



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Clarence H. Carter
Director

Mr. Richard Trigg
Regional Administrator, U.S. Department of Labor
Employment and Training Administration
90 7th Street, Suite 17-30071
San Francisco, California 94103-1516

Dear Mr. Trigg:

Enclosed is Arizona's PY 2010 Annual Performance Report in accordance with Training and Employment Guidance Letter No. 03-10 for the funds released as part of Workforce Information Grant to Arizona. The Grant covered the period of July 1, 2010 through June 30, 2011 in the amount of \$631,779. This report also summarizes accomplishments and the results of customer consultations about existing and needed workforce information products and services.

If you have any questions, please contact Dr. Aruna Murthy, Director of Economic Analysis, Office of Employment and Population Statistics, Department of Administration, at (602) 771-1258.

Sincerely,

Clarence H. Carter, Director
Arizona Department of Economic Security

Sherman Jennings, Chairman
Governor's Council on Workforce Policy

Enclosure

Annual Performance Report
PY 2010 Workforce Information Core Products and Services
Office of Employment and Population Statistics
Arizona Department of Administration

Arizona's annual performance report for the program year (PY) 2010, which began July 1, 2010 and ended June 30, 2011, is required by the Employment and Training Administration, U.S. Department of Labor, Training and Employment Guidance Letter (TEGL) No. 03-10. This report provides a concise summary of a) accomplishments for each deliverable; b) results of customer consultations; and c) recommendations for improvements or changes to the deliverables.

Section A) Accomplishments

Deliverable 1. Continue to Populate the Workforce Information Database with State and Local Data.

Outcomes achieved:

The Arizona legislature reorganized the state's Labor Market Information (LMI) Research office within Arizona Department of Commerce into the Office of Employment and Population Statistics (EPS) in the Arizona Department of Administration (ADOA). The Workforce Information Database (WID) is housed within the ADOA's shared infrastructure. Arizona's Office of Employment and Population Statistics continued to populate, maintain and improve the quality of core tables of the Workforce Information Database (WID). EPS is developing its new website www.azstats.gov using funds from the AZ State Labor Market Information Improvement Grant # GJ -19839-10-60-A-4. The website uses version 2.4 of the WID. Arizona continued to maintain its in-house version of the WID 2.4. The in-house version allows EPS economists access to the entire database for analysis that includes confidential BLS data. The EPS website continues to use legacy query tools. Active development efforts are underway to replace old tools with an improved web application. The maintenance of this in-house database will continue to improve data quality and data query tools on the EPS website by providing a deeper knowledge of the large relational database. The external or public version is accessible at www.azstats.gov. The EPS website and the internal WID are now completely self-hosted. Additionally, the Arizona License data tables were updated and submitted by their due date.

Explanation for variance if any and actions required to meet deliverable:

Arizona met deliverable and no variance was requested.

Conformance with Schedule:

Most core tables and corresponding look-up and crosswalk tables were updated in a timely manner. However, as noted, in Deliverable 2 below, the 2010-2012 sub-state short-term occupational projections were posted after June 30, 2011 to the WID.

Deliverable 2: Produce and Disseminate Industry and Occupational Employment Projections - Statewide and sub-state projections are to be developed for the years 2010 to 2012.

Outcomes achieved:

Arizona was able to participate in training made available by the Projections Managing Partnership during the 2010 program year. The training was in New Orleans and was attended by two state representatives. The training provided a good background on regional analyses and an update on the new projection software being developed in dot matrix platform. North American Industry Classification System (NAICS) based industry and standard occupational code (SOC) based occupational forecasts were produced at the state and sub state level for 2010-2012. New state level industry projections (2010-2012) and sub-state projections for two major metropolitan areas (Tucson and Phoenix) and "Balance of State" were completed in April 2011. The occupation projections at the state level were completed by June 30th. However, the 2010-2012 state and sub-state short-term occupational projections were posted after June 30, 2011 to the WID. Economists used the software developed by the Projections Managing Partnership Consortium along with additional tools and produced projection estimates. Data products and information, once completed, were posted to the EPS website and the WID.

Short-Term 2010-2012 Industry and Occupational Employment Projections

Statewide, Phoenix metropolitan statistical area (MSA), Tucson MSA, and "Balance of State" industry projections were released and published in April 2011. Distribution was through written publication, the "Arizona Workforce," press conference, and on the EPS website (www.azstats.gov). As designated by the TEGE, Arizona produces high-level short-term industry projections twice a year, each spring and an update or revised projection each fall. For the PY 2010, an update of the 2009-2011 industry projections was released in October 2010.

Statewide short-term occupational projections were submitted to the Projections Managing Partnership's designated contact in June 2011. The statewide and sub-state short-term industry projections are available on the EPS website at <http://www.azstats.gov>. Since development efforts are underway to replace old tools with an improved web application, statewide short-term industry and occupational projections will be added to the data analysis tools by the end of 2011. Short-term occupational data (2009-2011) in Adobe Acrobat and MS Excel were added in September 2010 to the then AZ Workforce Informer website. Also in September 2010, a detailed report on occupational projections (2009-2011) was written and uploaded to the AZ Workforce Informer website (website replaced by <http://www.azstats.gov>). The short term occupation projections were developed at the state level.

Explanation for variance, if any, and actions required to meet deliverable and Conformance with Schedule.

Arizona met deliverable, no variance was requested.

Conformance with Schedule.

Arizona conformed to schedule for the short-term (2010-2012) industry and occupational projections.

Deliverable 3: Publish an Annual Economic Analysis Report for the Governor and the state WIB

Outcomes achieved.

A four page report covering various metrics on Arizona's Economic Environment was created in collaboration with the Arizona Governor's Economic Research and Information Exchange Cabinet. The report is coordinated between Arizona Commerce Authority and the Arizona Department of Economic Security and will be available on the EPS website (<http://www.azstats.gov>).

The Economic Analysis Unit of the Office of Employment and Population statistics continued to write the economic portion of the Arizona Workforce Investment Act Title IB annual report as requested by the State Workforce Agency (SWA), the Arizona Department of Economic Security (ADES). The report subsequently will be located at the ADES website (<https://www.azdes.gov>).

The Economic Conditions and Outlook portion of the ADES Annual State Fiscal Year 2010 Report to the Governor was contributed by the Economic Analysis Unit and will subsequently be available at <https://www.azdes.gov>. The Economic Analysis Unit provides data and analysis for numerous reports requested by the offices, boards, commissions and task forces of the Governor.

Explanation for variance, if any, and actions required to meet deliverable and Conformance with Schedule.

Arizona met the requirements of this deliverable.

Conformance with Schedule.

Arizona conformed to schedule for deliverable 3.

Deliverable 4: Post Products, Information, and Reports on the Internet.

Outcomes achieved.

As mentioned earlier, the Workforce Informer website has been replaced by a new website, (www.azstats.gov) which was developed using funds from the AZ State Labor Market Information Improvement Grant. Core WID tables continue to be populated and updated in the database for the website for public use. Arizona LMI website hosting and development has been moved to the Arizona Department of Administration (www.azdoa.gov). New data query tools are being developed. While the new tools are under development, the legacy tools from the Workforce Informer are still being utilized to query the WID database. Spreadsheet and Acrobat versions of all of the core WID tables are provided on the EPS website. Many products were expanded and formatted for ease of use. Popular examples include a combined file that contains the latest Occupation Employment Statistics wages and employment with the short-term occupational projections. Another example is a report from the quarterly census of employment and wages that provides data by county, out-of-state, and unspecified areas. Arizona continues to make improvements to individual reports posted on the website. Arizona is in regular production with the Local Employment Dynamics program. Nearly 122,665 unique visits to the website were made during the program year, although, there were 206,598 visits and 5,774,190 hits to the website.

Explanation for variance if any and actions required to meet deliverable:

Arizona met the basic requirements of the deliverable.

Conformance with Schedule:

Arizona conformed to schedule for products under Deliverable 4.

Deliverable 5: Partner and Consult on a Continuing Basis with Workforce Investment Boards and Key Talent Development Partners and Stakeholders.

Outcomes achieved:

- EPS continued to provide customized LMI training and presentations for various users in Arizona. Presentations were provided upon requests from various organizations and workforce development groups in the state. Some of the users included labor market analysts, researchers, economists, public, and decision makers in education, business, and government, economic developers, and policy makers. Examples of groups where presentations were made include:
 - 1) Pima County Workforce Development meeting in Tucson;
 - 2) Department of Economic Security (DES) Rehabilitation Services Administration counselors and staff training meetings in Phoenix and Tucson where representatives from various Arizona counties were in attendance;
 - 3) Arizona State Compensation Fund counselors and staff;
 - 4) Urban Land Institute conference;
 - 5) Southwest Rehabilitation Services; and
 - 6) International Association of Rehabilitation Professionals Arizona chapter meeting.
- EPS continues to make economic presentations and training on the use of LMI data and LMI website available to local workforce investment boards, community college audiences, career training counselors, rehabilitation counselors, and areas requesting LMI training of Local Workforce Investment Boards (LWIBs).
- EPS continued to assist the State Workforce Board with allocation options for WIA Adult and Youth and Dislocated Workers programs. EPS continued to participate in the Governor's Council on Workforce Policy (the Arizona Workforce Investment Board).
- EPS staff serve on the Return on Investment (ROI) Sector Strategy advisory committee for the Governor's Council on Workforce Policy.
- EPS continued to work closely with the SWA in developing the revised WIA state strategic plan under the American Recovery and Reinvestment Act of 2009.

Explanation for variance, if any, and actions required to meet deliverable:

Arizona met the requirements of this deliverable.

Conformance with Schedule:

Arizona conformed to schedule for deliverable 5.

Deliverable 6: Conduct Special Studies and Economic Analyses.

Outcomes achieved:

Governor's Office of Strategic Planning and Budgeting -- Quarterly
Joint Legislative Budget Committee's Financial Advisory Committee -- Quarterly
Arizona Commerce Authority Research Advisory Committee – when scheduled
Economic analyses as requested to support economic development activities of the Arizona Commerce Authority
Arizona Growing and Declining Industries Report -- Yearly
Unemployment Insurance Statistics Graphs - Monthly
Arizona Community Profiles (provided assistance)

Explanation for variance, if any, and actions required to meet deliverable:

Arizona met the requirements of this deliverable.

Conformance with Schedule:

Arizona conformed to schedule for Deliverable 6.

Expenditures for Program Year 2010 Deliverables

PY 2009 Allocation – \$626,020

PY 2010 Allocation – \$631,779

Total expenditures for Program Year 2010 (July 1, 2010 – June 30, 2011)

Program Year 2009 funds used - \$263,692 (Note: PY 2009 allocation of \$626,020 has been spent as of June 30, 2011)

Program Year 2010 funds used - \$173,531

Total Expended - \$437,223

EPS is currently requesting permission to fill vacant positions.

Section B) Customer Consultations

The methods used for consulting with customers in PY 2010 were essentially the same as in PY 2009. Arizona used the customer survey form on Arizona Workforce Informer web site to collect comments, training evaluation forms, and web analytics tools (Web Trends). Arizona used the opportunity to request input whenever interacting with customers on the phone or in person. In response to customer requests, Arizona continues to make on-going improvements to the website and training.

Section C) Recommendations for Improvements or Changes to the Deliverables.

• **Recommendations based on accomplishments.**

Arizona plans to continue the WID database, website and product reviews as noted in deliverables 1 and 4. State budget issues and staff cuts require a detailed review of products

and services provided to ensure the most effective and efficient use of staff time.

Recommendations for improvements include continued training and education of LMI staff on the new projections software and techniques, provide improved forecasting at the state and sub-state level by testing and incorporating additional data sources, provide regular updates of community profiles, and conduct joint economic studies with other agencies and provide additional analytical products. Continuously review forecasts completed by outside organizations and review of forecast products and procedures. The LMI staff would require additional training given that the STIP (Short Term Industry Forecast) and LTIP (Long Term Industry Forecast) consortium products are undergoing significant changes, both in terms of the new platform it will operate on as well as changes to the software.

- **Recommendations based on consultations with customers.**

Prior to developing the new website, customer opinions on how to best adapt or redesign the Arizona Workforce Informer site were collected. Recommendations on feedback received from the Arizona Workforce Informer user web survey, focus group participants, interviews with the selected state Labor Market Information (LMI) contacts, and other research were compiled and provided to EPS by the Council for Community and Economic Research (C2ER) staff, the vendor who conducted the study. Some of their suggestions are being incorporated in the website development. On the data end, one primary request and recommendation of customers is to increase the availability of labor market information and projections for both more demographic detail (race and ethnicity) and geographic divisions (sub-state areas and Native American lands). Projections and labor market information for sub-state areas are subject to the availability and quality of BLS survey data.

While improved, the STIP and LTIP consortium products are still in need of significant changes. One issue of concern is the products are not stable (i.e., the software regularly crashes) and the programs are built on visual FoxPro, a program no longer supported by Microsoft. Once the new projection software on the dot matrix platform is launched, some of these issues may possibly be remedied. Arizona was involved in the beta testing process of the new software and edited the software documentation.