

Workforce Investment Act Performance Standards: Changing the Incentives To Get Better Jobs and Better Wages for Arkansas Workers

Implementation of the Workforce Investment Act began July 1 of this year. Congress passed this new law in 1998, and the Arkansas General Assembly passed its own version of the legislation during the 1999 legislative session. These new laws change the way that workforce development programs are delivered at the local level. Summaries and analyses of these laws can be found in previous issues of this publication.¹

In a July edition of *Policy Points*, we discussed the specific issue of performance standards under the Workforce Investment Act (WIA). The paper covered the rationale for performance standards, a description of the standards, rewards and consequences of meeting or not meeting the standards, and the final state and proposed local performance standards. At the time of publication, each of the ten local Workforce Investment Boards (WIBs) had submitted their initial performance standards for negotiation with the state.²

That document showed that the initially submitted local performance levels were not high enough for the state to meet the performance standards that it had negotiated with the U.S. Department of Labor (DOL). These state levels were set to help the state move forward. Rather than settling for the same level of outcomes that we had achieved in past years, these new state levels were set to push local areas to think creatively and work harder to train and employ more Arkansans in decent-paying, rewarding jobs with which they can support their families.

The negotiations between the state WIB and the local WIBs are complete, and local performance levels for the 2000, 2001, and 2002 program years are now final. The state WIB voted to accept the performance levels at the September Executive Committee meeting and ratified that decision at the October meeting. Below we present the negotiated performance levels for 2000, an analysis of how these final levels changed from the performance levels initially submitted by each local WIB, historical comparisons to performance levels in recent years, and a look at how the final local indicators differ from the state's performance levels.



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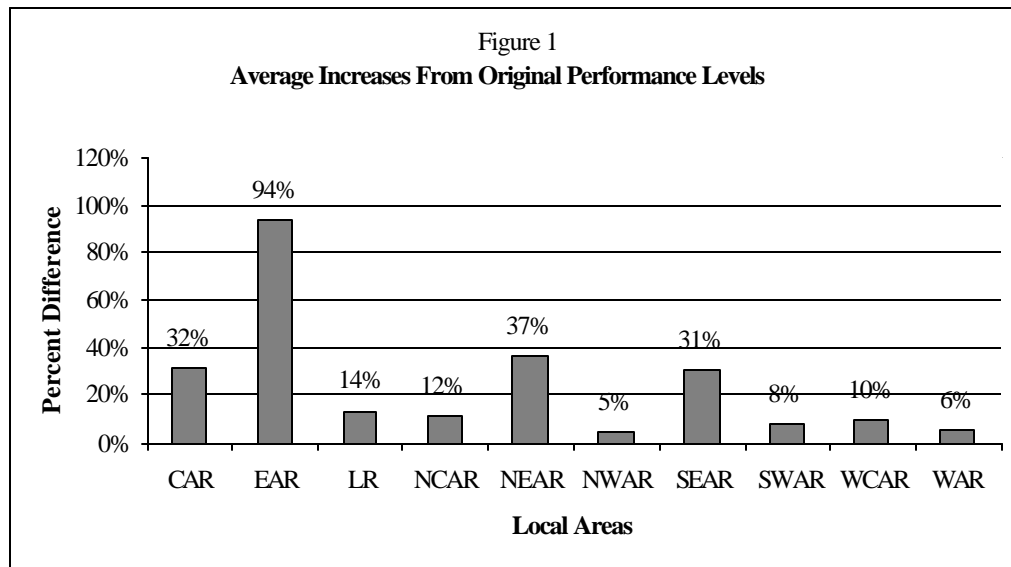
FINAL 2000 PERFORMANCE LEVELS

The final negotiated performance levels for each of the ten local WIBs are presented in Table 1. These final levels were reached after several months of negotiation between the state WIB and the local WIBs.

For five of the ten local workforce areas – Central, Eastern, North Central, Northeast, and Southeast, all 17 performance standards increased as a result of the negotiations. For two areas – West Central and Western – 16 of the 17 performance standards increased and one stayed the same. The Southwest region also increased on 16 of their 17 standards but decreased on one. In Little Rock, 15 indicators increased, one decreased, and one stayed the same. And finally, for Northwest, eight indicators increased, five decreased, and two remained the same.³

AVERAGE INCREASES FROM ORIGINALLY SUBMITTED PERFORMANCE LEVELS: COMPARISONS ACROSS LOCAL WIBS

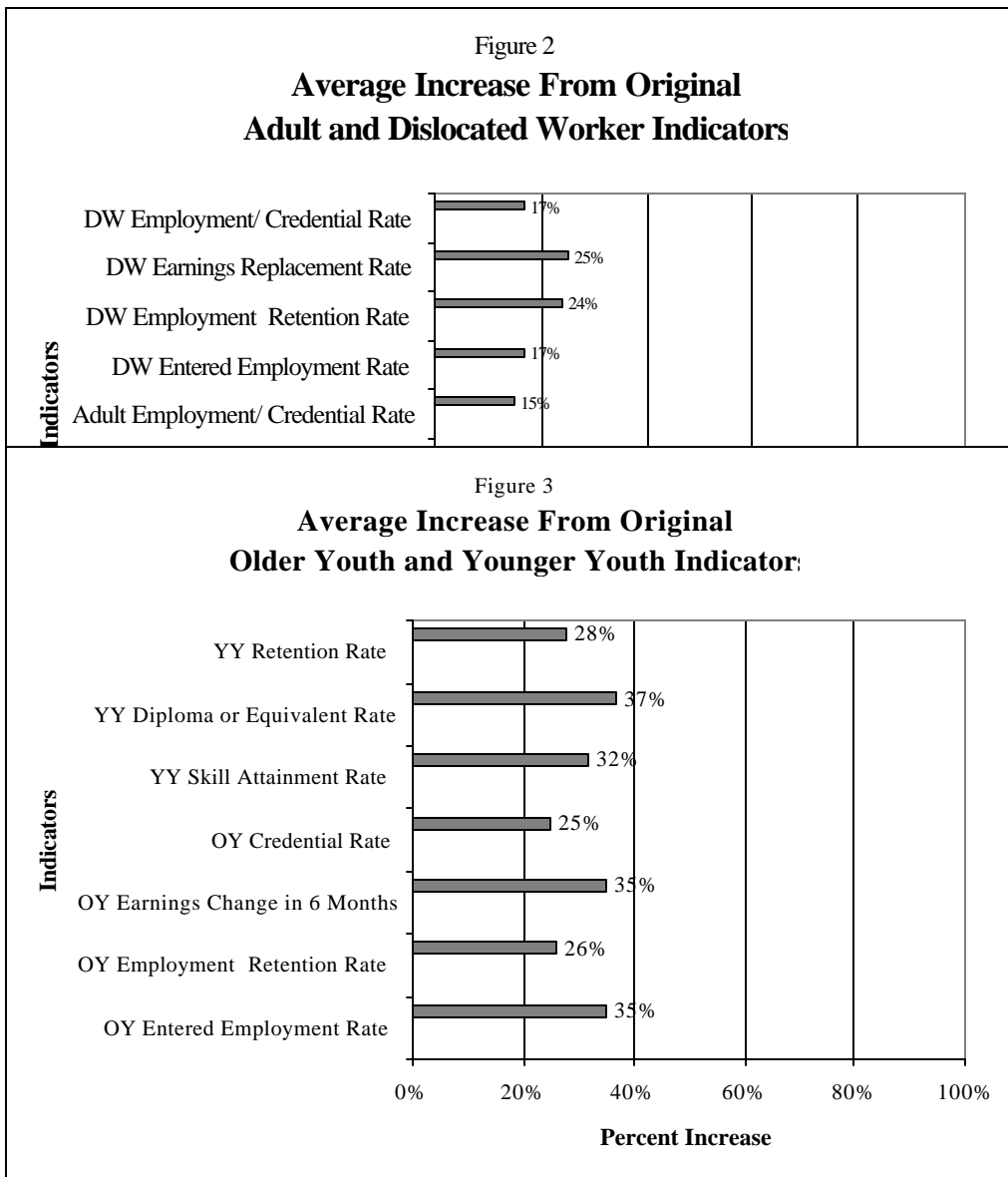
In figure 1, we see the average increase across all performance levels for each local WIB. The local area with the largest increase in performance levels as a result of the negotiation was Eastern Arkansas. Their 17 different performance levels increased an average of 94%. The local area with the smallest increase as a result of negotiation was Northwest Arkansas, with an average increase of five percent. Three areas – Central, Northeast, and Southeast had increases in the 30 percent range – 32%, 37%, and 31% respectively. All other areas had increases of less than 20%.

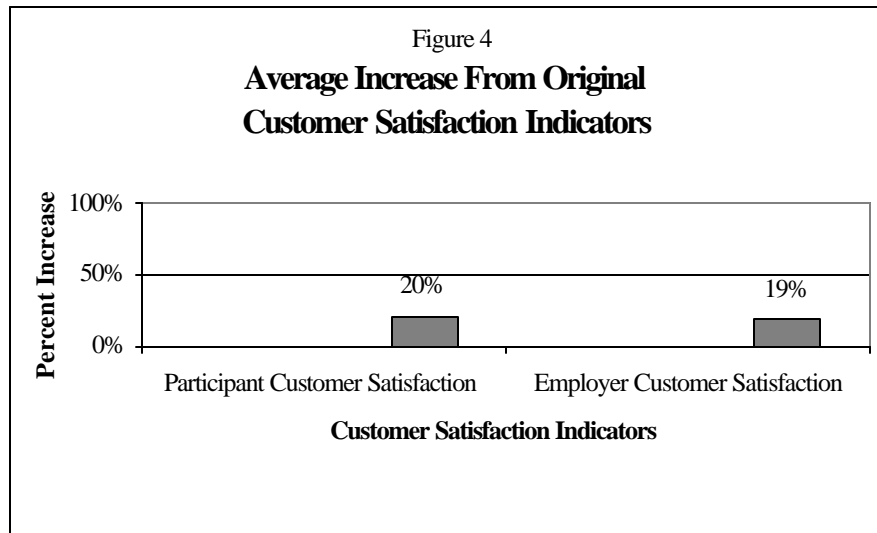


AVERAGE INCREASES FROM ORIGINALLY SUBMITTED PERFORMANCE LEVELS: COMPARISONS ACROSS INDIVIDUAL PERFORMANCE LEVELS

Another way to look at the increases in performance levels is to look at the average increases for each individual performance level. For some performance indicators, the average negotiated increase was much larger than for others.

Performance indicators are grouped into five categories – adult, dislocated worker, older youth, younger youth, and customer satisfaction. The average increases across all ten local WIBs for the adult and dislocated worker measures are presented in Figure 2. The average increases for the older and younger youth are presented in Figure 3, and the average increases for the customer satisfaction measures are presented in Figure 4.





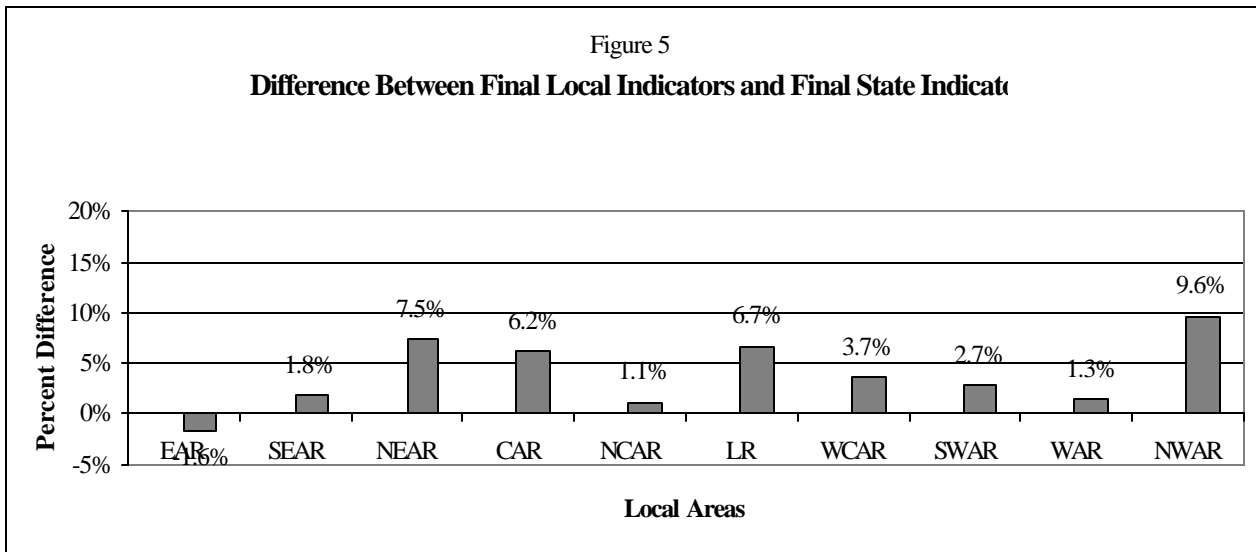
Overall, the indicators that increased the most were younger youth diploma or equivalent (37%), older youth earnings change in six months (35%), older youth entered employment (35%), and adult earnings change in six months (34%). However, all indicators increased at least 15%. As these highlights suggest, the groups of indicators that increased the most were older youth and younger youth. All of the older youth and younger youth indicators increased by at least 25%. This is in contrast to the two customer satisfaction indicators, which increased by 19% and 20% each and the adult indicators, which for all but one, had increases of 25% or less.

HISTORICAL COMPARISONS OF FINAL NEGOTIATED LEVELS TO RECENT YEARS

It is also interesting to compare the final negotiated levels to recent performance by the local WIBs. Nine of the 17 indicators are similar to indicators that existed under the former Job Training Partnership Act (JTPA) program. In comparing the final negotiated levels for these nine, it appears that as a result of the negotiations, each local area has increased its program year 2000 levels several percentage points over the level attained in the past two or three program years. Eight of the 17 are new measures – adult employment and credential rate, dislocated worker employment and credential rate, older youth credential rate, all three younger youth rates, and the two customer satisfaction measures. Since there is no historical activity on which to base these new measures, local levels for each of these indicators tend to hover within a percentage point or two around the state's goals.

COMPARISON OF FINAL LOCAL INDICATORS TO FINAL STATE INDICATORS

A final way to analyze the negotiated levels for each of the ten local areas is to compare those levels to the indicators that the state has negotiated with DOL. The state's ability to qualify for incentive funding and to avoid sanctions is dependent on meeting the performance standards that they have negotiated. Figure five show that all but one of the local areas – Eastern - have final negotiated levels that exceed the state's levels. If all local areas meet their performance standards, the state will exceed its performance levels. Even if a few local areas do not meet their goals, or if several meet only part of their goals, the state still has a good shot at meeting its goals.



CONCLUSION

As has been discussed, the final local performance indicators were negotiated to make it possible for the state to meet its performance goals. And, as a result, if all goals are met, more Arkansans will achieve higher skill levels, more will find and keep work, and those who find work will have higher wages.

However, if one assumes that the originally-submitted goals were based on what local areas thought they could reasonably achieve, some local areas are going to have to work extremely hard to meet their goals.

These local areas are going to have to seriously examine the programs and activities they have provided and supported in the past. They will have to find new and better ways of providing education and training and supportive services to their customers. They will have to do a better job of identifying employer needs and addressing them. They will have to find ways to use their resources as efficiently as possible. They must build on and support existing programs in their communities – those offered by community colleges and community based organizations.

In future editions of this publication, we will report on the ability of the state and local areas to meet their performance goals. In these analyses, we will identify those indicators that are being met and hopefully exceeded and those that appear to be the most difficult to meet. We also hope to delve into the reasons behind both the successes and the challenges.

¹ See www.arenterprise.org for the following publications:

“Workforce Investment Act Unified Plan: Summary and Analysis,” Volume 10, February 25, 2000.

“The New Arkansas Workforce Investment System: Key Decisions and How to Get Involved,” Volume 8, August 17, 1999.

“A Summary of Act 1125: The Arkansas Workforce Investment Act,” Volume 6, April 27, 1999.

“Workforce Investment Act: Key Implementation Issues,” Volume 3, December 3, 1998.

“A Summary of the Workforce Investment Act,” Volume 1, August 24, 1998.

² “Workforce Investment Act Performance Standards: Changing the Incentives to Get Better Jobs and Better Wages for Arkansas Workers,” Volume 11, July 2000. (This issue can also be found at www.arenterprise.org.)

³ For the two earnings change indicators, Northwest had originally submitted 10% as the change they would achieve. For the final indicators, they submitted dollar amounts. Therefore, it is not possible to say whether those indicators increased or decreased.

Table 1
Performance Standards for Program Year 2000

		C	E	Little	NC	NE	NW	SE	SW	WC	W
Adult Measures											
1. Entered Employment Rate	68	72	55	84	75	72	89	73	63	68	64
2. Employment Retention Rate	78	79	74	88	78	80	88	84	79	82	83
3. Earnings Change in 6 Months	\$3000	\$3500	\$3000	\$4300	\$2400	\$3600	\$4300	\$2700	\$2700	\$3500	\$3300
4. Employment and Credential Rate	50	52	52	52	51	51	52	51	52	52	51
Dislocated Worker Measures:											
5. Entered Employment Rate	77	84	62	86	85	75	77	86	79	85	77
6. Employment Retention Rate	90	91	83	96	96	94	96	92	87	91	93
7. Earnings Replacement Rate	97	92	117	85	94	105	98	109	109	90	98
8. Employment and Credential Rate	50	52	52	52	51	51	51	51	52	52	51
Older Youth (19-21) Measures:											
9. Entered Employment Rate	68	68	57	68	69	80	80	80	80	68	80
10. Employment Retention Rate	79	88	82	88	74	88	80	79	82	88	65
11. Earnings Change in 6 Months	\$3500	\$4800	\$3100	\$3000	\$3400	\$4800	\$3400	\$2100	\$3553	\$3380	\$3000
12. Credential Rate	50	52	52	52	51	51	55	51	52	52	51
Younger Youth (14-18) Measures											
13. Skill Attainment Rate	72	74	74	74	74	74	74	74	74	74	74
14. Diploma or Equivalent Rate	55	57	57	57	57	57	57	57	57	57	57
15. Retention Rate	54	56	56	56	56	56	57	56	56	56	56
Across Funding Streams											
16. Participant Customer Satisfaction	68	70	70	72	70	70	75	70	70	70	70
17. Employer Customer Satisfaction	66	68	68	68	68	68	75	68	68	68	68

Central Arkansas (CAR) – Faulkner, Lonoke, Monroe, Prairie, Pulaski (except for Little Rock), Saline

Eastern Arkansas (EAR) – Crittenden, Cross, Lee, Phillips, St. Francis

North Central Arkansas (NCAR) – Cleburne, Fulton, Independence, Izard, Jackson, Sharp, Stone, Van Buren, White, Woodruff

North East Arkansas (NEAR) – Clay, Craighead, Greene, Lawrence, Mississippi, Poinsett, Randolph

Northwest Arkansas (NWAR) – Baxter, Benton, Boone, Carroll, Madison, Marion, Newton, Searcy, Washington

Southeast Arkansas (SEAR) – Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson, Lincoln

Southwest Arkansas (SWAR) – Calhoun, Columbia, Dallas, Hempstead, Howard, Lafayette, Little River, Miller, Nevada, Ouachita, Sevier, Union

West Central Arkansas (WCAR) – Clark, Conway, Hot Spring, Johnson, Montgomery, Perry, Pike, Pope, Yell