

**BCY'23 and BCY'24 Local Workforce Development Board Targets
Discussion Paper**

Background

The Workforce Innovation and Opportunity Act (WIOA) requires the Texas Workforce Commission (TWC) to negotiate two years of targets at a time based on the US Department of Labor (DOL) statistical adjustment model and Boards’ best assumptions of the case mix and economy. Then, at the end of each year, Boards must apply the model to the actual case mix and economy.

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)

States are required to adapt the DOL statistical adjustment models for local negotiations. This is the first year in which DOL had models for each of the 15 required measures and thus the first time we will have negotiated targets on all 15 measures by using our adaptations of those models.

The negotiated targets will be applied to performance being reported in Board Contract Years 2023 (BCY'23) and 2024 (BCY'24). Negotiations last occurred relatively early into the COVID-19 pandemic, and states had little idea of what impact the pandemic would have on performance or how long that impact would last. In the early months of the pandemic, states experienced higher unemployment rates and unemployment insurance (UI) claims than during the entirety of the Great Recession; therefore, staff recommended that the adaptations of the DOL models include “Covid Adjustment Factors.”

The Texas economy and labor market moved beyond recovery in November 2021 and well into expansion in the 10 months since; therefore, no such adjustments were appropriate or necessary for this round of negotiations. While there are concerns of a potential recession in the next year if efforts to control inflation reverse economic and job growth, the basic DOL statistical models can account for that.

Negotiation Process

TWC’s Information Innovation & Insight (I|3), in coordination with the Workforce Development Division (WDD), has responsibility for evaluating and adapting the federal models. Similar to how I|3 leads in negotiating federal targets and targets with other local partners, I|3 always

1 collaborates with the divisions responsible for the programs in question and adapts models based
2 on the division’s concerns, priorities, and direction.

3 The negotiation process is conducted jointly between I|3 and WDD, with I|3 presenting the
4 model and proposals to Boards, thus providing a tool for Boards to use to evaluate their
5 performance and to respond with counterproposals in instances in which a Board is concerned
6 about one or more specific proposals. I|3 then consolidates the responses and makes
7 recommendations to WDD based on whether we believe that the Boards made a sufficient case
8 to support their proposal. If the Board’s justification does not meet that threshold, staff replies to
9 either rebut the argument or, in some instances, ask that the Board provide more details or
10 evidence.

11 Generally, this occurs when the Board’s request for an alternate target is argued based on factors
12 that the statistical models already account for, such as citing how Boards serve more individuals
13 who are statistically shown to have worse outcomes. The models already sufficiently address
14 such cases and shifts in case mixes, whether toward or away from working with a population
15 with greater challenges.

16 **Adapting DOL’s Statistical Models**

17 I|3 evaluated the DOL models developed for state use and adapted them for local use that
18 addresses key issues with the DOL models. Although the federal models seem to work
19 reasonably well at the state level (that is, with DOL negotiating with states), at the local levels,
20 the models have a tendency to produce targets greater than 100 percent or less than 0 percent and
21 even “negative earnings” with alarming frequency—particularly for the Measurable Skills Gain
22 (MSG) measures. This is something staff also found with prior models and is the reason that
23 models are primarily used to compare case mixes and economic conditions across time to predict
24 how much performance should improve or decline as a result of changes therein.

25 Additionally, staff applies maximum and minimum targets to each measure as follows:

- 26 • The minimum is generally set at the seventh lowest level of performance achieved in the
27 prior year (thus setting an expectation for improvement on those who achieved the lowest
28 levels of performance).
- 29 • The maximum is generally set to the lesser of one of the following:
 - 30 ➤ The seventh highest level of performance achieved in the prior year (which
31 provides some flexibility for higher performers and ensures that the reward for
32 being a leading performer is not an ever-increasing target).
 - 33 ➤ 85 percent of the measure. This was an adjustment made to our original model,
34 when one Board observed that the original maximum target for a measure was set
35 to 92.5 percent, meaning it was not mathematically possible to rate a Board at +P
36 (Positive Performance) even if they hit 100 percent. WDD and I|3 agreed that was
37 problematic and decided that 85 percent was still an appropriate target that
38 allowed a reasonable chance of achieving at least 110 percent of a target and thus
39 be rated at +P.

1 The minimum and maximum targets also address the mathematically impossible targets (whether
2 directly predicted by DOL’s model or based on TWC’s use of these models to predict changes in
3 performance).

4 **Summary of Negotiations**

5 Of the 840 targets proposed by TWC (28 Boards × 15 measures × 2 years), Boards accepted 816
6 and requested to negotiate on 24. There were 21 Boards that accepted all of TWC’s proposals
7 and seven that requested to negotiate on one or more of the proposals.

8 As noted, one Board raised a question about a model, which was agreed upon and applied to the
9 models so that several Boards received targets capped at 85 percent on several measures rather
10 than the slightly higher levels originally proposed.

11 Of the other six Boards, one (East Texas) provided an explanation regarding its request that was
12 logical, supported by data, and not related to factors that the models already accounted for
13 (specifically a trend toward serving a higher percentage of rural job seekers and data showing
14 that outcomes for rural customers tended to be lower). Therefore, staff included their requested
15 targets on three measures (× 2 years) in the recommendations on pages 4–5.

16 The other five Boards were not able to provide explanations or data to support their proposals.
17 Among the reasons given but not accepted were:

- 18 • concerns about the lingering effects of the pandemic (recent performance indicated that
19 they were hitting or trending strong toward the new targets);
- 20 • concerns about missing their targets (a valid concern but not a valid argument for why a
21 lower target is warranted, since the proposals are heavily impacted by historic results);
- 22 • arguments that did not seem to align with the data; and
- 23 • arguments related to factors that were accounted for in the models.

24 **Decision Point**

25 Staff recommends approval of the initial targets for BCY’23 and BCY’24 for the WIOA
26 statutorily prescribed performance measures negotiated with the 28 Boards, as listed on pages 4–
27 6 below.

1 **BCY'23 and BCY'24 Targets on WIOA Exit-Based Measures Focusing on the 2nd Quarter**
 2 **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	81.10%	85.00%	80.60%	\$9,800	\$9,400	\$4,900
2-South Plains	85.00%	85.00%	81.60%	\$8,200	\$11,400	\$3,800
3-North	85.00%	85.00%	77.50%	\$7,900	\$9,400	\$3,400
4-North Central	72.00%	75.90%	70.40%	\$6,500	\$9,400	\$4,900
5-Tarrant	72.50%	78.80%	72.70%	\$6,500	\$9,400	\$4,300
6-Dallas	72.00%	75.90%	70.70%	\$6,900	\$9,400	\$4,000
7-North East	85.00%	85.00%	81.60%	\$9,700	\$9,400	\$4,500
8-East	76.40%	78.80%	76.10%	\$6,500	\$10,200	\$4,300
9-West Central	84.80%	83.50%	81.60%	\$7,300	\$9,400	\$4,900
10-Borderplex	79.80%	79.10%	81.60%	\$10,100	\$9,700	\$3,200
11-Permian Basin	73.30%	85.00%	70.40%	\$10,100	\$10,300	\$3,200
12-Concho Valley	85.00%	85.00%	70.40%	\$6,500	\$11,900	\$3,300
13-Heart	83.50%	85.00%	81.60%	\$9,400	\$11,900	\$3,200
14-Capital Area	72.00%	75.90%	70.40%	\$9,800	\$11,600	\$3,200
15-Rural Capital	84.10%	75.90%	81.60%	\$9,400	\$9,700	\$4,900
16-Brazos Valley	72.00%	76.30%	70.40%	\$6,500	\$9,400	\$4,900
17-Deep East	73.90%	84.20%	81.60%	\$6,500	\$9,800	\$3,200
18-Southeast	72.00%	85.00%	70.90%	\$7,000	\$9,600	\$3,200
19-Golden Crescent	79.00%	77.50%	70.40%	\$7,800	\$9,900	\$4,000
20-Alamo	72.00%	77.80%	70.40%	\$6,800	\$9,500	\$4,500
21-South	85.00%	85.00%	81.60%	\$6,500	\$11,900	\$3,200
22-Coastal Bend	72.60%	77.60%	70.70%	\$6,600	\$9,400	\$3,200
23-Lower Rio	85.00%	84.00%	70.40%	\$6,500	\$10,000	\$3,200
24-Cameron	85.00%	85.00%	81.60%	\$7,800	\$10,000	\$4,900
25-Texoma	85.00%	82.10%	81.60%	\$10,100	\$9,400	\$4,900
26-Central	85.00%	75.90%	70.40%	\$10,100	\$11,700	\$3,200
27-Middle Rio	85.00%	85.00%	70.40%	\$9,800	\$9,400	\$3,200
28-Gulf Coast	72.00%	79.10%	70.40%	\$6,500	\$9,400	\$3,600
Min	72.00%	75.90%	70.40%	\$6,500	\$9,400	\$3,200
Max	85.00%	85.00%	81.60%	\$10,100	\$11,900	\$4,900

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1 **BCY'23 and BCY'24 Targets on WIOA Exit-Based Measures Requiring Measurement in**
 2 **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	82.60%	73.10%	80.00%	84.60%	85.00%	83.30%
2-South Plains	82.60%	85.00%	80.00%	84.00%	85.00%	69.80%
3-North	72.70%	85.00%	80.00%	84.60%	85.00%	83.30%
4-North Central	68.20%	73.90%	66.70%	65.60%	79.60%	55.00%
5-Tarrant	76.50%	83.60%	69.10%	68.10%	79.60%	67.90%
6-Dallas	70.40%	73.10%	72.60%	82.00%	85.00%	56.10%
7-North East	82.60%	85.00%	76.80%	84.60%	80.70%	55.70%
8-East	73.60%	78.40%	69.30%	76.20%	85.00%	48.20%
9-West Central	82.60%	85.00%	68.60%	70.10%	85.00%	48.20%
10-Borderplex	82.60%	80.30%	76.30%	79.30%	84.90%	70.50%
11-Permian Basin	82.60%	85.00%	66.70%	70.60%	85.00%	48.20%
12-Concho Valley	72.70%	81.40%	66.70%	65.60%	81.70%	58.00%
13-Heart	75.20%	73.10%	74.50%	84.60%	80.90%	48.20%
14-Capital Area	68.20%	85.00%	66.70%	67.40%	85.00%	83.30%
15-Rural Capital	79.30%	73.10%	72.50%	81.60%	85.00%	83.20%
16-Brazos Valley	79.50%	73.10%	80.00%	84.60%	81.20%	83.30%
17-Deep East	71.10%	76.40%	66.70%	84.60%	79.60%	83.30%
18-Southeast	72.80%	80.90%	66.70%	84.60%	79.60%	62.30%
19-Golden Crescent	71.70%	85.00%	78.90%	68.70%	85.00%	48.20%
20-Alamo	73.30%	85.00%	71.20%	72.30%	85.00%	56.70%
21-South	76.60%	85.00%	80.00%	84.60%	85.00%	83.30%
22-Coastal Bend	76.40%	81.70%	66.70%	65.60%	79.60%	48.20%
23-Lower Rio	79.40%	84.60%	66.70%	79.40%	85.00%	57.50%
24-Cameron	82.60%	85.00%	78.40%	84.60%	85.00%	83.30%
25-Texoma	82.60%	73.10%	80.00%	84.60%	85.00%	64.20%
26-Central	79.60%	73.10%	77.00%	80.10%	83.10%	83.30%
27-Middle Rio	79.50%	85.00%	73.30%	72.00%	85.00%	48.20%
28-Gulf Coast	70.60%	75.70%	67.20%	65.60%	79.60%	60.60%
Min	68.20%	73.10%	66.70%	65.60%	79.60%	48.20%
Max	82.60%	85.00%	80.00%	84.60%	85.00%	83.30%

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BCY'23 and BCY'24 Measurable Skill Gains Targets

Board	Adult MSG	DW MSG	Youth MSG
1-Panhandle	76.00%	71.40%	81.80%
2-South Plains	76.80%	85.00%	82.30%
3-North	76.80%	81.50%	82.30%
4-North Central	61.60%	71.40%	50.90%
5-Tarrant	64.40%	72.20%	51.70%
6-Dallas	66.10%	71.40%	53.40%
7-North East	74.20%	85.00%	80.00%
8-East	61.60%	77.80%	61.50%
9-West Central	68.00%	80.00%	82.30%
10-Borderplex	76.80%	71.40%	50.90%
11-Permian Basin	61.60%	71.40%	50.90%
12-Concho Valley	66.70%	85.00%	50.90%
13-Heart	70.40%	79.50%	50.90%
14-Capital Area	76.80%	80.60%	61.20%
15-Rural Capital	62.20%	71.40%	76.70%
16-Brazos Valley	70.30%	82.80%	82.30%
17-Deep East	76.80%	85.00%	63.60%
18-Southeast	61.60%	71.40%	63.20%
19-Golden Crescent	61.60%	84.20%	50.90%
20-Alamo	61.60%	81.80%	59.30%
21-South	76.80%	85.00%	82.30%
22-Coastal Bend	61.60%	78.40%	81.30%
23-Lower Rio	76.80%	85.00%	71.00%
24-Cameron	65.80%	85.00%	82.30%
25-Texoma	72.40%	85.00%	82.30%
26-Central	62.30%	73.70%	54.60%
27-Middle Rio	76.80%	83.30%	82.30%
28-Gulf Coast	70.70%	78.90%	50.90%
Min	61.60%	71.40%	50.90%
Max	76.80%	85.00%	82.30%