

# ETA Annual Report

## Workforce Investment Act Program Year 2005 Missouri

In Compliance with the United States Department of Labor - Employment and Training Administration and the Workforce Investment Act – Accompanying Reporting Form 9091

### Introduction

The Workforce Investment Act (WIA) of 1998 calls for states receiving an allotment under WIA Section 127 (Youth Activities) or Section 132 (Adult and Dislocated Worker Activities) to prepare and submit an Annual Report to the Secretary (of Labor) in accordance with provisions of the WIA law.

Missouri implements and governs the WIA in a collaboration that includes the Division of Workforce Development (DWD), within the Missouri Department of Economic Development, the state Workforce Board (known as the Missouri Training and Employment Council - MTEC), fourteen local Workforce Investment Boards, and the many partner agencies that comprise the state's workforce investment system.

The annual reporting guidelines in Training and Employment Notice 9-06 permit the flexibility for state administrators to opt for the completion and submittal of one of two types of annual reports: one, the ETA Annual Report that contains the final Program Year 2005 performance measures for WIA and a minimum of three other elements; and two, a more comprehensive annual report that is more of a "corporate-style" document that will emulate a private sector's "Report to Stockholders." This document is the ETA Annual Report, based on the very latest compilation of WIA performance measures for the annual reporting period. It is submitted primarily for an audience of WIA program performance monitoring staff (technical analysts), reporting liaison staff, and various other State and Federal staff and officials inquiring primarily about performance outcomes. The State will prepare another type of Annual Report that is a more typical Stockholders Report, targeted for release to the public and state legislators by January 1, 2007.

This compliance-related ETA Annual Report contains the following required elements for each state's annual report, as described in WIA Section 136:

- 1) Performance data on the core and customer satisfaction measures (shown in the accompanying electronic submittal form of the seventeen WIA measures);
- 2) Information on the status of state evaluation activities; and
- 3) Information on the cost of workforce investment activities relative to their effect on the participants.

### Cost Effectiveness of Workforce Investment Activities

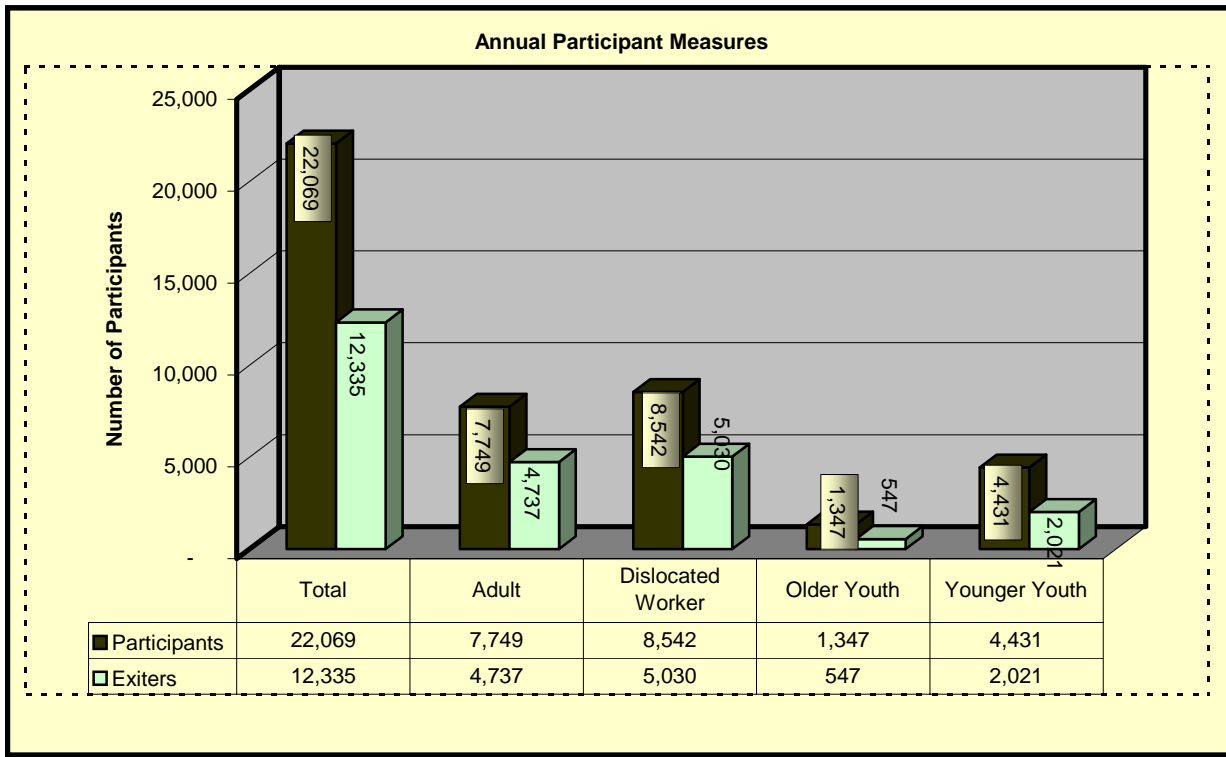
#### Determination of Participant Characteristics

The following figure represents the total number of WIA participants served in Missouri during the program year beginning July 1, 2005, through June 30, 2006. Exiters and participants are shown separately for total served and for each funding stream.

# ETA Annual Report

Workforce Investment Act Program Year 2005  
Missouri

Table 1: Participants Served by WIA Programs in PY2005



## Determination of Cost-Benefit Comparison

Placing a monetary value on participation in WIA programs must take into account total dollars expended (whether measured as totals or averages) as well as the number of participants served and services provided during a specific time frame. One way of comparing costs to benefits is to examine the average cost per service and per client for each program. This is displayed in Table 2 below.

Table 2: Average Costs

Program Category	Average Per Service	Average Per Client
Adult	\$304	\$1,849
Dislocated Worker	\$208	\$1,265
Youth	\$382	\$2,157

The differences in perceived efficiency can be explained by examining the types of services provided. Approximately 12% and 10% of the total Adult and Dislocated Worker services, respectively, are in the form of follow-up services. In the Youth population, follow-up services represented approximately 4% of services. Additionally, 22% and 18% of total Adult and

# ETA Annual Report

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## Workforce Investment Act Program Year 2005 Missouri

Dislocated Worker services, respectively, are initial assessments. In the Youth population, initial assessment is not a reportable service, and thus accounts for none of the services counted above.

Follow-up services and initial assessment services are, probably, the least costly services provided through WIA. A large number of these types of services, compared to smaller numbers of more expensive services, accounts for the seemingly much more efficient use of funds in the Adult and Dislocated Worker populations.

Any cross-program comparison of cost-per-service or -per-client must be viewed in the context of differences in program focus, participant need, and participant case management. Experience shows that Youth participants tend to be in the system longer than Adult or Dislocated Worker participants. The focuses of the programs are also fundamentally different. In the Younger Youth program, more emphasis is placed on attainment of global, general skill sets. The objective of the program is to build a foundation for life-long learning and employability, whereas the emphasis of the Adult and Dislocated Worker programs is more immediate--a return to productive and substantial employment. These differences in focus affect the cost-per-client and cost-per-service averages and should shape the perceived benefits of programs, compared to costs.

A true assessment of program benefits compared to cost must take into account achievement of each program's objectives. Determining tangible, rather than more subjective perceptions of, benefits--to be compared to tangible costs--is undoubtedly a complex undertaking. We can look at performance measure outcomes as a tangible benefit. There are limitations associated with this method, however. Individuals included in the performance measures represent only part of the populations served by the program. The Entered Employment Rate, for instance, excludes those who were still employed at the time of registration. The Retention Rate only includes those who were successful in the Entered Employment Rate measure. Furthermore, the costs in any given time period represent funds used for all participants, not just exiters.

### Participant Average Earnings Analysis

Based on the requirements of Training and Employment Guidance Letter (TEGL) 17-05 from the U. S. Department of Labor (USDOL), Adult and Dislocated Worker wage reporting will use the new Common Measures Average Earnings performance measure beginning with Program Year 2006. WIA, Labor Exchange, and Trade Act programs will all use this measure, instead of previous wage-related measures. Therefore, wage-related goals for PY2006 for WIA Adults and Dislocated Workers needed to be renegotiated according to the new Average Earnings formula. To arrive at attainable and appropriate wage goals for the state and for each workforce region, wage history over five program years (PY2001-PY2005) was obtained by recalculating wages in these years according to the new Average Wage formula. For region goal renegotiation, wage history was obtained separately for four exiter groups (adults receiving only core services, adults receiving intensive services, dislocated workers receiving only core services, and dislocated workers receiving intensive services) and, for statewide goal renegotiation, for adults and dislocated workers (no breakdown by services received).

The Average Earnings wage history analysis also proved valuable in suggesting how limited workforce funds and staff time can be most productively invested. The data showed that adult WIA participants (who typically have more sporadic work histories, more limited skill sets, less formal education, and lower past wages than dislocated workers) had a higher six-month average earnings after receiving intensive services (a longer, more complex service package requiring greater investment of monetary resources) than did adult participants who received only the basic, core (and less expensive) set of workforce program services.

# ETA Annual Report

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## Workforce Investment Act Program Year 2005 *Missouri*

Dislocated workers, however, had an equally high or even higher six-month average earnings after receiving only core workforce services compared to intensive services. The extra investment of time and money in providing dislocated workers with intensive WIA services did not appear to be paying off in significantly higher post-program exit wages.

In addition to providing a sound basis for negotiating Average Earnings goals, and suggesting appropriate targeting of limited workforce program funds and non-monetary resources, the Average Wage analysis produced useful background information--actual average wage figures. This will enable the workforce system (e.g., management, field supervisors, case managers) to develop: 1) realistic expectations for the quantitative range that this new performance measure can take in the future (in contrast to older wage measures which could generate negative numbers), and 2) more carefully tailored ways of managing individual program participants. The analysis can also facilitate the DWD management information system's programming and code-writing for producing this new wage measure.

Negotiations for newly mandated PY2006 performance goals for Labor Exchange utilized the Entered Employment Rate, Six-Month Retention Rate, and average earnings history over three program years (2002-2004) and the first 3 quarters of PY2005, as well as six-month average earnings for the overall workforce for 2002-2004 derived from Local Employment Dynamics Census program. This will enable negotiation of attainable and appropriate goals for performance for a program that will now be accountable for performance goal attainment.

### Implementation of Common Measures

The Common Measures reporting requirement for Labor Exchange and WIA went into effect on July 1, 2005, with Trade Act following on October 1, 2005. The Common Measures requirements are outlined in TEGl 28-04, released April 15, 2005. TEGl 17-05, released February 17, 2006, outlines those Common Measures changes which will become effective July 1, 2006 as well as Common Measures policy and procedure from TEGl 28-04 which remains current. (TEGl 17-05 rescinded TEGl 28-04). More detailed information for the Labor Exchange reports can be found in ETA Handbook No. 406 and related documents, all of which have been revised in 2005.

TEGl 17-05 describes the new common exit date for all programs. When the participant does not receive a service funded by the program or funded by a partner program for 90 consecutive calendar days and is not scheduled for future services, the exit date is applied retroactively to the last day on which the individual received a service funded by the program or a partner program.

### Missouri's Performance Measurement System

In addition to WIA measures and other federal program reports, Missouri has developed System-wide Workforce Outcomes, which track the Entered Employment, Retention, Earnings Change, and Cost per Participant for clients of all programs, using the Common Measures reporting requirements. These can be broken out by Missouri's fourteen Workforce Investment Areas to assist the State and local areas in developing strategies to improve performance and customer satisfaction.

# ETA Annual Report

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## Workforce Investment Act Program Year 2005 *Missouri*

Two new staff teams were created within DWD during Program Year 2005 to improve performance reporting, program outcomes, and ultimately customer service. The Performance Management Team and the Common Measures Workgroup were designed to implement these functions and to supplement a third training function specific to the Literacy and Numeracy Gain measure.

### **The State Performance Management Team**

The State Performance Management Team consists of upper-level DWD management, supervisors, and Division staff with responsibilities related to performance reporting, program management, continuous improvement and management information systems. The team operates from a "big picture" perspective and is charged with developing and coordinating improvements in, among other things: accuracy and efficiency of report production, monitoring regional performance (e.g. a new regional monthly performance reporting system), performance goal attainment, regional communication, field staff training, and communication and clarification of federal program requirements.

### **The Common Measures Workgroup**

This group of DWD staff with responsibilities related to data integrity, performance reporting, or continuous improvement review serves as a central contact point for regional workforce program staff and managers who have questions about the Common Measures, implications for case management, and impact on performance goal attainment. Workgroup membership includes central office and local field staff of DWD or key partner agencies. Question-answer pairs are compiled, creating a Common Measures FAQ (Frequently Asked Questions) document. The web-based document is accessible to any field staff.

The Common Measures workgroup functions as an on-going training service for field staff in the Department of Labor Employment and Training Administration's (DOLETA) Common Measures policy. Greater workforce system staff understanding of the new measures will produce more accurate and thorough data entry of elements critical to performance measure calculation, higher attainment of performance goals, and improved quality of performance data reported to DOLETA.

### **Literacy-Numeracy Partnering and Training**

To prepare for new performance reporting for PY 2006, the Missouri workforce system and DWD have undergone major alignments to begin reporting of the Youth Common Measure Literacy-Numeracy Gain. Policy on testing, service delivery, and reporting has been established. DWD's management information system has developed electronic tools, programming and coding to permit entry of literacy-numeracy testing data fields as well as computation of outcomes on this Common Measure and the reporting of results. DWD has partnered with the Missouri Department of Elementary and Secondary Education (DESE) to test youth as required by DOLETA to identify youth who are basic skills deficient and assess progress in basic skills improvement. In addition, comprehensive training in Common Measures has been offered to DWD Central Office staff and key regional staff.

Partnering with DESE, solid policy, and extensive staff training will increase compliance with ETA's requirements for participation in and service delivery related to literacy-numeracy activities, accuracy and thoroughness of participant data, and timeliness of reporting, ultimately enabling DWD to capture all positive outcomes of youth engaged in basic-skills improvement activities. When Common Measures is fully implemented and the state becomes accountable for all of the

# ETA Annual Report

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## Workforce Investment Act Program Year 2005 Missouri

new measures, Missouri looks forward to meeting, if not exceeding, program performance goals statewide and in all regions.

### Wage Record Interchange System

The Division of Workforce Development (DWD), under an agreement with Missouri's Division of Employment Security, Department of Labor and Industrial Relations (DOLIR), participates in the nationwide Wage Record Interchange System (WRIS). This facilitates performance accountability by providing a means of exchanging interstate wage record data among states.

Since November 1, 2003, DWD, in partnership with DOLIR, has had access to the WRIS operation. This access has enabled DWD to use WRIS in Missouri's performance measure reporting activities. We are able to report performance for all U.S. Department of Labor (USDOL) programs that require assessment and reporting as set forth in the WIA. This application permits the Performance Accountability and Customer Information Agency (PACIA) to request wage information on specific groups of social security numbers. The State Unemployment Insurance Agency (SUIA) imports these requests and returns matching wage records to the PACIA via the ACS computer facilities hub.

In the course of access to the WRIS, Missouri, as well as participating WRIS-authorized states, have access to certain data furnished to the ACS computer facilities through the WRIS. This information will contain the year/quarter index and relevant wage/employer information.

Social security numbers and wage and employment data are confidential, and they may not be disclosed to others. The rules and procedures governing the use and treatment of confidential WRIS data are set forth in a document entitled, "Standard and Guidelines for the Handling of Confidential WRIS Data by Performance Accountability and Customer Information Agency (PACIA) and (SUIA) Employees".

All other continental states have joined WRIS, including all eight states that border Missouri. DWD has also established an agreement with Illinois to share Unemployment Insurance data. This agreement was successful before the State of Illinois participated in the nationwide WRIS. Missouri's average Entered Employment, Earnings Change, and Retention rates have increased incrementally through the years, because the State has incorporated the Wage Record Interchange System (WRIS) databases for calculating the rates.

### Federal Employment Data Exchange System

DWD, under an agreement with the State of Maryland Department of Labor, Licensing and Regulation, began participating in the new nationwide consolidated Federal Employment Data Exchange System (FEDES) in October, 2005. This activity facilitates DWD's performance accountability by providing an efficient method of accessing wage records of workforce program participants from three federal employment agencies: the Office of Personnel Management, Department of Defense (military and civilian employees), and the United States Postal Service. DWD requests wage records from FEDES that match social security numbers of workforce program participants which DWD transmits to the FEDES operations contractor.

# ETA Annual Report

## Workforce Investment Act Program Year 2005 *Missouri*

Wage records of federal employees are not available through any other wage-record system (state UI, WRIS). Workforce program participants who gain federal employment therefore have not, until now, had their wages included in any wage-based performance measure. The effect of an inability to access federal wage records has been to underestimate the positive impact of workforce program services on participant outcomes. The ability to access these records is critical, and through participation in FEDES, DWD will be able to demonstrate more completely the positive impact of workforce programs on participants' wage gain, and required performance reporting will be more thorough. It is expected that Missouri's Earnings Change (for PY2005) and Average Earnings (for PY2006 and after) will increase, compared to previous years' earnings.

### Continuous Improvement Review and Quality Control

Continuous Improvement Reviews (CIRs) are conducted by DWD's Quality Assurance Section. The CIR functions to examine the delivery of local workforce development services in terms of certain targeted WIA system elements. In order to study the effects of process change and integration on the performance of local systems, the review team meets with program and research staff to analyze each region's most recent outcomes to identify strengths and weaknesses. The review team uses this information in conjunction with the results of last year's CIR to identify how a region's process modifications, which resulted from the previous CIR, improved the region's performance.

The comparison of the CIR and performance measures provides a linkage from the subjective CIR to the objective performance measures. The combination of these evaluation processes provides DWD with the human element of question/answer, observation and the actual customer outcomes. The information gleaned from analyzing these CIR's reveals what processes work, and those "best practices" are shared with other regions.

The CIR team work efforts are also used to implement Missouri's compliance with the U.S. Department of Labor's Data Element Validation procedure. Because CIR staffs are already making field visits to local offices, it is cost effective for these staff to incorporate into their field work the completion of monitoring and file reviews to complete the data element validation process.

### Customer Satisfaction Measurement

The key to "development" in Workforce Development is an understanding of how well you meet your customers' needs. Missouri uses the Customer Satisfaction Survey, as outlined by USDOL and the American Customer Satisfaction Index, to identify the level of satisfaction with its services and to determine ways to continue to increase those levels. Our customers, both Businesses and Job-seekers, are our primary concern.

The Division of Workforce Development conducts the Customer Satisfaction Survey through a contract with The Center for Advanced Social Research (CASR) of the School of Journalism at the University of Missouri, Columbia. For the latest contracted work, CASR was able to successfully complete 750 surveys of WIA participants exiting between the dates of January 01, 2005 to December 31, 2005, as well as for 750 employers who received services during the same time period. Although USDOL guidelines do not require that a minimum number of surveys be returned (rather it requires only that a

# ETA Annual Report

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## Workforce Investment Act Program Year 2005 *Missouri*

minimum number of surveys be completed), the response rate obtained by the Center for the participant survey was 85% of all in the survey pool and for employers it was 83% of all those in the survey pool for employers.

Missouri enjoyed consistent growth in customer satisfaction levels over prior years. The customer satisfaction level for WIA participants in PY 2005 was 84%. For employer customers the satisfaction level for the same time period was 92%. These outcomes exceed the projected and previously negotiated levels of performance. For participants, the negotiated satisfaction level was 74% and the state hit an 84% target. For employers, the negotiated satisfaction level was 73% and the state reached a targeted Business satisfaction level of 92%.