

1 **Discussion, Consideration, and Possible Action on BCY21 and BCY22 Local Workforce Development Board Targets**
2 **on Measures Mandated by, and Negotiated under, WIOA §116**

3 **Introduction**

4 Today, staff present Board Contract Year 21 and 22 (BCY21 & BCY22) performance targets negotiated with Texas' 28
5 Local Workforce Development Boards (Boards) on 15 statutorily required local Board performance measures
6 associated with the Workforce Innovation and Opportunity Act (WIOA) Title I Adult, Dislocated Worker (DW) and
7 Youth programs as provided in WIOA §116.

8 WIOA §116(c) identifies the following 15 measures to be used for local Board performance accountability:

Adult	Dislocated Worker (DW)	Youth
Employed Q2	Employed Q2	Employed/Enrolled Q2
Median Earnings Q2	Median Earnings Q2	Median Earnings Q2
Employed Q4	Employed Q4	Employed/Enrolled Q4
Credential Rate	Credential Rate	Credential Rate
Measurable Skill Gains (MSG)	Measurable Skill Gains (MSG)	Measurable Skill Gains (MSG)

9 While TWC and other states have negotiated WIOA targets in the past for 12 of the above 15 measures, this is the
10 first year we were able and required to negotiate targets on MSG. The main reason for this is that the first four
11 measures required under WIOA were similar to pre-WIOA common measures. This allowed the U.S. Department of
12 Labor (DOL) to build reasonably useful statistical models for negotiations with states and locals using deidentified
13 customer data submitted under the Workforce Investment Act (WIOA's predecessor statute).

14 However, MSG was a completely different type of measure and there was no way to simulate performance using this
15 older data. As such, DOL (and their partners at the U.S. Department of Education) was forced to treat the measures
16 as being in a "baseline status" for the first several years of reporting under WIOA. It was only this year that they had
17 the very bare minimum data necessary to attempt to build the Statistical Adjustment Model for MSG as required by
18 WIOA §116(b)(3)(A)(viii).

19 WIOA requires states to negotiate two years of targets every other year using the statistical model as one of the key
20 tools in the process. DOL issued Training and Education Guidance Letter 11-19 earlier this year to provide direction
21 regarding this biennial negotiation process and that states are required to adapt the federal statistical models for
22 local use. Because of the incredible lag associated with the WIOA measures and the time it took for the federal
23 performance accountability and reporting systems to be finalized and then implemented by states, DOL and ED only
24 had 2 full years of data on 9 of the 15 measures (both Q2 measures and MSG). Five full years after passage of the
25 law, there is still not sufficient data to fully implement the WIOA performance accountability system. Therefore, staff
26 had to develop one set of targets by adapting the federal statistical adjustment models and another more simplistic
27 methodology for the other two measures.

28 The Division of Operational Insight (DOI) has responsibility for evaluating and adapting the federal models and also to
29 develop other target models in the absence of federal models. However, this work is always conducted in
30 coordination with the Workforce Development Division (WDD). This is not unlike how DOI takes the lead in
31 negotiating on federal targets and targets with other local partners – always in partnership with the divisions
32 responsible for the programs in question.

33 The negotiation process itself is conducted jointly between DOI and WDD with DOI taking the lead in presenting the
34 model and proposals to Boards, providing a tool for them to use to evaluate their performance and to respond with
35 counter-proposals in those instances where a Board was concerned about one or more specific proposals. DOI then
36 consolidates the responses meets with WDD to determine whether to accept a counter-proposal or to negotiate
37 further by either countering again or seeking additional documentation from the Board in support of their proposals.

1 Apart from MSG, TWC followed the model that DOL used with states which was to negotiate the same target for
2 BCY21 and BCY22 on 12 of the 15 measures. As discussed below, DOL has been pushing Texas to improve our
3 performance on these three measures and so we negotiated separate BCY21 and BCY22 targets adopted for the
4 three MSG measures.

5 **Adapting DOL’s Statistical Models**

6 DOI evaluated the DOL model developed for state use and developed an adaptation for local use that attempted to
7 address three key issues with the federal models:

- 8 1) While the federal models seem to work reasonably well at the state level (i.e. for DOL negotiating with
9 states), at the local levels, the models have a tendency to produce targets great than 100% or less than 0%
10 and even “negative earnings” with alarming frequency – particularly for the MSG measures. This is
11 something we found with prior models as well. However, this time we found that some of our prior
12 adjustments (like using the models to predict change in performance from the prior year based on changes in
13 casemix and economic conditions) did not work as well as in the past.
- 14 2) Statistical models are most accurate when applied to situations and circumstances that are statistically
15 similar to those in place when the data used in the modeling was collected. In this case, that means that
16 DOL’s models were created in a very robust economy where workers and employers were largely
17 unconstrained by external factors such as a once-per-century pandemic. DOL couldn’t account for the
18 impact of COVID-19 in their models and therefore, their models will not accurately predict or assess
19 performance for BCY21 and BCY22.
- 20 3) MSG does not at all lend itself to statistical modeling due to the structure of the measure and the fact that
21 while all the other measures provided 4 data points per year (they are based on quarterly exiter cohorts),
22 MSG provides one. This meant that for MSG, DOL had one eighth the data that they had for the other
23 measures and this impacted model development.

24 DOI’s adaptation of the model addressed the above issues as follows:

- 25 1) To address mathematically impossible targets (whether directly predicted by DOL’s model or based on TWC’s
26 historic use of these models to predict changes in performance), DOI developed minimum and maximum
27 target values based on the seventh lowest and seventh highest scores in BCY20 on these measures. If the
28 model identified a target that was less than zero, we set the target at the minimum level. If the model
29 identified a target that was greater than zero, we set the target at the Maximum. In addition, these
30 minimums and maximums were used when the model presented mathematically possible targets but that
31 nevertheless fell into extremes.

32 The use of minimum and maximum targets in this way has long been a methodology that TWC has employed
33 in target setting. The minimum is intended to pressure Boards with lower performance to improve and the
34 maximum is intended to ensure that the reward for having high performance isn’t to have ever-increasing
35 expectations that come from ever-diminishing returns.

- 36 2) To address the fact that DOL’s models do not account for COVID-19, DOI analyzed BCY21 preview data to
37 create an initial estimate of how much performance was likely to change as a result of COVID-19 and
38 developed “COVID Adjustment Factors.” These factors were an attempt to account for the economic
39 conditions during the BCY21 and BCY22 measurement periods consistent with WIOA §116. The preview data
40 focused on outcomes in April-June 2020 when the Texas unemployment rates increased to 11.5% - nearly 3.5
41 percentage points higher than the worst of the Great Recession. Since the unemployment/employment
42 situation in Texas has improved since that quarter, we were able to use that as a “bottom” and looked at
43 over-the-year change to estimate how much performance would likely be impacted “all other things being
44 equal”.

1 3) The federal models for MSG were simply not usable. As noted, they were developed with only two data
2 points per state (not enough to build a very good model) but also, they were developed using data that was
3 unstable as states (including Texas) were still improving their ability to track and report MSG.

4 However, DOL has been very concerned about the gap in performance between MSG and Credential Rate.
5 While DOL is mistaken in their assumption that these numbers should be nearly the same (there are
6 mathematical and logical reasons why they should not), the reality is that they also shouldn't be 20-30 points
7 apart either. Therefore, MSG targets were negotiated around the idea of setting them at 70% of the
8 Credential Rate target for BCY21 and 80% for BCY22 (closing the gap between MSG and Credential).

9 For the Exit-based Q2 measures, staff were able to more directly adapt the model for the negotiation process
10 (again, subject to minimums and maximums, and accounting for the impact of COVID-19).

11 **Negotiations on Q4 and Credential Measures**

12 In the absence of specific DOL negotiation models, staff adapted the minimum, maximum, COVID Adjustment Factor
13 model to the Employed Q4 and Credential Rate measures and proposed targets to the Boards that way.

14 **Summary of Negotiations**

15 Staff contacted the Boards on October 20, 2020 and provided them with information about the negotiation process
16 including a narrative explaining the process and how targets were set and a tool which contained the target material
17 including staff's adaptation of the DOL models and provided a means for Boards to either accept staff proposals or
18 submit alternatives along with justification and documentation which supported their counter proposals.

19 On October 23, 2020 staff held a conference call with the Boards to walk through the material and answer questions.
20 A second call was held on October 27, 2020 in order to provide Boards an opportunity to bring up questions or
21 requests for clarification that may have been identified after the initial call. Boards were given until November 4,
22 2020 to submit their replies.

23 Of the 840 targets proposed by TWC (28 Boards x 15 measures x 2 years), Boards accepted 797 and wanted to
24 negotiate on 43. There were 19 Boards that accepted all of TWC's proposals and 11 that wanted to negotiate on one
25 or more of our proposals. Based on their input and an examination of more data, staff made several mathematical
26 adjustments to the models. In addition, a Board noted that there was a mathematical mistake in our BCY21 MSG
27 proposals which we corrected.

28 We then reached out to the 11 Boards that had submitted counter-proposals. In many of the 43 instances, our
29 updated methodology resulted in targets that met their requests. In the other cases, the updated targets were still
30 at least somewhat higher than what the Boards had proposed. For these Boards we responded with the new target
31 proposals and explained why we did not support their proposal and offered them the chance to improve their
32 documentation/justification. At the end of this process, staff reached agreement with all 28 Boards on all 840 target
33 proposals. One thing to note is that WIOA has a two-stage process for target setting:

- 34 1) This initial up-front negotiation based on what casemix and economic conditions estimate;
- 35 2) A year-end adjustment based on the ACTUAL casemix and economic conditions which produces the final
36 targets for the year.

37 What this means is that even though our model work attempted to account for the impact of COVID-19 (particularly
38 as relates to the economy), WIOA has a built in feature by which at the end of the year, we will reset based on the
39 actual casemix/economic conditions and thus the COVID-19 Adjustment Factors are essentially placeholders for now.

40 **Commission Request**

41 Staff request the Commission accept the BCY20 and BCY21 targets for the WIOA statutorily-prescribed performance
42 measures negotiated with TWC's 28 local workforce development Boards as listed on pages 4 to 6 below.

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BCY20 & BCY21 Targets on WIOA Exit-based Measures focusing on the 2nd Quarter Post-Exit

Board	Adult Employed Q2 Post Exit	DW Employed Q2 Post Exit	Youth Employed/ Enrolled Q2 Post Exit	Adult Median Earnings Q2 Post Exit	DW Median Earnings Q2 Post Exit	Youth Median Earnings Q2 Post Exit
1-Panhandle	76.50%	82.10%	76.80%	\$6,500	\$8,600	\$3,300
2-South Plains	76.10%	85.80%	76.80%	\$5,800	\$8,600	\$2,700
3-North	76.50%	85.80%	72.00%	\$5,500	\$7,300	\$3,300
4-North Central	68.40%	75.30%	66.40%	\$5,000	\$8,600	\$3,200
5-Tarrant	69.70%	73.50%	65.20%	\$5,100	\$8,300	\$3,300
6-Dallas	71.20%	79.50%	69.50%	\$5,800	\$8,600	\$2,900
7-North East	76.50%	77.80%	76.80%	\$6,300	\$8,600	\$3,000
8-East	76.50%	80.70%	76.80%	\$5,000	\$6,800	\$3,000
9-West Central	76.50%	85.80%	69.90%	\$5,000	\$6,600	\$3,300
10-Borderplex	70.00%	73.50%	65.20%	\$6,400	\$8,500	\$2,700
11-Permian Basin	68.40%	85.80%	76.80%	\$6,500	\$7,700	\$3,300
12-Concho Valley	69.00%	85.80%	76.80%	\$5,300	\$6,600	\$3,300
13-Heart	76.50%	73.50%	65.20%	\$6,500	\$7,000	\$2,700
14-Capital Area	69.80%	74.10%	76.80%	\$6,500	\$8,600	\$3,300
15-Rural Capital	76.50%	75.30%	76.80%	\$6,100	\$8,600	\$3,300
16-Brazos Valley	68.40%	84.40%	73.00%	\$5,000	\$6,600	\$2,900
17-Deep East	68.40%	73.50%	67.50%	\$5,000	\$6,600	\$2,700
18-Southeast	71.60%	73.50%	68.50%	\$5,500	\$7,300	\$2,700
19-Golden Crescent	68.40%	75.60%	76.80%	\$6,500	\$8,600	\$2,700
20-Alamo	75.50%	83.60%	67.80%	\$5,800	\$8,000	\$3,100
21-South	68.40%	80.60%	76.80%	\$6,500	\$8,100	\$2,700
22-Coastal Bend	72.70%	73.50%	68.50%	\$5,000	\$7,200	\$3,100
23-Lower Rio	71.20%	79.10%	66.00%	\$6,500	\$7,000	\$2,800
24-Cameron	76.50%	83.80%	74.40%	\$6,500	\$8,600	\$3,100
25-Texoma	76.50%	85.80%	69.50%	\$6,500	\$8,600	\$3,300
26-Central	76.50%	82.30%	76.80%	\$6,500	\$8,600	\$3,000
27-Middle Rio	76.50%	85.80%	76.80%	\$6,500	\$8,500	\$3,100
28-Gulf Coast	69.10%	73.50%	65.20%	\$5,000	\$8,000	\$2,900
Min	68.40%	73.50%	65.20%	\$5,000	\$6,600	\$2,700
Max	76.50%	85.80%	76.80%	\$6,500	\$8,600	\$3,300
COVID Adjustment Factor	-5.00%	-3.10%	-5.00%	-10.00%	-10.00%	-10.00%

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BCY20 & BCY21 Targets on WIOA Exit-based Measures requiring measurement in 4th Quarter Post-Exit

Board	Adult Employed Q4 Post Exit	DW Employed Q4 Post Exit	Youth Employed/ Enrolled Q4 Post Exit	Adult Credential Rate	DW Credential Rate	Youth Credential Rate
1-Panhandle	75.10%	82.10%	72.10%	76.90%	87.50%	62.50%
2-South Plains	76.70%	82.10%	72.10%	82.50%	87.50%	62.50%
3-North	76.70%	74.90%	70.00%	82.70%	70.00%	61.70%
4-North Central	68.30%	79.20%	70.80%	65.40%	71.20%	43.80%
5-Tarrant	68.30%	77.30%	65.50%	72.50%	76.20%	28.60%
6-Dallas	69.30%	78.50%	65.80%	75.30%	73.50%	51.80%
7-North East	76.70%	81.30%	69.40%	82.70%	70.00%	57.50%
8-East	71.30%	77.60%	71.70%	72.40%	77.10%	28.50%
9-West Central	68.30%	82.10%	71.10%	65.40%	87.50%	28.50%
10-Borderplex	68.30%	74.90%	63.30%	72.10%	76.40%	56.70%
11-Permian Basin	68.30%	74.90%	72.10%	65.40%	80.60%	28.50%
12-Concho Valley	73.90%	81.90%	63.30%	65.40%	87.50%	28.50%
13-Heart	76.70%	82.10%	70.70%	75.00%	70.00%	53.30%
14-Capital Area	70.70%	77.20%	68.60%	82.70%	80.80%	62.50%
15-Rural Capital	72.60%	77.80%	72.10%	82.70%	87.50%	62.50%
16-Brazos Valley	73.50%	82.10%	72.10%	65.40%	81.30%	32.50%
17-Deep East	73.00%	74.90%	63.30%	66.40%	86.00%	40.50%
18-Southeast	73.80%	77.40%	71.40%	65.40%	87.50%	28.50%
19-Golden Crescent	69.90%	79.40%	72.10%	72.10%	70.00%	62.50%
20-Alamo	70.00%	79.50%	66.30%	76.10%	73.70%	28.50%
21-South	76.70%	74.90%	72.10%	82.70%	87.50%	61.70%
22-Coastal Bend	68.30%	77.10%	63.30%	65.40%	70.00%	28.50%
23-Lower Rio	69.90%	81.30%	67.00%	82.70%	85.30%	28.50%
24-Cameron	76.70%	74.90%	63.30%	82.70%	83.70%	40.20%
25-Texoma	76.70%	82.10%	72.10%	79.40%	87.50%	62.50%
26-Central	76.70%	82.10%	65.10%	82.70%	82.80%	62.50%
27-Middle Rio	75.50%	82.10%	63.30%	78.10%	70.00%	30.30%
28-Gulf Coast	68.30%	74.90%	63.30%	65.40%	70.00%	34.10%
Min	68.30%	74.90%	63.30%	65.40%	70.00%	28.50%
Max	76.70%	82.10%	72.10%	82.70%	87.50%	62.50%
COVID Adjustment Factor	-4.50%	-2.00%	-5.00%	-5.00%	-2.00%	-5.00%

BCY20 and BCY21 Measurable Skill Gains Targets

Board	BCY21 Adult MSG	BCY22 Adult MSG	BCY21 DW MSG	BCY22 DW MSG	BCY21 Youth MSG	BCY22 Youth MSG
1-Panhandle	53.80%	61.50%	61.30%	70.00%	43.80%	50.00%
2-South Plains	57.80%	66.00%	61.30%	70.00%	25.00%	50.00%
3-North	47.90%	66.20%	49.00%	56.00%	25.00%	49.40%
4-North Central	45.80%	52.30%	49.00%	57.00%	30.70%	35.00%
5-Tarrant	50.80%	58.00%	49.00%	61.00%	20.00%	22.90%
6-Dallas	52.70%	60.20%	49.00%	58.80%	36.30%	41.40%
7-North East	47.90%	66.20%	49.00%	56.00%	25.00%	46.00%
8-East	49.50%	57.90%	54.00%	61.70%	20.00%	22.80%
9-West Central	45.80%	52.30%	61.30%	70.00%	20.00%	22.80%
10-Borderplex	47.90%	57.70%	53.50%	61.10%	39.70%	45.40%
11-Permian Basin	45.80%	52.30%	49.00%	64.50%	20.00%	22.80%
12-Concho Valley	45.80%	52.30%	49.00%	70.00%	20.00%	22.80%
13-Heart	52.50%	60.00%	49.00%	56.00%	37.30%	42.60%
14-Capital Area	47.90%	66.20%	56.60%	64.60%	43.80%	50.00%
15-Rural Capital	47.90%	66.20%	49.00%	70.00%	43.80%	50.00%
16-Brazos Valley	45.80%	52.30%	49.00%	65.00%	22.80%	26.00%
17-Deep East	46.50%	53.10%	60.20%	68.80%	25.00%	32.40%
18-Southeast	45.80%	52.30%	49.00%	70.00%	20.00%	22.80%
19-Golden Crescent	47.90%	57.70%	49.00%	56.00%	25.00%	50.00%
20-Alamo	53.30%	60.90%	49.00%	59.00%	20.00%	22.80%
21-South	57.90%	66.20%	61.30%	70.00%	43.20%	49.40%
22-Coastal Bend	45.80%	52.30%	49.00%	56.00%	20.00%	22.80%
23-Lower Rio	57.90%	66.20%	59.70%	68.20%	20.00%	22.80%
24-Cameron	55.50%	66.20%	58.60%	67.00%	28.10%	32.20%
25-Texoma	55.60%	63.50%	61.30%	70.00%	43.80%	50.00%
26-Central	47.90%	66.20%	58.00%	66.20%	43.80%	50.00%
27-Middle Rio	54.70%	62.50%	49.00%	56.00%	21.20%	24.20%
28-Gulf Coast	45.80%	52.30%	49.00%	56.00%	23.90%	27.30%