

Mass Workforce Issuance

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☐ Policy ☒ Information

To: Chief Elected Officials
Workforce Development Chairs
Workforce Development Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIOA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: July 8, 2015

Subject: Notice of Proposed FY16 State One-Stop Career Center Line Item

Purpose To notify local Workforce Boards, One-Stop Career Center operators, and other local workforce partners of the Massachusetts Workforce Investment Board's Workforce Allocations Task Force's proposed recommendation for the fiscal year 2016 state budget One Stop Career Center Line Item.

Background Since 1998 the Massachusetts legislature has provided funds to support the operation of the One-Stop Career Centers. The formula and factors that determined how these funds were allocated across the workforce regions has varied over the years based on the language in the state budget, on demographic-driven factors, and in more recent years, performance-driven factors. The process by which the formula was determined has also varied from year-to-year and engaged key stakeholders such as One-Stop Career Centers, Workforce Boards, the Department of Career Services (DCS), and the Executive Office of Labor and Workforce Development (EOLWD), with EOLWD making the final determination on the formula. For Fiscal Year 2016, all stakeholders agreed that the Massachusetts Workforce Investment Board's Workforce Allocations Task Force ("The Task Force") should develop a recommendation for the FY16 One-Stop Career Center Line Item as the Task Force is already composed of representatives of the stakeholder groups and has convened to specifically address workforce allocations. The Task Force met over the course of May 2015 to develop a recommended formula (see below). The proposed recommendation

will be presented to the EOLWD Secretary who will make the final determination on the FY16 allocation of the state One-Stop Career Center Line Item.

Proposed One-Stop Career Center Line Item Formula Factors and Weights

The chart below shows the proposed FY16 weights for each factor: the top is the share for the factor within the type/group (population or performance) and the bottom is the share of the total to 100%. The data source is provided in the last column.

Factor Type	Factor	Proposed FY16 Weight	Data Source
Population <i>(50% total weight)</i>	Disadvantaged Adults	1/3 of 50% (16.67%)	2010 Census Data
	Unemployed	1/3 of 50% (16.67%)	Unemployment Statistics Annual Average 2014
	Private Establishments	2/9 of 50% (11.11%)	ES 202 Data – 3 rd Quarter 2014
	Employees in Private Establishments	1/9 of 50% (5.55%)	ES 202 Data – 3 rd Quarter 2014
Performance <i>(50% total weight)</i>	Customers Served	20% of 50% (10.00%)	MOSES Data – OSCCAR Reports for FY14
	Customer Visits	20% of 50% (10.00%)	MOSES Data – OSCCAR Reports for FY14
	Customers with 3 or More Visits with Wage Match Placements	40% of 50% (20.00%)	MOSES Data & Wage Match Data
	Employers Served	7% of 50% (3.50%)	MOSES Data – OSCCAR Reports for FY14
	Employers with Repeat Services	13% of 50% (6.50%)	MOSES Data – OSCCAR Reports for FY14

Explanation of Recommended Population Factors and Weights

The Task Force recommends that the One-Stop Career Center formula maintain as factors the number of disadvantaged adults and number of unemployed individuals to capture the potential job seeker population a region could serve.

In order to capture the employer population a region could serve, the Task Force also recommends that the number of private employers in a region and the number of employees working for these private employers within the region be included in the population factors. In the recommended formula, these two factors combined account for one third of the population factors. The number of employees in a region was included to take into account the location of potential employment. It was felt that adding number of employees in a region would also help adjust for variation in employer size among regions, recognizing, for example, that working with a business that employs hundreds is likely more demanding than working with a business with only ten employees. However, the Task Force felt this factor should receive less weight than the number of employers in a region factor.

Explanation of Recommended Performance Factors and Weights

The Task Force recommends that the One-Stop Career Center formula maintain the number of customers served and the number of customer visits as performance factors. While to some extent the volume of customers served may not be entirely attributable to performance, it is in part. Many customers do cross regions (as many as 33% in some regions) in order to seek services at particular centers, based on reputation, specific workshops offered, etc. The volume of customer visits is more clearly a measure of performance, with engaged customers returning for repeat services.

In order to capture effectiveness with regard to serving customers, the number of customers entering employment is often viewed as the most significant measure of performance. Similar to the FY15 model, the Task Force included entered employment outcomes as a performance measure, but with one key modification. The entered employment factor used in FY15 distribution formula tracked all customers exiting over a 12-month period. To strengthen the relationship between services provided by the career centers and jobseeker employment outcomes, the Task Force determined that the number of customers who have received three or more services during the year prior to exit and who have entered employment, as determined by UI wage record matching, would be the best measure of success.

Another change that the Task Force is recommending is to modify the performance measure for employer services. The Task Force recommends that the formula contain the number of employers served to capture the overall breadth of employers engaged by career centers, as well as the number of employers who have used the career center more than once (“Employers with Repeat Services”) to capture the depth of the relationship. This could also be understood as a proxy for the level of employer customer satisfaction based on the assumption that an employer would not come back to the career center for a service if they were not happy with their experience. These two measures incentivize regions to serve more employers and to increase the number of employers with repeat services.

The Task Force believes the best way to reward regions is a distribution formula representing both the breadth and depth of services that are provided to employers. However, because of continuing variations in data entry practices, the Task Force did not feel comfortable placing as much weight on these two employer factors as it might like to in the future, when the consistency of data is no longer a significant issue. Ultimately, the Task Force believes the performance factors should be weighted equally between jobseeker and employer measures. The Task Force offers recommendations below for addressing any inconsistencies in reporting on employer services that have persisted following the introduction of new service categories in February 2014. Additionally, employer measures will be taken up by the WIOA Performance Measures Workgroup, and participating members will carry forward the findings of the Task Force.

The Task Force decided against inclusion of a factor called “employer penetration share” that was in the FY15 allocation formula. While every other demographic and performance measure in the FY15 formula and FY16 proposed formula is

based on a region's share of the statewide total for that measure, the employer penetration share measure was calculated using within-region data. The employer penetration measure was determined by dividing employers served in a region by a region's total number of establishments. These regional ratios were then normalized on a scale of 100 to provide each region with an employer penetration ratio share. The Task Force concluded that this measure was not appropriate for comparisons across workforce areas that have substantial differences in their number of private sector establishments. The Task Force will reconsider it in FY17, as it is being considered in respect to employer service performance measures.

Hold Harmless Provision

The Task Force is recommending that a Hold Harmless provision be put in place. Under the hold harmless provision, each workforce area will be allocated not less than 85% of the allocation percentage for the local area for the preceding fiscal year (hold-harmless level) or \$150,000, whichever is greatest. The hold-harmless provision guarantees local areas receive 85% of their prior year's share of the state allotment if their formula-based share should fall below that level, with a floor of \$150,000. Amounts necessary for raising local formula-based shares to comply with this requirement shall be obtained by proportionally adjusting the shares of all other local areas.

Thus, an area's final adjusted percentage share may be higher or lower than its unadjusted formula-based share before the hold-harmless provision is applied. Additionally, the Task Force is also recommending that any change in the funding level that occurs during the fiscal year (as a result of a funding cut or a funding increase) be apportioned across each area based on the area's share of the initial allocation. State One-Stop funds will be allocated upon finalization of the State budget for Fiscal Year 2016.

Recommendations to Improve Data Reporting

As noted above, the Task Force in its analyses noticed a continued inconsistency in the way some employer services are being reported across the state. The Task Force recommends that the following actions be instituted by DCS and the Career Centers:

- Clarify employer services definitions
- Develop specific data entry protocols
- Provide comprehensive training
- Implement quality control procedures at DCS and conduct on-going monitoring and analysis to ensure protocols are followed

Action

Required: Please ensure that all staff are aware of this information.

Inquiries

Please direct questions to Marilyn Boyle at mboyle@detma.org.