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Setting and Adjusting Performance Goal Targets

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Setting and Adjusting Performance Goal Targets

American Recovery and Reinvestment Act
Performance Accountability Summit

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U.S. Department of Labor
*Employment and Training
Administration*

Background

- The Government Performance and Results Act (GPRA) requires that all Federal Agencies identify goals and report annually on actual performance compared to those goals.
- The Office of Management and Budget (OMB) requires revisions to the GPRA goals using the prior year's results with an incremental increase to demonstrate continuous improvement.
- ETA uses data analysis to inform its goal-setting objectives:
 - Early in 2008 ETA conducts an analysis on average earnings.
 - In late 2008, ETA negotiates additional time to adjust targets for the Common Measure due to the economic downturn.
 - Goals are adjusted in time for the Fiscal Year (FY) 2010 Congressional Budget Justification.

Effects of the Economic Recession

- To understand the implications of the recession on program performance, ETA initiated a study with the W. E. Upjohn Institute to identify a methodology that looked at the effects of unemployment on past program performance.
- The study is intended to help us understand the cyclical effects of the business cycle on program performance.
- More specifically, the study determined how the unemployment rate and individual characteristics impact employment, retention, earnings, credential attainment, and literacy/numeracy outcomes.

GPRRA Performance Goals for PY 2008/FY 2009

- The W.E. Upjohn Institute developed a regression model using data elements from annual or quarterly reports, depending on the program.
- Analysis conducted for WIA (Adult, Dislocated Worker, and Youth), Wagner-Peyser, and Trade Adjustment Assistance.
- ETA also received approval to apply the coefficients to SCESP, NEG, NFJP, INA, WIGs, YouthBuild, Apprenticeship, and Re-integration of Ex-offenders
- TEGl 09-08, Change 1, issued June 2009, explains the methodology and expands on efforts to expand the regression model.

Purpose of the Methodology

- Describe how to adjust WIA performance goal targets that are objective, transparent and reflective of current conditions
- Focus on the value-added of WIA services
 - Adjusted targets credit service providers for performance not for favorable factors
- Account for factors outside the control of state and local programs
 - “Outside the control,” means factors that affect performance outcomes but are not related to the services provided by the programs
 - Local labor market conditions (unemployment rates)
 - Personal characteristics of participants (prior work history, educational attainment, barriers to employment)
- Offer a systematic, objective and transparent framework for:
 - Setting targets
 - Focusing on the value-added of WIA
 - Diagnosing WIA performance

Framework for Regression Analysis

- Takes the experience of individual participants within their local labor markets
- Allows the aggregation of performance outcomes and factors from the individual to the WIB to the State to the Nation
 - By using the same weights for each level of jurisdiction, the differences add up
 - Thus the targets are consistent across jurisdictions
- Uses estimates of the effects of unemployment rates and personal characteristics on performance outcomes, based on all WIA exiters in all 50 states

Procedure to Set and Adjust Target Estimates

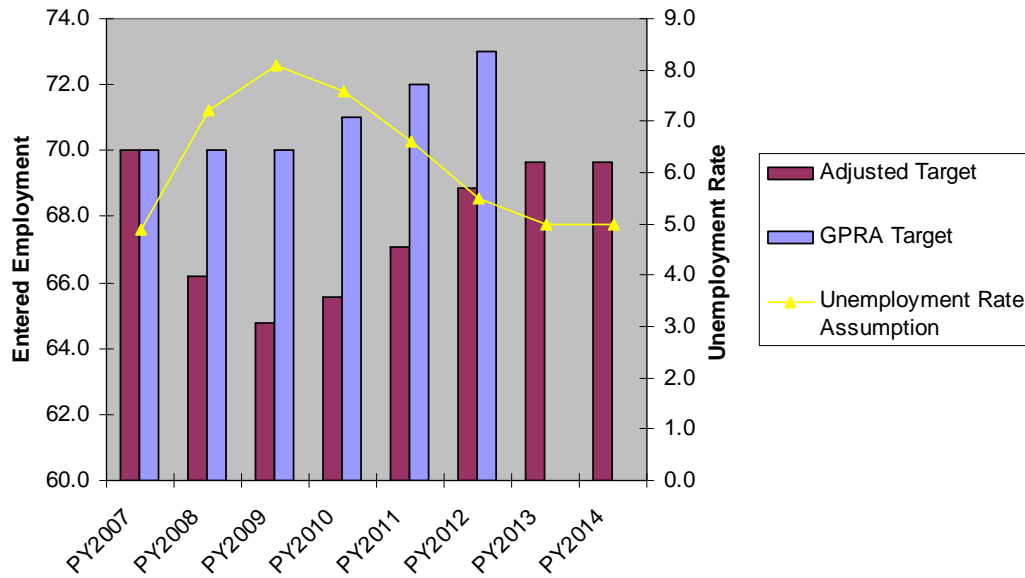
- Three step process: one for each jurisdictional level: national, state, WIB
- **Step One:** Adjust the national targets for assumed changes in unemployment rates
- **Step Two:** Use the national adjusted targets as the departure for setting state performance targets
 - State and national performance outcomes differ because of differences in unemployment rates and participant characteristics
- **Step Three:** Use each state's adjusted targets as departure for setting targets of WIBs within the state
 - WIB and state performance outcomes differ because of differences in unemployment rates and participant characteristics

Step One: Set National Performance Goals

Use estimates of the effect of unemployment rates on individual participants to adjust national performance targets based on President's 2010 Budget

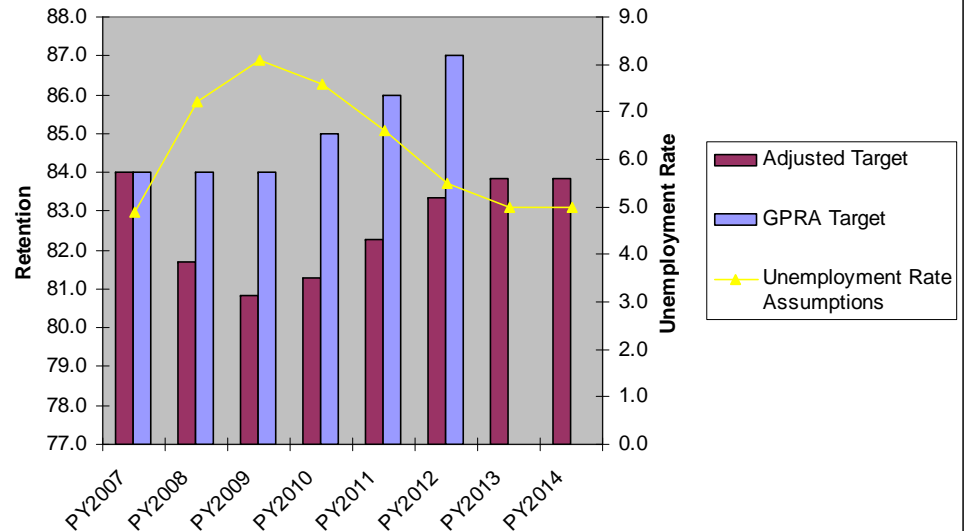
WIA Adult Program	Program Year							
	2007	2008	2009	2010	2011	2012	2013	2014
UR assumptions	4.9	7.2	8.1	7.6	6.6	5.5	5.0	5.0
Entered employment								
GPRA target		70	70	70	71	72	73	
UR adjusted target	70.0	66.2	64.8	65.6	67.1	68.8	69.7	69.7
Retention rate								
GPRA target		84.0	84.0	84.0	85.0	86.0	87.0	
UR adjusted target	84.0	81.7	80.8	81.3	82.3	83.3	83.8	83.8
Earnings								
GPRA target (\$)		13,575	13,575	13,575	13,914	14,262	14,619	
UR adjusted target (\$)	13,575	12,862	12,597	12,741	13,032	13,360	13,512	13,512

WIA Adult Entered Employment Performance Adjustment



The adjusted targets take into account changes in the assumed unemployment rates, whereas GPRA targets remain flat during increases in unemployment rates.

WIA Adult Retention Rate Performance Adjustment



Step Two: State Estimates for Targets

- State estimates differ from national performance goals:
 - Differences in unemployment rates
 - Differences in personal characteristics
- Add adjustment to the departure national target rate

	A	B	C	D	E
WIA Adult Entered Employment	State A	National	Difference (A-B)	Effect on EE	Adjustment: Weighted Difference (C * D)
Unemployment rates	12.6%	8.3%	4.3	-1.8	-7.70
High School drop out	10.3	4.6	5.7	-0.049	-0.279
BA degree	7.6	1.8	5.8	+0.022	+0.128
Disabled	6.4	4.9	1.5	-0.096	-0.144
Work experience	39.0	64.0	-25.0	+0.14	-3.50
Adjusted Target	53.3	64.8	Total adjustment (add column E)		-11.5

Step Three: WIB Estimates for Targets

- WIB performance estimates differ from the state estimates:
 - Differences in unemployment rates
 - Differences in personal characteristics
- Add adjustment to departure state target rate

	A	B	C	D	E
WIA Adult Entered Employment	WIB A in State A	State A	Difference (A-B)	Effect on EE	Adjustment: Weighted Difference (C * D)
Unemployment rates	7.8%	12.6%	-4.8	-1.8	+8.64
High School drop out	4.7	10.3	-5.7	-0.049	+0.279
BA degree	9.3	7.6	+1.7	+0.022	+0.037
Disabled	2.3	6.4	-4.1	-0.096	+0.394
Work experience	39.5	39.0	-0.05	+0.14	+0.07
Adjusted Target	62.7	53.3	Total adjustment (add column E)		+9.42

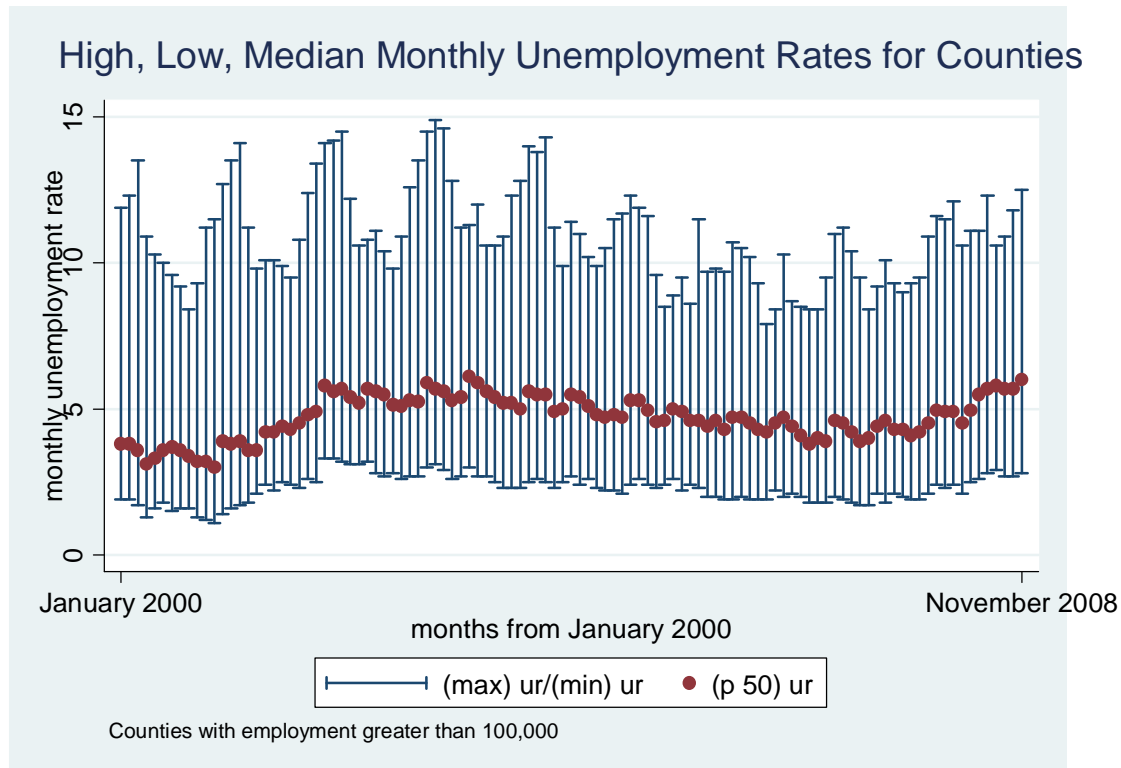
Adjustments Add Up

- Adjustments add up from LWIB to State to Nation
 - Based on differences in characteristics
 - Weights are the same at all levels

	A	B	C	D	E	F
WIA Adult Entered Employment	WIB A in State A	State A	National	Effect on EE	Difference in WIB and National (C – A)	Adjustment: Weighted Difference (D * E)
Unemployment rates	7.8%	12.6%	8.3%	-1.8	-0.50	+0.9
High School drop out	4.7	10.3	4.6	-0.049	+0.10	-0.005
BA degree	9.3	7.6	1.8	+0.022	+7.5	+0.165
Disabled	2.3	6.4	4.9	-0.096	-2.6	+0.250
Work experience	39.5	39.0	64.0	+0.14	-24.5	-3.43
Adjusted Target	62.7	53.3	64.8		Total adjustment (add column F)	-2.12

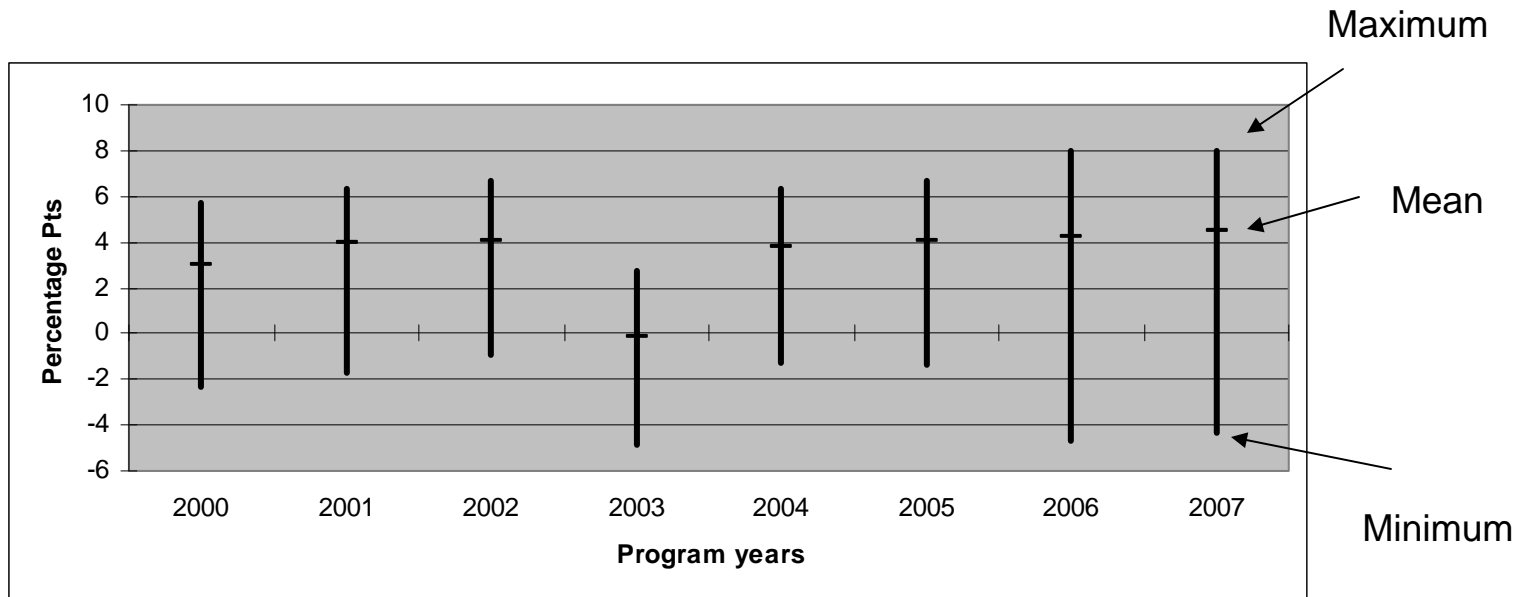
Significant Differences in Unemployment Rates Across States and Counties

Unemployment rates among counties with total employment of more than 100,000 ranged from 1.1 to 14.9 percent from 2000 through 2008.



Significant Differences in Personal Characteristics Across States and WIBs

State differences in personal characteristics contribute to a difference of as much as 12 percentage points in performance outcomes and the differences have increased in recent years.



Note: WIA Adult Entered Employment. Participant attributes are weighted by their estimated effect on performance outcomes.

Setting future targets requires using assumptions about national unemployment rates and using recent data on personal characteristics and state and WIB unemployment rates, updated as new data are available.

		PY08	PY09
		(7/1/08-6/30/09)	(7/1/09-6/30/10)
Unemployment Rates	National	Actual (3 qtrs)	Assumed
	State	Actual (3 qtrs)	NA: S/N Diff
	WIB	Actual (3 qtrs)	NA: W/S Diff
Personal Characteristics	National	NA: W07	NA: W07
	State	NA: W07	NA: S/N Diff
	WIB	NA: W07	NA: W/S Diff

Note: W07 denotes PY2007 data from WIASRD; NA indicates that current data are not available for that program year and the data source after the NA indicates the suggested source; S/N Diff indicates that historical differences between a state and the nation will be used; W/S Diff indicates that historical differences between a WIB and its state nation will be used.

Summary

- Target adjustment procedure provides a systematic, transparent, and objective way to set national, state, and WIB performance targets for WIA programs
- Adjustment factors, since they are related to factors that are familiar to administrators, can be easily scrutinized to better understand and diagnose programs
 - Also familiar since state adjustment procedure is similar to the JTPA method and WIB adjustment similar to Michigan's VAPIS
- With the analysis of factors already completed and WIASRD data available, the necessary ingredients are currently available to calculate the targets for states and WIBs

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