**Texas Workforce Awards**

**Discussion Paper**

**Background**

Texas Workforce Commission (TWC) Integrity of the Texas Workforce System rules at [40 TAC Chapter 802, Subchapter I](https://texreg.sos.state.tx.us/public/readtac%24ext.ViewTAC?tac_view=5&ti=40&pt=20&ch=802&sch=I&rl=Y), allow TWC’s three-member Commission (Commission) to establish monetary and nonmonetary awards to encourage and recognize the work of Local Workforce Development Boards (Boards), Adult Education and Literacy (AEL) grantees, Vocational Rehabilitation (VR) Services, employers, community colleges, and other workforce partners.

Some awards are based on evaluation of nominations submitted by Boards, and others are based on data-driven performance outcomes. TWC rule §802.166 allows the Commission to specify incentive award criteria and weighting to be used to evaluate Board performance for the issuance of Board Performance Incentive Awards. The chief requirements are that criteria be measurable (although TWC is not limited to “official” measures) and that there is a means to reasonably compare the performance of Boards of varied sizes.

TWC presents the Workforce Awards annually at the Texas Workforce Conference. On March 14, 2017, the Commission approved the following awards for TWC to present at the 2017 and 2018 conferences:

* Employer Awards (based on Board nominations)
* Large Employer of the Year
* Small Employer of the Year
* Local Employer of Excellence
* Veteran-Friendly Employer of the Year
* Board Awards (based on Board nominations)
* Service to Business
* Service to Workers
* Service to Community
* Industry Sector Outreach
* Youth Inspiration & Career Awareness Awards
* Sector Partnership & Career Pathways Award
* Texas HireAbility Award
* Texas Rising Star Child Care Award
* Board Performance Incentive Awards (based on Board performance)
* Claimant Reemployment
* WIOA Adult/Dislocated Worker Training-Related Employment
* Foster Youth
* Choices Employment
* WIOA Exemplary Performance Recognition
* Partnership Awards
* Community College Engagement Award (based on TWC staff nominations)
* Board/AEL/VR Collaboration Award (based on Board nominations)
* Adult Education and Literacy Performance Quality Improvement (AEL PQI) Awards
* Employer Partnership (based on AEL grantee nominations)
* College Integration (based on AEL grantee nominations)
* High School Equivalency Achievement (based on AEL grantee performance)

**Issue 1: Workforce Awards**

Staff has reviewed all current Workforce Awards and monetary amounts to determine whether changes may be warranted. Staff has identified several potential changes that would better reflect the purpose of the Workforce Innovation and Opportunity Act (WIOA); align the awards with TWC’s mission to promote and support a workforce system that offers employers, individuals, and communities the opportunity to achieve economic prosperity; recognize workforce, VR, and AEL efforts and partnerships; and emphasize successful efforts at the local level that are benefiting specific core customer populations, such as veterans, individuals with barriers to employment, at-risk populations, and individuals with disabilities.

Upon reviewing the current Board Performance Incentive Awards categories, staff identified opportunities to modify the awards criteria to emphasize and incentivize participant outcomes in employment and training.

* The WIOA Adult/Dislocated Worker Training-Related Employment Award focuses exclusively on training-related employment, which remains an important goal; however, the number of WIOA Participants in Training has dropped from roughly 12,000 in BCY’15 to about 9,000 in BCY’18. Recent increases in adult and dislocated worker formula funds represent a unique opportunity to increase enrollment in training programs. Enhancing the WIOA Adult/Dislocated Worker Training-Related Employment incentive category by also including youth participants, overall increases in training enrollment, and changing the award’s name to “WIOA Career Pathways Award” would help move the Texas workforce system toward its goal of increasing participation in WIOA training programs.
* The Foster Youth award focuses on WIOA youth participants who are foster youth. Staff proposes modifying the data methodology to include foster youth participants who are employed and/or enrolled in an education program in quarter two post-exit. This measure replaces the current measure of percent change of youth participants who are foster youth.
* To measure participants’ employment status, TWC created the Choices Full Work Rate measure in response to highly varied Board performance to focus on moving Board performance up to or above 50 percent. That goal was met in Board Contract Year (BCY) 2016, when statewide performance exceeded 50 percent, and all but six Boards had met the standard, thereby achieving the purpose of the Choices Employment Performance Incentive Award.
* WIOA eliminated the monetary performance incentive awards that were required under [§666.400](https://www.law.cornell.edu/cfr/text/20/666.400) of the Workforce Investment Act of 1998 (WIA) Final Regulations. TWC has maintained the awards under WIOA, as Exemplary Performance Incentive Recognition awards, but without monetary incentive. Staff believes that program-specific awards should only be used when there is an initiative or need for emphasis.
* Finally, staff has identified a way to award and recognize top-performing AEL grantees’ achievements toward meeting targeted measures by awarding programs with overall high quality and performance outcomes in service delivery. Staff proposes a data-driven award that recognizes an AEL program’s performance holistically across performance measures, removes the burdensome nomination application process, and provides a more comprehensive view of the program’s service delivery in supporting the educational and career advancement of participants across the state.

**Decision Point 1**

Staff seeks direction on awards to employers, Boards, community colleges, and AEL grantees as set forth in the Workforce Awards Overview and Recommendations attachment. Any future modifications to award categories and/or amounts will be made by the Commission as needed.

**Issue 2: 2019 Awards Budget Amounts**

On March 14, 2017, the Commission approved the awards to be presented at the 2017 and 2018 Texas Workforce Conferences. At that time, the Child Care Quality (CCQ) Award was replaced with the Texas Rising Star Child Care Award, and the WIA Youth Award was replaced with the Foster Youth Award. On July 3, 2018, the Commission approved a legislative appropriations request (LAR) to fund the Board performance and incentive awards for 2019. While that LAR included funding for the Texas Rising Star and Foster Youth awards, it also included funding for the defunct CCQ and WIA Youth awards, which was inadvertently approved.

**Decision Point 2**

Staff seeks direction on eliminating the 2019 budget amounts for the CCQ and WIA Youth Awards.

**Issue 3: Board Quartiles**

TWC rule §802.165 allows the Commission to group Boards into classifications—for comparison purposes—based on similarities or differences relating to allocation of funds; prior performance; or demographic, economic, or other characteristics of local workforce development areas. The Board Performance Incentive Awards and the Texas Rising Star Child Care Awards historically have been issued to Boards by quartile. Boards are assigned to a quartile based on total Board allocation amounts for the corresponding BCY. For example, the first quartile would include the seven Boards with the lowest funding amounts.

**Decision Point 3**

Staff seeks direction on issuing the Board Performance Incentive Awards each year by quartile according to the Board’s total funding for the corresponding BCY.

**Issue 4: Extraordinary Circumstances and Ineligibility for Awards**

TWC rules in Chapter 802, Subchapter I, allow TWC to modify eligibility for and assignment of awards based on factors that the Commission identifies as extraordinary circumstances. The rule does not explicitly state what those factors are, but it defines “extraordinary circumstances” as conditions “which may include, but are not limited to, matters such as serious unforeseen events, unresolved audit or monitoring findings, sanctions, unanticipated changes in economic conditions, the occurrence of a disaster, or legislative changes having a direct impact on the Commission, Boards, or AEL grant recipients.”

TWC considers the following factors when determining an entity’s eligibility to receive Workforce Awards:

* Corrective action related to:
	+ failure to meet relevant performance targets;
	+ repeat monitoring findings;
	+ failure to provide cost-effective services, as evidenced by unusually high average costs; or
	+ failure to oversee the delivery of services.
* Voluntary deobligation of funds related to an award or program
* A Board’s or AEL grantee’s poor programmatic, fiscal, and/or administrative oversight not currently addressed through corrective action

Additionally, under extraordinary circumstances, TWC may decide to not present an award based on the quality of performance, nominations submitted, and/or the total number of nominations received.

The table below outlines parameters related to corrective actions (Technical Assistance Plans (TAPs), Intents to Sanction, and Sanctions) that staff may use in making recommendations for a Board’s eligibility to receive awards.

Table 1: Corrective Actions as Extraordinary Circumstances for Boards

| **Type of Corrective Action** | **Reason(s) for Corrective Action** | **Board Status:TAP**  | **Board Status:Intent to Sanction** | **Board Status: Level 1 Sanction or Higher** |
| --- | --- | --- | --- | --- |
| **Program- Specific Corrective Actions** | * Performance measure failure
* Customers served/cost per issues
* Program repeat monitoring findings
 | Not eligible for program-related award in program addressed by TAP--------------------Eligible for other Workforce Awards | Not eligible for program-related award in program addressed by Intent to Sanction--------------------Eligible for other Workforce Awards | Not eligible for any Workforce Awards, including AEL PQI Awards |
| **Administrative Process Corrective Actions** | * Procurement issues
* Cost allocation issues
* Data security issues
* IT security issues
* Open records issues
* Board membership issues
* Accurate financial reporting (CDER) issues
 | Eligible for all Workforce Awards | Not eligible for program-related award in program addressed by Intent to Sanction--------------------Eligible for other Workforce Awards | Not eligible for any Workforce Awards, including AEL PQI Awards |
| **Board Oversight Corrective Actions** | * Poor expenditure management, which jeopardizes service delivery
* Poor fiscal oversight
* Overarching concerns regarding poor program management
 | Not eligible for any Workforce Awards, including AEL PQI Awards  | Not eligible for any Workforce Awards, including AEL PQI Awards | Not eligible for any Workforce Awards, including AEL PQI Awards |

The corrective action parameters for Boards are applicable if the following two conditions are met:

* The corrective action is related to the performance period upon which the awards are being calculated or evaluated, which is the most recent complete BCY prior to the annual conference; and
* The corrective action is taken either:
* during the most recent complete BCY prior to the annual conference; or
* in the period after the end of the BCY but before the award winners are determined.

An AEL grantee—including any Board that is an AEL grantee—under any corrective action for the AEL program at the time awards are being evaluated is not eligible to receive any AEL PQI award for the AEL program under corrective action, unless the corrective action is lifted before the AEL PQI award winners are finalized. A Board that is deemed ineligible to receive an AEL PQI award may still be eligible to receive other Workforce Awards in accordance with corrective action parameters set forth in this discussion paper.

**Decision Point 4**

Staff seeks direction on the consideration of extraordinary circumstances, as outlined in this discussion paper, when identifying Workforce Awards recipients.