data: 1,753 individuals counted as obtaining employment prior to release from incarceration, from a population of 32,359.

Change from data reported in 2005: 2.24%

Cumulative change 2004-2006: 4.43%

- ▶ Increase constructive activity rate (i.e., placements and other positive outcomes, including pursuing academic and/or workforce education) for youthful offenders.

Constructive Activity definition: Percentage of youth who have been on parole for at least 30 days, and who are employed, and/or attending school, college, GED preparation, vocational or technical training.

Benchmark (established by data submitted for 2004 report): 51.31%

Constructive Activity percentage: 58.10%

Data: 1,790 youths counted as continuing on to additional education or employment from a population of 3,081.

Change from data reported in 2005: 0.41%

Cumulative change 2004-2006: 6.78%

²⁴ 2004 data represents a partial fiscal year data set, accounting for the low percentage. This was a new initiative for which data collection began in early 2004.

▶ Achieve job growth increases.

Jobs Created definition: The number of newly created, non-transient jobs as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.

Benchmark (established by data submitted for 2004 report): 6,772

Jobs Created: 7,650

Data: 4,144 new jobs attributed to Skills Development Fund training and 3,506 new jobs attributed to Self-Sufficiency Fund activities.

Change from data reported in 2005: 24.03%

Cumulative change 2004-2006: 12.97%

Explanatory information: The 24.03% increase in jobs created from 2005 to 2006 was primarily attributable to the Self-Sufficiency Fund, which accounted for 2,003 and 3,506 jobs created in FY2005 and FY2006, respectively. According to the Texas Workforce Commission, the mix of Self-Sufficiency grants varies from year to year, as does the number of jobs created. The Self-Sufficiency Fund is administered with grant contracts that span several state fiscal years, which may affect performance outcomes in a given reporting cycle.

Jobs Retained definition: The number of job positions retained as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.

Benchmark (established by data submitted for 2004 report): 12,715

Jobs Retained: 16,390

Data: 15,989 jobs retained due to Skills Development Fund training and 401 jobs retained due to Self-Sufficiency Fund activities.

Change from data reported in 2005: -5.65%

Cumulative change 2004-2006: 28.90%

Explanatory information: The 5.65% decrease in jobs retained from 2005 to 2006 was also largely due to Self-Sufficiency Fund performance which accounted for 1,477 jobs retained in FY2005, but only 401 jobs retained in FY2006. As noted above, the mix of Self-Sufficiency grants varies each year, with many grant contracts spanning state fiscal years.

The Texas economy gained additional jobs through economic development programs administered by the Economic Development and Tourism Division in the Office of the Governor. Data on the jobs gained through these programs, including the Economic Development Bank and domestic expansion and recruitment, are captured as 'Jobs Announced'. Due to definitional differences, Jobs Announced data are not combined with Jobs Created data from the Skills Development and Self-Sufficiency Funds and, therefore, are not included in the System report card. For Jobs Announced data, refer to page 36.

SYSTEM ACCOMPLISHMENTS (TIER 3)

Strategic Action Plans

Strategic Action Plans (SAPs) are the high-level plans that identify the major tasks, milestones, timeframes and performance measures necessary for achieving the 22 Long Term Objectives (LTOs) and/or system goals outlined in *Destination 2010*. As previously noted, targets and/or dates were revised for some LTOs as part of the 2006 Update to *Destination 2010*.

Typically, SAPs span multiple years and assign accountability to system partner(s) for each major task or milestone. They are driven by the LTOs, Critical Success Factors, Partner Strategy Statements and overall Mission of the strategic plan.

Two types of SAPs are included in *Destination 2010*:

- ▶ *System* – System SAPs affect the overall workforce development system and require a high degree of support and collaboration across system partners. They are directly linked to the system LTOs, crossing all three Key Performance Areas: System Processes, Integration and Infrastructure; Customers; and System Capacity Building.
- ▶ *Agency* – Agency Action Plans (AAPs) apply to the actions and responsibilities of one or more partner agencies. They are linked to the programmatic LTOs in the Customer Key Performance Area and affect a subset of the overall system through the delivery of direct programs and services.

Actions and Outcomes

SAP – *The Council Chair creates, enables and implements Council Advisory Committee that deploys cross agency teams to ensure system collaboration and integration. Committee will be appointed by Q1/04 and will resolve a subset of at least 3 cross system issues by Q4/07.*

Background – Operational since December 2003, the System Integration Technical Advisory Committee (SITAC) was established by the Council Chair to oversee implementation of the system strategic plan, *Destination 2010*. SITAC is chaired by the Vice Chair of the Council, with 10 other members representing partner agencies and the Texas Association of Workforce Boards.



2006 Action – SITAC is authorized to create and deploy cross-agency teams in order to attain collaborative solutions to issues associated with the system strategic plan's LTOs. During 2006, work continued on several priority LTOs as outlined in this section.

In addition, SITAC monitors partner agency efforts related to adult basic education and literacy, addressed in the next section of this report.

SAP – All system partners and associated workforce service providers will participate in the scope and development of a system-wide universal information gateway designed to provide a consistent and universal framework for all system customers and provider information on system projects, services and solutions. System providers and customers will achieve uniform utilization by Q2/08.

Background – The TexasWorkExplorer.com website is being developed as a web information gateway that will serve as the primary information source about the workforce system. The site is not intended to replace partner agency or local board websites but rather to provide an overarching information source for internal and external customers – providing ready access to consistent and accurate information about available programs and services.

Following a collaborative planning and design effort, the pilot site came online in January 2005. System partners drafted an outreach plan that identified four priority stakeholder groups: local workforce boards and centers, partner agencies, business development entities and educational institutions and entities. Stakeholder focus groups were held in order to obtain feedback related to the site's structure, usability and accessibility. Several enhancements were completed, based in part on focus group feedback.

- ✓ **2006 Action** – System partners are responsible for regular site reviews in order to maintain and update their respective content areas. In response to Senate Bill (SB) 213 (79th Legislature), links were added to Spanish information on partner agency websites.

To increase visibility and credibility, and for long term cost effectiveness, the website will be relocated to TexasOnline, Texas' official website. It is anticipated that the updated Texas Work Explorer Portal will be online by late 2006 or early 2007.

SAP – Increase system-wide, the number of employers using system products and services by a percentage growth rate to be determined, by Q4/09.

Background – To increase employer use of programs and services, efforts must be made to overcome lack of awareness of, and confidence in, available offerings. Programs must be created or modified in ways that simplify access and procedural requirements.

As work proceeds, a standard definition of 'use' will need to be determined in order to establish growth rate goals. This SAP is closely linked to several other System and Agency Action Plans, with progress expected to be evidenced over time.

- ✓ **2006 Action** – SITAC's assessment of system partners' programs and services was updated. The 'Employer Services' briefing paper is accessible through the Texas Work Explorer website²⁵ and is also posted at www.governor.state.tx.us/divisions/twic/reports/view.

The 2006 revision was completed as one component of a State of the Workforce Report prepared for the Council. The report also included a preliminary assessment of partner agency current and planned evaluation efforts related to employer use of and satisfaction with system products and services. Presented to the Council in June, the report outlined recommendations for continued work by SITAC. Work on the recommendations will proceed in preparation for the next workforce system strategic planning cycle that will occur in 2008-2009.

²⁵ TexasWorkExplorer.com website to be relocated to TexasOnline.

SAP – *Employer Customer Satisfaction level will achieve a 0.1 increase biennially in the combined satisfactory and above satisfactory categories in the Council's System Employer Survey.*

Background – The Council's Employer Survey was conducted biennially in 2002, 2004 and 2006. Data was collected from a cross-industry sample of Texas employers, including both users and non-users of the workforce system. Based on 2004 survey results, a benchmark of 4.6 (6 point scale) overall satisfaction rate was established. The target improvement rate was set at greater than or equal to a 0.1 increase.

In September 2005, the Council held a roundtable with a cross-section of Texas employers to corroborate 2004 survey responses and to provide feedback regarding business needs.



2006 Action – Information obtained at the roundtable was used to enhance the 2006 survey to better identify: usage and satisfaction trends; real and perceived barriers to system access; real and perceived gaps in services needed; and opportunities to make the survey an even more effective method for measuring workforce system usage and satisfaction levels.

A summary report was provided to the Council and key system stakeholders. Based on 2006 survey responses, employers' overall satisfaction rate remained steady at 4.6 (6 point scale).

SAP – *Develop, approve, fund and implement a strategic alliance business model that targets a minimum of three strategic industry clusters by Q1/06. These alliances are targeted to industries that hold long term strategic relevance to the State.*

Background – In October 2004, Governor Perry announced a long-term, strategic job creation plan designed to focus state efforts in six industry clusters: advanced technologies and manufacturing; aerospace and defense; biotechnology and life sciences; information and computer technology; petroleum refining and chemical products; and energy.

As part of the cluster initiative, representatives from industry, academia, economic development and trade associations developed recommendations on improvements to education, workforce training, transportation and regulatory policies. Input was obtained from meeting discussions, an electronic survey, interviews and a series of regional forums.

Final reports from the six cluster teams were disseminated and the team chairs presented their findings to the Governor in September 2005. While each cluster team made specific recommendations for policy or project implementation, common themes were identified and partner agencies specified key priority areas for strategy development.



2006 Action – The Texas Education Agency (TEA), Texas Higher Education Coordinating Board (THECB) and Texas Workforce Commission (TWC) are partnering in a coordinated effort to strengthen the workforce system as a whole. In response to the cluster reports, the agencies developed detailed action plans and prioritized tasks for 2006, and will continue joint efforts as work on the cluster initiative proceeds. Project examples include:

- ▶ *Career and Technical Education* – TEA's career and technical education initiative – *AchieveTexas* – centers on establishing career pathway systems for all schools. TEA has adopted the U.S. Department of Education's Career Clusters, which include 16 broad career clusters and 81 pathways, many of which support the Governor's industry cluster initiative.²⁶

²⁶ Texas Education Agency, *AchieveTexas* Implementation Guide, 2006.

- ▶ *College-Readiness Standards* – THECB adopted new rules in response to House Bill (HB) 1 (79th Legislature, 3rd Called Session) requirements concerning the development of college-readiness standards. The new rules address the cluster initiative priority recommendation to ‘communicate and prepare students for career opportunities in competitive clusters’. The rules outline the composition and duties of vertical teams that would be responsible for developing and recommending standards for English/language arts, mathematics, science and social studies. THECB plans to work with TEA, local school districts and higher education faculty to ensure academic rigor by aligning high school curricula with the new college-readiness standards.
- ▶ *Skills Assessment* – As part of the agency plan, TWC is working to identify skills gaps and other job-related information in the target clusters, which can be used to help ensure that workforce and technical education programs meet critical and emerging needs.
- ▶ *Summit* – A summit is planned for spring 2007 to disseminate and validate the skills assessment analyses, discuss state actions addressing the cluster report recommendations and showcase grantees under the new program outlined below. In addition, the new U.S. Chamber of Commerce National Work Readiness Credential standards and Achieve Inc.’s new business and education toolkit will be introduced.

Using federal Workforce Investment Act demonstration funds, the Meeting Industries’ Critical Workforce Needs program supports the development of market-driven education and training opportunities designed to prepare skilled workers for target industries’ short- and long-term needs. In August, the Governor announced over \$2.9 million in funding for five workforce development programs, with initial grants focusing on the biotechnology and life sciences cluster. In September, three grants totaling almost \$2 million were awarded for projects related to the advanced technologies and manufacturing cluster. TWC issued proposal requests for the energy and aerospace and defense clusters in October. All grants will be funded for two years.

Beginning with the 2007-2011 planning cycle, operational strategies related to the cluster initiative are to be included in agency strategic plans.²⁷

SAP – *Expand existing program or create a new program that enables employers to directly, readily and accountably access funds for new hire or incumbent worker training by Q2/05.*

Background – The Skills Development Fund and the Texas Enterprise Fund are the two primary funding sources for employer training needs, as well as relocation and expansion efforts.

HB 2421 (79th Legislature) addressed the funding mechanism for these two funds. Employers subject to UI taxes will pay an Employment and Training Investment Assessment of 0.1% of wages paid; however, the initial contribution rate and replenishment tax components of the unemployment insurance tax will be reduced by 0.1%. Funds collected through this assessment are deposited into a new holding fund and allocated according to a specific formula. Revenue deposited in the Holding Fund was not expected to be available for expenditure prior to FY2007; however, revenue collection began in FY2006.²⁸

²⁷ Governor’s Office of Budget, Planning and Policy and Legislative Budget Board, Instructions for Preparing and Submitting Agency Strategic Plans: Fiscal Years 2007-2011, March 2006.

²⁸ Legislative Budget Board Fiscal Note for HB 2421 (enrolled version), 79th Legislature, May 28, 2005.



2006 Action – The new holding fund created a stable funding source with established funding ratios for the Texas Enterprise Fund and Skills Development Fund. As required by HB 2421²⁹, initial transfers of \$41.5 million to the Texas Enterprise Fund and \$20.5 million to the Skills Development Fund were made in September.³⁰ The Skills Development Fund has an appropriation of over \$40 million for the FY2006-2007 biennium, an increase of \$15 million.³¹

In FY2006, 19,130 jobs were announced as a result of economic development activities, with 8,217 attributable to the Texas Enterprise Fund and the balance to the Economic Development Bank, Aerospace and Aviation, and Domestic Expansion and Recruitment programs. These successful recruitment and expansion activities, which gained significant new job opportunities for Texans, were often paired with the Skill Development Fund to ensure the availability of an appropriately skilled workforce.

SAP – *Design and implement a methodology and system for identifying and assessing employer needs with the first complete assessment and recommendations delivered by Q1/05.*

Background – Using direct employer input, employer skill needs can be more readily met, and education and training options can be designed to meet future employment needs in a more effective and timely manner. This is critical as the state increases economic development activities in an effort to become increasingly competitive in today's global market.

The cluster initiative relates directly to this LTO as the assessment process provided input and recommendations from industry, academic, economic development and trade representatives.



2006 Action – Cluster recommendations specific to education and workforce training were included among priority implementation tasks identified by partner agencies in 2006.

Local boards continue to expand the variety of available online, in-house and on-site services, including those offered by their Business Services Units. As part of their local planning process, boards are required to identify the skills needed within their workforce area. While this does not represent system-wide information, it can provide useful information for the state's 28 workforce areas. New board plans submitted in 2006 addressed this requirement in different ways, in particular as related to industry clusters. Some boards use complex data, integrated with qualitative information, to prioritize employer needs, while others primarily use qualitative information to arrive at decisions.

As noted previously, information gathered during the Council's 2005 employer roundtable was used to enhance the Council's 2006 employer survey that was designed, in part, to assess employer needs.

The Council's June State of the Workforce Report included a preliminary assessment³² of partner agency current and planned evaluation efforts related to employer use of and satisfaction with system products and services. Employer involvement is common in program planning stages; however, there are few formal evaluation efforts currently in place.

²⁹ Texas Labor Code §§ 204.121-123.

³⁰ Texas Workforce Commission, Agenda Item 7: Discussion, Consideration and Possible Action Regarding the Unemployment Compensation Trust Fund Projection (September 12, 2006 meeting minutes).

³¹ 2005 TWC Annual Report, p. 6.

³² Workforce system partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training. Many of these, in particular the many programs administered by TWC and by local workforce development boards (e.g., programs funded under the Workforce Investment Act) were not included in the survey, as information about applicable federal and state performance reporting requirements is documented and readily available.

SAP – *Develop system to review workforce education programs and make recommendations to revise or retire them as appropriate to the current and future workforce needs identified in coordination with employers. This system capacity will be operational by 2008.*

Background – The timely provision of demand-driven education and training is essential to the state’s future economic success. Such options are needed to support the needs of secondary and postsecondary students and incumbent workers. In addition, the ability to meet the training needs of employers is a valuable economic development/recruitment resource.

The Council has collaborated with the THECB and the Texas State Leadership Consortium for Curriculum Development (TSLCCD) to ensure that the state’s community and technical colleges have the information needed to meet the emerging needs of Texas employers. TSLCCD developed a process and product guide to facilitate the development of statewide curricula. Additionally, TSLCCD has been responsible for annual recommendations to the THECB on the development of technical education programs/courses that have statewide relevance.



2006 Action – THECB implemented policy and funding changes for 2006-07, including replacing TSLCCD with a different state-level consortium. The new Texas State Leadership Consortia is charged with creating and sustaining technical education programs in Texas by supporting *Closing the Gaps* initiatives funded by the Carl D. Perkins Act. Three projects were established to support this initiative (i.e., Curriculum Development, Professional Development, Recruitment and Retention) with a combined funding level of over \$3.3 million for 2006-07.³³ The Council will work with the new consortium as work proceeds on LTO implementation.

Local boards may choose not to fund certain training programs, or may provide direct input to training providers of employers’ training needs. Boards are responsible for reviewing training programs to assess their applicability for meeting current and future skills needs in their workforce area or other areas of the state. Based on information in the new 2006 board plans, most boards included a clear description of their processes for identifying target occupations and approving training providers; however, only a few described how they use these and other means to recommend revision or retirement of training programs.

Next steps for this LTO will continue to evolve as work proceeds on the industry cluster initiative, including partner agency plans and action steps.

SAP – *Increase the awareness, access rates, participation, and relevance of services to small and mid-size businesses throughout the State. The results of these efforts will achieve an increase in usage (to be determined) of system products, services, and solutions by a date to be specified.*

Background – Economic Development and Tourism and the TWC provide a variety of employer services, including many targeted to small and mid-size businesses. An overview of current services is provided in the previously-referenced ‘Employer Services’ briefing paper.

The Texas Business Portal (www.business.texasonline.com) website was launched in March 2005, simplifying the process of fulfilling state reporting and licensing requirements. SB 96 (79th Legislature) provides for the expansion of Internet services by requiring state agencies to make all forms available online.

³³ Texas Higher Education Coordinating Board – Committee on Participation and Success, Agenda Item VI: Report on Perkins Funding for Fiscal Year 2007 and Discussion of Perkins Act Reauthorization (September 6, 2006 meeting).



2006 Action – Economic Development and Tourism’s Small Business section assists small and historically underutilized businesses (HUBs). Small Business Summits are held at various Texas locations to provide information on topics such as financing growth and expansion, payroll tax and tax credits, exporting opportunities, finding qualified employees and doing business with the state. Five Summits were held during FY2006.

HB 2421 requires TWC to consider giving priority to training incentives for small businesses when awarding Skills Development Fund grants.³⁴

Required by SB 96, no-fee access is to be developed for all business permits and occupational licenses listed on TexasOnline (www.state.tx.us), the official website for the State of Texas. Scheduled for implementation by the end of December 2006, Phase I of the Consolidated Business Application project will include retail, convenience store and restaurant business types.

As previously noted, a June State of the Workforce Report included a preliminary assessment of partner agency evaluation efforts related to employer use of and satisfaction with system products and services. Next steps and associated timelines are being developed for SITAC, with the intent of addressing the recommendations in preparation for the next strategic planning cycle that will occur in 2008-2009.

³⁴ Texas Workforce Commission Workforce Investment Act Rules: 40 TAC § 803.3(a)(2).

ADULT BASIC EDUCATION AND LITERACY

Mandate and Background

Texas Government Code § 2308.1016 mandates that the Council facilitate the efficient delivery of integrated adult education services in Texas, in part by evaluating the adult education and literacy services administered by the Texas Education Agency (TEA) and the Texas Workforce Commission (TWC). The Council is directed to develop and implement immediate and long-range strategies for any identified problems, including those related to duplication of planning efforts and lack of client information sharing.

As part of its annual report to the Governor and Legislature, the Council is required to report on the results of measures taken to address any identified problems. This represents the third annual report to the Governor and the Legislature.

Since 2003, the Council and its adult basic education (ABE) partners – TEA/Texas LEARNS³⁵, TWC and the Texas Higher Education Coordinating Board (THECB) – have worked to identify issues, document and report on the status of key areas within ABE in Texas and to develop an action plan that outlines long-term strategies for improvement.

In December 2004, the Council approved the revised Strategic Action Plan (SAP) and assigned oversight responsibility to the System Integration Technical Advisory Committee (SITAC), the Council committee charged with implementation of the system strategic plan. The revised SAP was included in the 2005 Update to *Destination 2010*, which was approved by the Council in March 2005 and subsequently signed by the Governor. One of the most complex SAPs in the plan, it contains 16 major tasks.

Key Actions

During 2006, significant progress was made with regard to SAP implementation, based in part on input collected during the 2005 three-day workforce forum that focused on adult education and workforce literacy topics, as well as ongoing focus groups and meetings with system stakeholders.

TEA, THECB and TWC continued to provide regular reports at SITAC meetings, including updates on the tasks outlined below. Specific actions are grouped by the agencies' four overarching goal areas:

Collaborative Planning

- ▶ *State and Local Communication* – Communication and planning efforts continue to increase among the three agencies, as well as with local adult education and workforce service providers. General and best practices information is shared through small group meetings, conferences, email distribution lists and a website. 'SHOP TALK' information releases are readily available to interested parties.³⁶
- ▶ *Local Board Planning Guidelines* – TWC revised the local board planning guidelines, in part to require local boards to describe how they (1) coordinate services with adult education programs and (2) share workforce service information between ABE providers and customers.

³⁵ Under an agreement with TEA that was effective August 1, 2003, Texas LEARNS assumed operational functions of adult and community education including: nondiscretionary grant management, program assistance and other statewide support services to Texas' adult education and family literacy providers. TEA retained responsibility for all discretionary, policy and monitoring functions.

³⁶ Accessible through the Texas LEARNS website at <http://www-tcall.tamu.edu/texaslearns/st/sttoc.htm>.

- ▶ *Workforce Literacy Resource Team* – The new Workforce Literacy Resource Team was formed with representatives from employers, local adult education providers, local boards and the three agencies. Priorities and a task list have been established that address the team’s primary goal of increasing collaborative efforts among employers, local boards and ABE providers.
- ▶ *State and Local Communication* – Communication and planning efforts increased among the three agencies, local adult education providers and workforce service providers. Agency staff actively solicit input from system stakeholders and utilize email distribution lists and a website to gather input for ongoing planning efforts and to distribute best practices and project information. For example, Texas LEARNS staff and ABE directors met with employers from New Braunfels/Seguin and with the Executive Directors from the Cameron, Lower Rio Grande and Upper Rio Grande Valley workforce areas to discuss prioritization of ABE services for job seekers.
- ▶ *Planning Efforts* – Federal and state-level plans are submitted to each of the three ABE agencies for review and comment. During 2006, agency strategic plans for Fiscal Years 2007-2011, as well as the THECB’s Strategic Plan for Texas Public Community Colleges, were submitted to the Governor’s Office and the Legislative Budget Board.
- ▶ *P-16 Council* – All three agencies sit as a member on and participate in P-16 Council activities. Draft reports on (1) Student Academic Preparation and Readiness and (2) Developmental Education were submitted to the P-16 Council in August, with further action anticipated in November.³⁷

Segment Customers and Increase Service Options

- ▶ *Management Information System* – TEA’s revised management information system has been operational since late August 2005. The Texas Educating Adults Management System (TEAMS) training tutorial is available through the TEA website.

- ▶ *Transition to Higher Education* –

THECB disseminated the results from a Perkins-funded project³⁸ that was designed to create a model for GED students to transition from ABE programs to technical certificate and associate degree programs using a method similar to the Tech Prep model.³⁹

TEA is working with the THECB’s GO Centers⁴⁰ to disseminate information about transition of ABE learners to postsecondary education.

In addition, a P-16 subcommittee made developmental education a priority in 2006, with focus groups held to obtain ABE students’ perspective on their needs for successful transition to postsecondary education.

³⁷ House Bill 2808 (79th Legislature) requires submission of a report to the state’s executive and legislative leadership on or before January 1, 2007.

³⁸ THECB – Carl Perkins Statewide Leadership Grant.

³⁹ Tech Prep – a comprehensive and articulated program that offers students the opportunity to study in a career program in high school and either gain credit or experience which will assist them in their transition to higher education.

⁴⁰ GO Centers were established in selected high schools as part of the THECB’s statewide *College for Texans* campaign to encourage more Texans to pursue higher education. The centers provide follow-up assistance to secondary school students and parents who need academic and financial aid information to facilitate a seamless transition from high school to college.

- ▶ *Distance Learning* – Texas LEARNS and the GREAT⁴¹ Teacher Training Centers identified and began nine pilot projects serving approximately 200 English as a Second Language (ESL) students. The purpose of the pilot, extended through fall 2006, is to train a group of teachers and administrators in the fundamentals of distance education and for each GREAT Center region to implement at least one distance learning pilot project.
- ▶ *Contact Hours Reporting* – Texas LEARNS participated in a federal focus group to make recommendations to the U.S. Department of Education about better ways to report distance learning contact hours.
- ▶ *Job Seeker Services* –

To obtain input for prioritization of ABE services for job seekers, information was solicited from local board staff and ABE directors.

A best practices guide that contains successful ABE service models for job seekers and examples of industry-specific curricula will be compiled and distributed by TEA and TWC. Presentation of these models will be scheduled for future ABE conferences and workforce forums and information is accessible on the Texas LEARNS website.

Increase Employer Access and Utilize Industry Approaches

- ▶ *Employer Services* –

Ideas regarding service offerings for employers have been collected from system stakeholders and work continues by TEA and TWC to facilitate the implementation of allowable services at the local level through the sharing of best practices and through special initiatives such as the Rider 82 projects outlined below.

Employer participation is increasing in events such as the Adult Education and Workforce Conference, held in July in San Antonio.⁴² The *Charting the Course Toward Success* conference featured an employer panel and a presentation outlining the Vulcan Materials onsite English as a Second Language program, which was in planning for a year in an effort to increase management and employee investment in the program.⁴³

- ▶ *Industry-Specific Curriculum Development [Rider 82⁴⁴]* – TEA has a Memorandum of Understanding with El Paso Community College (EPCC) to develop industry-specific curriculum for the target industries of health care, sales and service, and construction and manufacturing trades. Texas LEARNS and TEA contracted with an independent consultant to develop the teacher training materials, and five programs were selected to pilot the curriculum. TEA plans to fund EPCC through 2007 to pilot the curriculum.

⁴¹ The Project GREAT Adult Education and Family Literacy Regional Centers of Excellence are Texas LEARNS' answer to the professional development needs of adult education and family literacy practitioners. Eight Centers are funded as federal State Leadership activities by TEA and Texas LEARNS, one in each state service region. Centers are managed by the grantees in collaboration with Texas LEARNS, TEA and regional adult education directors.

⁴² Second annual conference hosted by the South Central GREAT Center, Education Service Center Region 20, Adult Education and Literacy Programs in the South Central region, Alamo WorkSource and the City of San Antonio.

⁴³ "SHOP TALK #8: Still More Promising Practices", Texas LEARNS website, July 19, 2006.

⁴⁴ SB 1 (79th Legislature) – General Appropriations Act 2006-2007 Biennium, Article III: Education, TEA Rider 82: **Development of Workplace and Workforce Literacy Curriculum.** "Out of Federal Funds ... the Commissioner shall allocate an amount not to exceed \$850,000 in fiscal year 2006 for the development of a demand-driven workplace literacy and basic skills curriculum. The Texas Workforce Commission shall provide resources, industry-specific information and expertise identified as necessary by the Texas Education Agency to support the development and implementation of the curriculum."

Intensive Professional Development

- ▶ *Advisory Committee Orientation* – Utilizing a training module to assist ABE fiscal agents with the selection and orientation of local advisory board members, training and ongoing technical support is available through the eight GREAT Centers.
- ▶ *Teacher Training Services* – Concurrent with the Rider 82 industry curriculum development effort, an independent contractor is developing related teacher and administrator training materials. Training is underway for teachers representing each adult education program.
- ▶ *COABE National Conference* – Texas hosted the national Commission on Adult Basic Education (COABE) annual conference that was attended by over 1,100 participants from 45 states, as well as Canada and New Zealand. A full-day pre-conference Peer Workplace Session included presenters from Texas LEARNS and TWC.

Next Steps

Reauthorization of the federal Workforce Investment Act (WIA) of 1998 is still pending in Congress. Following reauthorization, an interagency team will be convened to collaborate on state plan development including incorporation of SAP language. In addition, work will proceed to increase consistency with regard to TEA/Texas LEARNS and TWC application and contracting processes, as well as evaluation and reporting requirements.

In addition to tasks related to the projects mentioned above, additional work is planned for 2007 including:

- ▶ *Ongoing Collaboration and Customer Analysis* – Through the new Workforce Literacy Resource Team and other collaborative projects, the three agencies plan to build on efforts of the past two years. For example, additional ideas will be generated to define the role of ABE providers in the provision of services to employers, incumbent workers and job seekers. Both the distance learning and Rider 82 industry curriculum pilots are expected to provide information and resources for future efforts.
- ▶ *Rapid Response* – TEA and TWC continue to solicit ideas for the participation of ABE providers in rapid response services for business layoffs and closings. TWC plans to issue a technical assistance bulletin designed to assist rapid response teams and workforce center workers with related assessment and literacy options.
- ▶ *Funding Mechanisms* – One of the SAP's major tasks is to evaluate and recommend changes to the funding allocation methodology and performance-based contracting model for ABE grants. TEA planned to build on a U.S. Department of Education (DOE) study of states with performance-based or incentive funding; however, of 10 states identified, Texas' size was not comparable to states with state funding levels. Research will continue, with a task group to be convened after additional data or feedback is received from DOE. The task group will be charged with developing strategies and evaluating options, with recommendations to be presented to the TEA Commissioner.
- ▶ *Compliance Checks* – TEA will continue to monitor compliance with federal and state statute and regulations through compliance reviews of every continuation and competitive grant application.

SITAC will continue to monitor SAP implementation progress during the coming year. The plan will be modified, as applicable, to align with new federal legislative and regulatory requirements that result from WIA reauthorization.

TEXAS' LOCAL WORKFORCE DEVELOPMENT BOARD ALIGNMENT WITH *DESTINATION 2010*

Mandate and Background

The strategic plan for Texas' workforce development system, *Destination 2010*, contains 22 Long Term Objectives (LTOs) that have associated Strategic Action Plans (SAPs) to guide implementation. The state's local workforce development boards are responsible partners/owners of seven of the 22 LTOs. The Council currently requires board alignment with six of the seven. The seventh LTO has been deferred until 2007, pending further development of TexasWorkExplorer.com, the workforce system's Internet information gateway.

Chapter 2308.101(a)(5), Texas Government Code, requires that the Council review local workforce board plans to ensure that certain requirements are met. In addition, Chapter 2308.304(b)(4) specifies that the plan must include a strategic component that sets broad goals and objectives for local workforce programs, and outcomes must be consistent with statewide goals, objectives and performance standards. *Destination 2010* establishes these statewide goals and objectives through FY2009.

In 2006, local boards developed a new two-year strategic and operational plan for the period October 1, 2006 to September 30, 2008. This is the first new plan by local boards since the launch of *Destination 2010* in FY2004, thereby affording boards an opportunity to integrate alignment of the required LTOs in the plan development process.

During the local plan review process, Council staff conducted an in-depth analysis between the key components of the six required LTOs and relevant portions of each local board plan. The goal of this analysis was to determine those strategies and actions that addressed the key elements of each LTO and which supported systemic implementation of the goals, objectives and Critical Success Factors outlined in *Destination 2010*.

Local boards provided:

- ▶ a narrative response describing current and planned activity to address three key opportunities for system improvement: (1) increasing both the relevance and responsiveness of programs and services to employers, (2) enhancing job matching services to meet the needs for both technical and professional positions, and (3) 'selling the system' to employers to increase awareness of available programs and services;
- ▶ a description of specific strategies and actions that demonstrate the connection of local planned activities to each of the six required LTOs; and
- ▶ a brief, cumulative description of FY2006 performance to implement the strategies and actions included in local board plan modifications in 2005 to address alignment with the six required LTOs.

Local boards were also encouraged to report on strategies and actions that support implementation of additional LTOs in *Destination 2010*. Six boards included information for one or more additional LTOs.

Local Board Alignment⁴⁵

The following section provides an aggregate analysis of local board plan alignment to the six required LTOs, as well as examples of clear plan alignment to the referenced LTO. After conducting an initial review of local board plans, Council staff requested clarifying or additional information from boards as necessary to ensure alignment to *Destination 2010*. The boards provided information as requested, and where necessary, included the information in their plans. At the conclusion of the review process, all 28

⁴⁵ Local Workforce Development Board Plans FY2007–2008, Plan Period: October 1, 2006 – September 30, 2008.

local plans demonstrated alignment to *Destination 2010*. The Council considered the local plans at their meeting on September 8, 2006, and recommended final approval by the Governor as required under Title I of the Workforce Investment Act, the Wagner-Peyser Act and other applicable statutes. The Governor approved the local plans following receipt of the Council's recommendation.

LTO – *Increase system-wide, the number of employers using system products and services by a percentage growth rate to be determined, by Q4/09.*

Local boards reported that they are actively outreaching area employers. Most boards have formed a Business Services Unit or similar function designed to engage employers, determine their workforce needs and connect them to services in the local area. Employer engagement most frequently occurs in organized forums, through traditional marketing methods or by personal contact. The majority of local boards reported this strategy as their primary approach to increasing employer use of system products and services.

Example – The Brazos Valley board, Business Services Team and workforce center staff meet weekly to discuss incoming and expanding industries, employer outreach, job orders, community job fairs and other pertinent topics. Through an established marketing plan, the board has identified outreach events such as job fairs, business openings and 'Employer 'N the Lobby'. One of the board's main goals is to increase the number of employers utilizing workforce center services.

LTO – *Employer Customer Satisfaction level will achieve a 0.1 increase biennially in the combined satisfactory and above satisfactory categories in the Council's System Employer Survey.*

The majority of local boards reported an overall increase in employer customer satisfaction. Most boards reported that they met their market share and customer loyalty targets for the past performance year. In addition to state level surveys, boards use a variety of formal and informal methods to determine satisfaction of area employers.

Example – The West Central Texas board reviews customer satisfaction survey data from the state and workforce center system surveys. As part of the board's annual 'chartering' or 'certification' process of the workforce center system, customer focus groups are held with current and former job seekers and employer customers. Information from the survey and focus groups serves as an evaluation of the system to identify improvements, additions and changes to the system and services.

LTO – *Increase by 2% per year (from actual rate of previous year), the percentage of persons receiving vocational rehabilitation services from HHSC who remain employed after exiting the program.*

Most local boards described a partnership and often a Memorandum of Understanding with the Health and Human Services Commission's (HHSC) Department of Assistive and Rehabilitative Services (DARS) and/or other disability entities regarding the delivery of program services for people with disabilities. Several boards reported specific strategies with DARS and community partners to improve service coordination.

Example – The Tarrant County board arranges for persons with disabilities to receive the services needed to obtain employment. The board has a contract with Easter Seals for a disability coordinator who ensures that the workforce center works with outside organizations to serve customers with disabilities. The board also partners with DARS through the workforce center to coordinate job placement services for disabled individuals.

LTO – *Design and implement a methodology and system for identifying and assessing employer needs with the first complete assessment and recommendations delivered by Q1/05.*

A number of local boards are still working to develop or articulate a comprehensive methodology to identify and assess employer needs. The boards report using a variety of qualitative methods to determine employer needs, including personal contact, focus groups and various networking opportunities. Over two-thirds of the boards also report the use of data-based methods such as labor market analyses and surveys.

Example – The Gulf Coast board uses extensive labor market and economic data to identify and assess the needs of area employers. Using this data, the board develops a Targeted Industries list and a High-Skill, High-Growth Occupations list. These two lists identify the industries and occupations that are critical to the Gulf Coast region's economic future. This data assists the board in identifying the critical areas in which to focus investments, as well as opportunities around which to convene area partners to address business needs. The board periodically reviews and revises the lists based on the most recent statistical data, as well as input from area employers, to ensure that they accurately reflect regional needs.

LTO – *Develop system to review workforce education programs and make recommendations to revise or retire them as appropriate to the current and future workforce needs identified in coordination with employers. This system capacity will be operational by 2008.*

Boards are responsible for defining target occupations for their workforce area and for approving training providers through the state's Eligible Training Provider System. While boards may not have direct authority to retire workforce education programs, these two critical responsibilities offer an opportunity to influence delivery of relevant training programs that meet current business needs.

Boards may choose not to fund certain training programs, or may provide direct input to training providers of employers' training needs. Most board plans included a clear description of their processes for identifying target occupations and approving training providers; however, only a few described how they use these and other means to recommend revision or retirement of training programs that may no longer meet local employer needs.

Example – The South East Texas board's recommendations for workforce education programs are based on program performance, completion and placement rates. The board reviews performance data and course curricula to ensure that training providers meet employers' needs and state/board performance standard(s). If a program does not meet these standards, the program will be retired. Local board staff, college workforce directors and employers meet to develop curricula needed for the board's high-growth, high-demand occupations and/or skill sets.

LTO – Increase the awareness, access rates, participation, and relevance of services to small and mid-size businesses throughout the State. The results of these efforts will achieve an increase in usage (to be determined) of system products, services, and solutions by a date to be specified.

Most local boards reported a single set of strategies for businesses of all sizes, rather than differentiated strategies targeted specifically to large, small or mid-size businesses. This was particularly the case in most rural areas where the vast majority of businesses are small employers. Boards indicated that increased access and participation rates for small and mid-size businesses would be achieved through the single set of strategies. A few boards described specific strategies for small and mid-sized businesses.

Example – The Central Texas board offers a menu of no-cost services, which is available for all small and mid-size businesses. In addition to services available through WorkInTexas.com and the Central Texas Business Resource Center, Central Texas Workforce promotes industry consortiums made up of small and mid-size businesses. Consortiums provide a forum for businesses to identify common needs and skill gaps, thereby focusing multiple inputs through a single information channel. Through this strategy, the board is able to focus the majority of its resources on those activities and businesses that have been identified as having the greatest potential economic impact.

Common Board Activities

As previously noted, all local board plans demonstrated alignment of local planned activities to the related *Destination 2010* LTOs. Listed below are additional examples of planned or continued activities that have been, or will be, implemented by most boards:

- ▶ Increasing coordination with adult education programs.
- ▶ Enhancing partnerships with education and economic development entities.
- ▶ Using labor market information to validate local needs.
- ▶ Expanding customized training to meet business needs.
- ▶ Identifying competitive industry clusters and developing strategies to address their workforce needs.
- ▶ Investing in tools or services to strengthen the employability and/or transferable skills of the workforce.
- ▶ Conducting employer surveys and focus groups to increase the awareness of the available programs and services.
- ▶ Increasing employer utilization of WorkInTexas.com.

Also in 2006, a number of local boards reported providing support, job training and other workforce services for both individuals and families displaced by Hurricanes Katrina and Rita.

2007 – ISSUES FOR CONSIDERATION AND ACTION

This report is the third evaluation following the implementation of several major initiatives by the Council and system partners. These include the development and implementation of:

- ▶ *Destination 2010*, the strategic plan for the workforce system;
- ▶ Formal and Less Formal performance measures; and
- ▶ the report card series presented in this report.

As noted on page 5, issues included in this section are limited to those that directly relate to the report's scope as outlined on page 1. The Council and the Council's System Integration Technical Advisory Committee (SITAC) will continue to work with system partners to resolve these issues in order to ensure the accuracy, integrity and utility of this report in subsequent years.

ISSUE 1 – Relevant data for Community and Technical Colleges' Educational Achievement outcome.

Status – Originally identified in 2004, this issue was carried over last year. It has been resolved as (1) the Texas Higher Education Coordinating Board (THECB) will continue to report both cohort and annual outcome data, and (2) a new Internet-based Higher Education Accountability System has been implemented.

Overview – As noted in the Educational Achievement Analysis narrative on page 13, this year's report continues to reflect the outcomes of a specific cohort across a six-year period. THECB utilizes the six-year cohort method to report Graduation Rates (GRS) as required by the Integrated Postsecondary Education Data System (IPEDS)⁴⁶. One of the nine components of IPEDS, the annual GRS survey was added in 1997 to help institutions satisfy the requirements of the Student Right-to-Know legislation⁴⁷. Data are collected on the number of students entering institutions as full-time, first-time, degree- or certificate-seeking undergraduate students in a particular year (cohort) and completing their program within 150 percent of normal time to completion.

The Council believes it is also important to consider the success of community and technical colleges in contributing graduates with completion credentials, degrees or certificates, to the Texas workforce system each year. In academic year 2005, almost 57,000 Community and Technical College credentials were awarded – more than double the completions, or graduation rate, reported under the longitudinal definition. For this reason, the Council will continue to request 12-month credential data from the THECB in order to provide a more complete representation of educational achievement in these institutions.

On January 22, 2004, Governor Perry issued Executive Order RP 31 requiring that the THECB and public institutions of higher education work together to provide the information needed to determine the effectiveness and quality of the education students receive at individual institutions and to evaluate the institutions' use of state resources. The Internet-based Higher Education Accountability System for public higher education provides data for public universities, health-related institutions, technical colleges and state colleges. While not addressed by the Governor's Order, the state's community colleges were added to the system in early 2005.

⁴⁶ IPEDS is the core postsecondary data collection program for the NCES. Located within the U.S. Department of Education and the Institute of Education Sciences, the NCES is the primary federal entity for collecting and analyzing data related to education.

⁴⁷ P.L. 101-542, Title I, Sections 103-104.

Accessible at <http://www.txhighereddata.org/Interactive/Accountability/>, the system currently has four categories of key accountability measures (i.e., Participation, Success, Excellence, Institutional Effectiveness and Efficiencies) for community colleges. In addition, contextual measures are included to help place the key accountability measures in context and/or better describe the efforts of each institution. Of note are two key Success measures: (1) 3, 4, and 6-Year Graduation Rates, and (2) Degrees and Certificates Awarded.

Statewide data is available, as well as data for each institution or one of five 'groups'. THECB staff worked with the Texas Association of Community Colleges to establish the five institutional groups (i.e., Very Large Colleges, Large Colleges, Medium A, Medium B, Small Colleges) based on similar characteristics such as enrollment. The groups are not intended to be permanent or prescriptive, and will be reviewed every two years to reflect institutional changes as well as changing higher education needs.

Community college measures were revised earlier this year. Group targets for the key measures will be set in December 2006 and updated every three years.

ISSUE 2 – *Full adoption of the National Center for Education Statistics dropout rate for secondary education.*

Status – This issue was also identified in 2004 and carried over last year. It should be resolved in 2007 when the Texas Education Agency (TEA) conforms with federal reporting requirements issued by the National Center for Education Statistics (NCES).

Overview – In 2007, the current definition and methodology will no longer apply as TEA changes state reporting to conform with the federal reporting requirements issued by the NCES. At that time, data based on the NCES definition and methodology will be requested for the previous three years so that longitudinal trends can be revised. A detailed explanation of the definitional differences is provided as an attachment to the Evaluation 2004 report.

ISSUE 3 – *Continued improvements to the data collection, submission, review and reporting processes.*

New Issue – This report represents the third reporting cycle for the Formal measures approved by the Governor in October 2003, as well as the Less Formal measures. As this, and future iterations of the annual evaluation report are produced, it is essential that comparable data sets be reported by agencies, per Formal measure definitions, for longitudinal tracking and analysis.

The Council will continue to work with partner agencies to clarify expectations and to incorporate additional process improvements, where applicable.

Overview – Implemented in 2004, the annual evaluation report and report card series marked a major change for the Council and its partner agencies in the approach to system evaluation and reporting. As noted previously, statute requires that the report include program-level data, creating challenges related to the submission and presentation of aggregate versus unduplicated data.

The Council strives to utilize existing reporting parameters, as appropriate, within the constraints of statutory mandates. The Council worked with agencies and the Legislative Budget Board (LBB) to establish measures definitions to, where possible, align with existing federal common definitions as well as LBB performance measures for the FY2006-2007 biennium. In addition, the '5% Variance' reporting requirement is aligned to LBB requirements.

Since performance measure definitions and methodologies were negotiated and approved in 2004, the Council and partner agencies have worked to identify and implement process improvements for all work phases associated with preparation of the annual evaluation report. In many cases, agencies have provided supplemental data that aids in presenting a more comprehensive overview of Texas' workforce system outcomes.

For the 2005 and 2006 evaluation cycles, some partner agencies identified a need to revise prior year data for a variety of reasons. In addition, agencies have been asked to resubmit some program data when it was determined that the approved methodology had not been followed for a given reporting cycle(s). The 2005 and 2006 reports include data addenda provided to publish and disseminate the revised information. Percentage point differences presented in the reports reflect revised prior year data.

ISSUE 4 – *Employer use of workforce system products and services.*

New Issue – In June, the Council produced a State of the Workforce Report addressing employer use of workforce system products and services, a topic that is the focus of two of the Long Term Objectives (LTOs) in *Destination 2010*.

During 2007-2008, Council staff will work through SITAC in order to proceed with LTO implementation and to prepare for the next system strategic planning process that will occur in 2008-2009.

Overview – *Destination 2010* includes two LTOs that address increasing employer use of system products and services. A third, related LTO requires system partners to 'design and implement a methodology and system for identifying and assessing employer needs'.

Utilization of direct employer input will help ensure that employer skill needs are more readily met, with education and training options designed to provide appropriately skilled employees. Timely, effective service delivery is a critical factor as system partners strive to increase employer use rates by helping to ensure the availability of an adequate workforce for Texas' changing economy.

To date, defining 'use' and establishing related target growth rates has not been addressed. The difficulty with specifying a single definition is due to the diverse goals of system programs. The June State of the Workforce Report included a preliminary assessment⁴⁸ of partner agency current and planned evaluation efforts related to employer use of and satisfaction with system products and services. Employer involvement is common in the program planning stages; however, there are few formal evaluation efforts currently in place.

The report included several recommendations as summarized below:

- ▶ Update the Employer Services briefing paper (i.e., high-level assessment of current programs and services) at least biennially.
- ▶ Develop a definition for employer 'use' appropriate to the program or service.

⁴⁸ Workforce system partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training. Many of these, in particular the many programs administered by TWC and by local workforce development boards (e.g., programs funded under the Workforce Investment Act) were not included in the survey, as information about applicable federal and state performance reporting requirements is documented and readily available.

- ▶ Based on the narrowed definition of 'use', establish target growth rates, or appropriate interim steps, for the current strategic planning cycle.
- ▶ After the 2007 regular legislative session, (1) reassess agency evaluation efforts, and (2) devote a regular SITAC meeting to the employer use and satisfaction topic.

DATA ADDENDUM TO EVALUATION 2005: ACCOMPLISHMENTS AND OUTCOMES OF THE TEXAS WORKFORCE DEVELOPMENT SYSTEM _____

Introduction

The 2004 evaluative report marked a significant change for the Council and its partner agencies in the overall approach to system evaluation and reporting. For the 2004 evaluation cycle, the Council implemented a new report card series that was designed to exhibit and measure performance across system programs. The Council worked extensively with partner agencies and the Legislative Budget Board (LBB) to streamline measures definitions, where possible, to align with existing federal common definitions as well as mirroring, to the extent possible, like LBB performance measures for the FY2006-FY2007 biennium.

In preparing the 2006 evaluation, three partner agencies identified a need to revise data provided for the 2004 and/or 2005 report(s) since system constraints and revised guidance for the federal common measures had affected their ability to submit consistent, comparable data to that provided for the previously published reports. Because numerous workforce programs reported by TWC, two programs reported by EDT and one program reported by TEA had revised data for 2004 and/or 2005, this data addendum is provided to publish and disseminate that revised information.

Economic Development and Tourism Revised Data

Due to a change in reporting methodology, EDT submitted revised FY2005 (baseline) data to the LBB. The revised 2005 data is presented below:

Program	Jobs Announced
Texas Enterprise Fund	19,199
Domestic Expansion and Recruitment, Aerospace & Aviation and the Economic Development Bank	11,192

Texas Education Agency Revised Data

TEA submitted revised 2004 and 2005 data for the Perkins Secondary program as an incorrect methodology was used for the original submissions.

Revised 2004 data:

Program	Education Achieved	Rate
Perkins Secondary	109,508	91.73%

Revised 2005 data:

Program	Education Achieved	Rate
Perkins Secondary	119,806	92.36%

Texas Workforce Commission Revised Data

For the reasons outlined below, TWC submitted revised 2004 and 2005 data for applicable programs and related performance measures.

- ▶ *Qualifying Services* –
 - *Common Measures* – The Formal measures reported to the Council are based on the federal common measures definitions and methodologies. During the last two years, the U.S. Department of Labor (DOL) has issued additional clarification on common measures, most recently in February 2006.⁴⁹ For many programs, the new guidance related to qualifying services⁵⁰ redefined the populations considered to be program participants, thus, affecting calculation for applicable Formal measures.
 - *TAA Waiver* – The approval and management of Trade Adjustment Assistance (TAA) training requirements for Trade Readjustment Allowances (TRA) recipients became a qualifying service.⁵¹
- ▶ *Reporting System Refinement* – Since the submission of Evaluation 2005 – and revised 2004 – data last year, TWC has continued to improve internal reporting systems and interfaces with external data systems in an effort to improve data quality.

Revised 2004 data:

Program	Number Employed	Rate	Retained Employment	Rate	Education Achieved	Rate	Number Served
Employment Services	981,800	72.76%	835,567	80.45%	-	-	1,520,482
Food Stamp E&T	12,429	71.29%	7,808	68.84%	-	-	26,114
Project RIO - Adult	5,976	66.61%	760	73.50%	-	-	21,729
SCSEP	-	-	-	-	-	-	743
TAA/NAFTA	2,811	78.76%	2,276	87.98%	-	-	9,117
TANF Choices	52,716	79.82%	28,076	72.33%	-	-	110,278
Veterans E&T	39,405	69.74%	32,283	81.44%	-	-	89,745
WIA I - Adults	18,788	91.36%	14,071	84.45%	8,414	94.99%	32,346
WIA I - Dislocated Worker	10,772	89.43%	11,032	87.98%	2,869	95.70%	20,264
WIA I - Youth	7,748	52.12%	-	-	2,843	38.88%	22,882

⁴⁹ Training and Employment Guidance Letter No. 17-05, "Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues" (February 17, 2006).

⁵⁰ Case Management is no longer considered a qualifying service in and of itself. Conversely, Self-Directed Job Search is now considered a qualifying service.

⁵¹ In addition to affecting the TAA population, this change also applied to Workforce Investment Act (WIA) clients co-enrolled in TAA.

Revised 2005 data:

Program	Number Employed	Rate	Retained Employment	Rate	Education Achieved	Rate	Number Served
Employment Services	920,317	75.48%	948,794	82.14%	-	-	1,352,730
Food Stamp E&T	13,835	81.50%	8,801	72.48%	-	-	30,321
Project RIO - Adult	10,443	76.39%	6,301	65.95%	-	-	24,777
SCSEP	19	31.67%	-	-	-	-	1,069
Self-Sufficiency Fund	1,074	80.93%	659	81.86%	1,123	97.99%	-
Skills Development Fund	3,528	93.85%	10,372	94.30%	3,510	99.12%	-
TAA/NAFTA	5,078	77.80%	3,356	90.41%	-	-	6,189
TANF Choices	55,828	80.35%	30,754	73.03%	-	-	93,814
Veterans E&T	44,329	70.88%	46,094	84.10%	-	-	97,772
WIA I - Adults	13,381	90.79%	17,842	89.36%	5,364	92.63%	35,756
WIA I - Dislocated Worker	8,118	89.66%	8,794	89.68%	2,257	95.31%	19,999
WIA I - Youth	5,494	61.57%	-	-	2,239	54.78%	26,563

Summary

The revised 2004 and 2005 data submitted by the three partner agencies and reported above was used by the Council to compare and evaluate the data submitted for the 2006 evaluation report. It forms the basis for all comparative analysis included in the 2006 report. As noted throughout the **Report Card Series** section of this report, this revised 2004 and 2005 data was used to calculate percentage point changes.

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