

1 **Discussion, Consideration, and Possible Action Regarding Local Workforce Development Area**  
2 **Performance Expectations for Board Contract Year 2021**

3 **Introduction**

4 Today, staff present BCY21 performance expectation recommendations for non-childcare and non-WIOA Statutory  
5 measures. Last year, that involved targets on seven measures. As will be discussed, staff are recommending to **not**  
6 set targets on one of the measures:

- 7 • Four Career & Training WIOA-based Measures:
  - 8 ○ Employed/Enrolled Q2 Post-Exit – All Participants
  - 9 ○ Employed/Enrolled Q2-4 Post-Exit – All Participants
  - 10 ○ Credential Rate – All Participants
  - 11 ○ Median Earnings Q2 Post-Exit – All Participants
- 12 • Choices Full Work Rate
- 13 • # of Employers Receiving Workforce Assistance
- 14 • Claimant Reemployment within 10 Weeks

15 **BCY21 Targets for WIOA-Based All Participant Measures**

- 16 • Employed/Enrolled Q2 Post-Exit – All Participants
- 17 • Employed/Enrolled Q2-4 Post-Exit – All Participants
- 18 • Credential Rate – All Participants

19 These three measures are all part of TWC’s state measures reported to the Governor and Legislature thru the  
20 Legislative Budget Board. The same measures exist for VR and for AEL. Staff recommend setting these targets at the  
21 same levels we did in the agency’s Legislative Appropriations Request approved back in October. That is to set them  
22 as follows:

Measure	BCY21 Target
Employed/Enrolled Q2 Post-Exit – All Participants	65.6%
Employed/Enrolled Q2-4 Post-Exit – All Participants	81.7%
Credential Rate – All Participants	69.4%

23 In BCY20 TWC set Board targets on a fourth “All Participant” measure: Median Earnings Q2 Post-Exit but while this is  
24 a useful measure for understand earnings results, it is not necessarily a “good” performance measure in its current  
25 form. The All Participants measures are dominated by Wagner-Peyser participants who are usually receiving a more  
26 limited set of services and one which is not likely to impact earnings (i.e. there is no training in Wagner-Peyser). In  
27 the absence of training, the best predictors of performance on this measure are largely outside Board control:

- 28 1) Who Boards are serving (education, work experience, prior earnings/employment stability)
- 29 2) Local economic conditions
- 30 3) Whether those being served have the skills/experience that employers that are hiring want

31 While many Board programs are intended to impact earnings (Adult, Dislocated Worker, Youth, Choices, SNAP E&T),  
32 Wagner-Peyser is less an “employment advancement” program and more of a “reemployment program.” As such,  
33 Median Earnings may be a “descriptive” measure, but it is not a measure of success in most cases and staff are  
34 recommending that TWC not set a target on the measure.

35 **BCY21 Target Methodology for # of Employers Receiving Workforce Assistance**

36 For the last several years, we’ve set targets for this measure by setting two subtargets:

- 37 1. Number of employers in each area that we expect TWC to serve (primarily through the Work Opportunity  
38 Tax Credit program); and
- 39 2. Number of employers we expect to be served locally (either by local staff or self-service by the employers).

1 “Served” means the employer received one of the following services:

- 2 • Taking job postings
- 3 • Providing specialized testing to job seekers on behalf of an employer
- 4 • Performing employer site recruitment
- 5 • Job Fairs
- 6 • Providing employer meeting or interview space
- 7 • Providing customized or incumbent worker training
- 8 • Entering into a subsidized/unpaid employer agreement
- 9 • Providing Rapid Response
- 10 • Job Development (if recorded with a valid UI Tax ID)
- 11 • WOTC
- 12 • Other services provided to employers for a fee

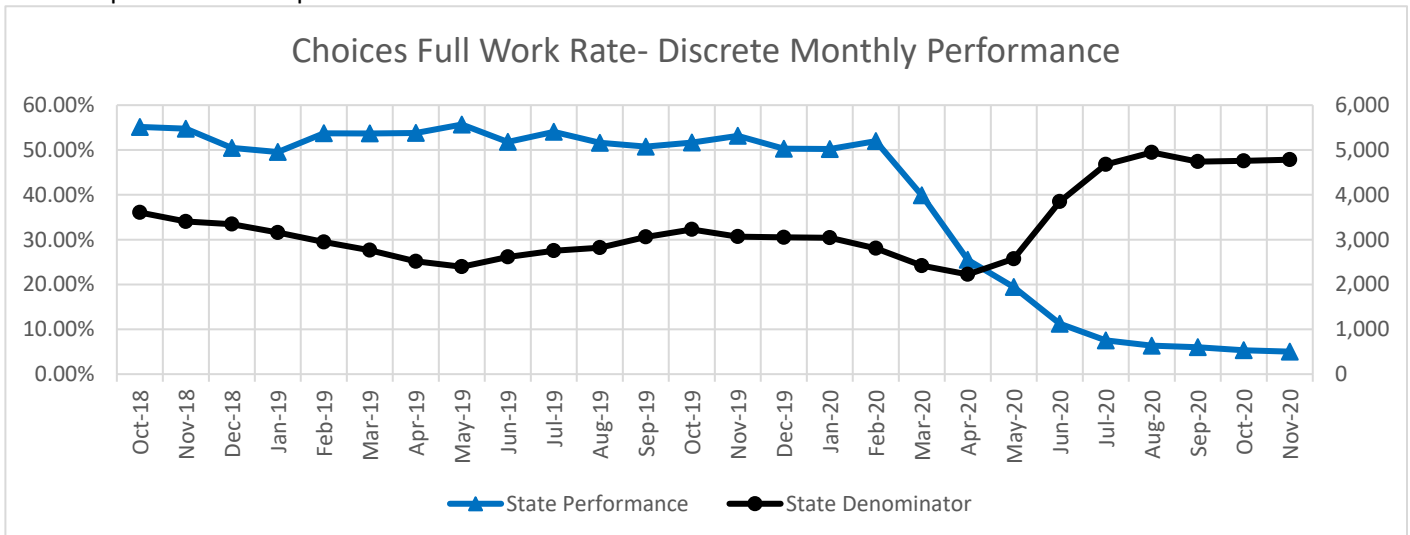
13 What this means, however, is that if TWC’s contribution is less than expected, it could set a Board up to fail to meet  
14 their target. Conversely, if TWC’s contribution is greater than expected, a Board could have failed to meet their local  
15 target and yet be shown as passing. Therefore, for the last several years, staff recommended and the Commission  
16 approved a modification to the methodology to allow staff to adjust the targets by updating the subtarget for “TWC  
17 Only” served employers from what was expected to what happened. This ensures that final accountability will only  
18 be based on the “Local Target” and local performance.

19 For BCY21, this performance measure runs from October 2020 to September 2021 and we recommend that we take  
20 performance from October 2019 to September 2020 and adjust it using the percent change in the number of  
21 employer establishments in each Board area. Statewide, there was a 3.1% increase in employer establishments  
22 identified by LMCI using the last two years of data. One caveat is that we still don’t know the pandemic’s impact on  
23 employers in terms of the number that have closed so when we are able to get updated numbers from LMCI that  
24 show a net reduction in employers in a Board area, we will adjust the “percent change in employers” part of the Local  
25 Target.

26 The data supporting this methodology with the initial targets are shown on page 5.

27 **BCY21 Targets for Choices Full-Work Rate**

28 This is the Commission’s ninth year using this measure and we had developed it with the idea of eventually bringing  
29 all targets (and performance) to 50%. Prior to COVID-19 we had largely realized that goal with targets set at 50% and  
30 most Boards meeting or exceeding it. However, COVID-19 has had a significant impact on performance. First, it has  
31 dramatically increased the number of families that are considered “mandatory” under federal standards and thus  
32 must participate a certain number of hours per week. Second, the Texas Health and Human Services Commission  
33 essentially “waived” that mandatory status which meant that, for all intents and purposes, Choices families did not  
34 have to participate unless they wanted to. However, their status was still reflected as “mandatory” in their cases and  
35 thus the performance report for this measure showed them in the denominator. The result is shown here:



1 The reduction in performance and the increase in caseloads happened simultaneous with COVID-19 restrictions and  
2 policy changes being implemented. This leaves us with a choice:

- 3 1) Waive performance until HHSC requires Choices families to participate again (which seems unlikely to occur  
4 before summer and quite possibly later); or
- 5 2) Use the crisis as an opportunity to make the Choices program more attractive to Choices families and provide  
6 more value to Texas Employers. We have always had families who were exempt from federal participation  
7 requirements choosing to participate anyway and the measure has accounted for those cases by counting  
8 them in the measure only if they are successful – making these cases essentially “bonuses”. In addition,  
9 although there are a large number of people unemployed in Texas, before the pandemic, many employers  
10 reported being unable to find and hire qualified workers. As the economy ramps back up Texas will again  
11 likely reach the point where the qualifications of labor supply is not matching the labor demand needs.

12 The Choices Full Work Rate served as a useful means to reorient the Choices program from a “keep-them busy”  
13 program to one focused on work – by only counting actual work (subsidized, unsubsidized, and on-the-job training<sup>1</sup>).  
14 However, it resulted in a more of a “short-term” outcome focus. It didn’t necessarily help employers having difficulty  
15 finding qualified workers in demand occupations and it didn’t provide the Choices participant with a longer range  
16 career pathway – the idea that they’d get qualified to start in one position, go to work gaining experience, getting  
17 more training later to help them make that next step down the pathway to a more advanced position.

18 This issue was brought up by Board Executive Directors in discussion on March 12, 2021 – that the current measure  
19 did not align with the idea of trying to enhance our successful employment-focused program with a career-focus  
20 element. They suggested that if we were to modify the measure to include these other activities, it would  
21 promote/reward the kind innovations we were envisioning would serve employers and Choices participants well.

22 Staff recommend that TWC waive targets on this measure for the remainder of BCY21 and use the next several  
23 months to analyze data to develop the next generation Choices measure. This will ensure that when it goes live we  
24 will have had adequate time to determine what it should focus on, whether there should be special limits/conditions,  
25 what the targets should be and to develop a new report that Boards can use to manage the program and that can be  
26 used for performance accountability.

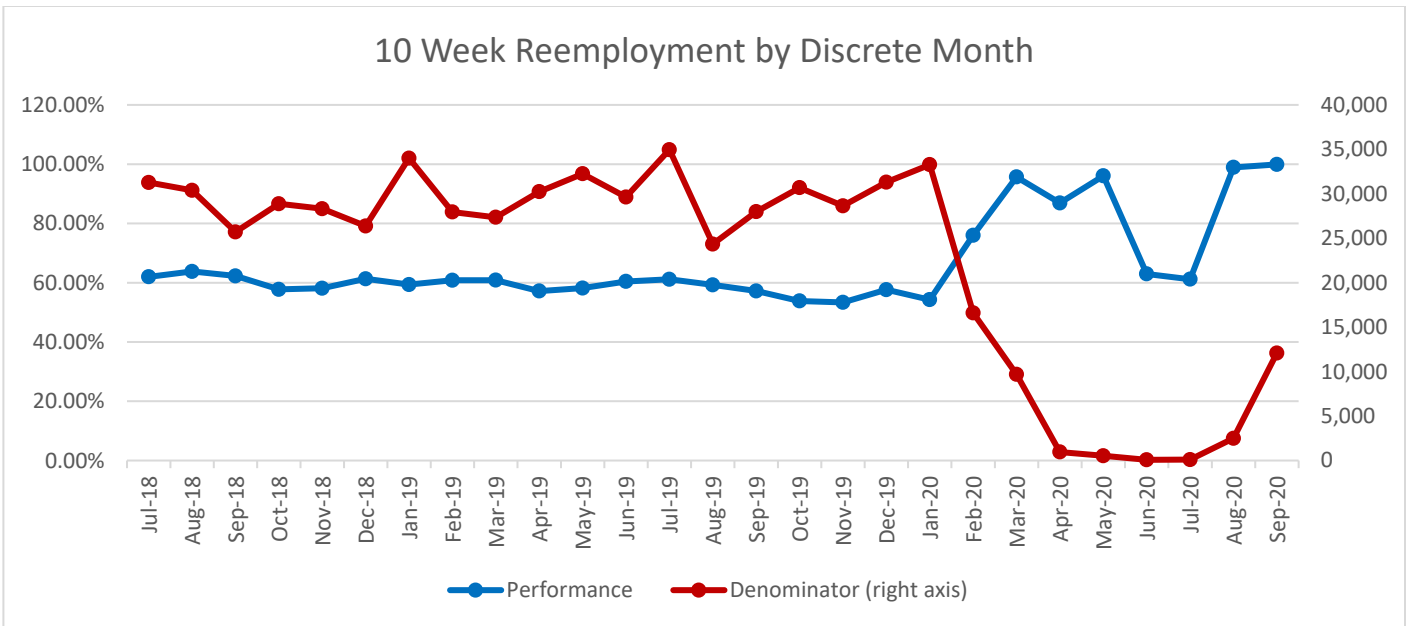
### 27 **BCY20 Targets for Claimant Reemployment within 10 Weeks**

28 Much like the Choices Full Work Rate is dependent on whether or not TANF families are required to participate, the  
29 Claimant Reemployment within 10 Weeks has a similar dependency on whether claimants are subject to work  
30 search. The original intent was to exempt those who were on temporary, short term layoff with a definite return to  
31 work date OR who got their employment through union hiring halls. However, we never anticipated a scenario  
32 where claimants would not be subject to any work search for any extended period. Since March 2020, what we have  
33 found is that the performance report is exempting nearly everybody from the denominator who is not in the  
34 numerator, which has rendered the measure unusable for nearly a year<sup>2</sup>.

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<sup>1</sup> Though the measure did count high school for teens

<sup>2</sup> Although performance for March-August should show as 100% since the only people in the denominator are those reemployed within 10 weeks, we found that there were a number of cases each month where the Work Search flag was not set at 0. The effect was more pronounced in June and July where the denominators were only 81 and 103, respectively.

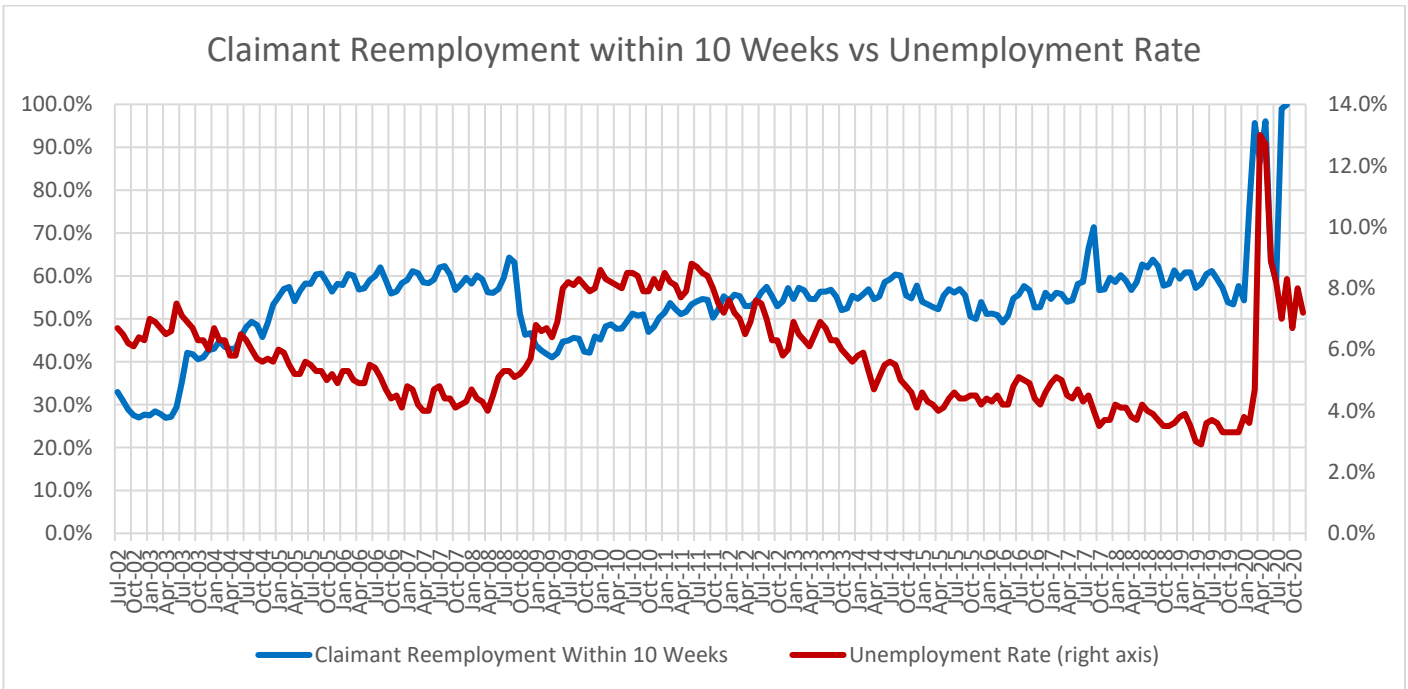


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2 The performance period on this measure for BCY21 includes new claimants from July 2020 to June 2021. Given that  
 3 work search was reinstated in November of this year (just before the holidays) and that the volume of claimants who  
 4 are still coming in each month far exceeds anything since the Great Recession, staff recommend:

- 5 1) Waive performance from July to December (which we will do by basically considering whatever they  
 6 achieved to be their target for this period);
- 7 2) Set targets at % from January to June based on Board performance during the Great Recession.

8 The following chart shows statewide performance on the measure from July 2002 through September 2020 along  
 9 with the Unemployment Rate:



1 rates the last six months between 6.7-8.3% (averaging 7.6%). This shows the early Great Recession period may be a  
2 good benchmark for the current recession (though there are obviously going to be some differences).

3 As noted above, staff are recommending a target be applied to the new January to June 2021 claimants. Staff  
4 analyzed annualized performance data from the first two years of the Great Recession (13 rolling 12 month  
5 snapshots) and recommend targets be set at the Board's 1st quartile of performance from this period subject to a  
6 minimum of 40% and a maximum of 50%.

7 The data analyzed to set individual Board targets and the targets themselves are on page 6.

8 **Commission Request**

9 Staff request the Commission approve the target methodologies outlined above and detailed on the following pages  
10 and authorize staff to apply these methodologies to set BCY21 targets and subtargets for the following measures:

- 11 • Employed/Enrolled Q2 Post-Exit – All Participants
- 12 • Employed/Enrolled Q2-4 Post-Exit – All Participants
- 13 • Credential Rate – All Participants
- 14 • # of Employers Receiving Workforce Assistance
- 15 • Claimant Reemployment within 10 Weeks

**Initial Employer Workforce Assistance Targets using Methodology outlined on Page 2**

<b>Board</b>	<b>#</b>	<b>Oct2019- Sept2020 Total Performance</b>	<b>Oct-2019- Sept2020 Served by TWC Only</b>	<b>Oct2019- Sept2020 Locally Served</b>	<b>BCY20 Employers</b>	<b>BCY21 Employers</b>	<b>% Change in Employers</b>	<b>BCY21 Local Target</b>	<b>BCY21 TWC Target</b>	<b>BCY21 Initial Total Target</b>
Panhandle	1	2,063	477	1,586	12,189	12,268	0.65%	1,596	477	2,073
South Plains	2	1,879	531	1,348	11,685	11,790	0.90%	1,360	531	1,891
North Texas	3	1,244	335	909	5,784	5,845	1.05%	919	335	1,254
North Central	4	6,545	1,579	4,966	63,567	66,907	5.25%	5,227	1,579	6,806
Tarrant County	5	5,159	1,407	3,752	44,692	45,765	2.40%	3,842	1,407	5,249
Dallas County	6	9,414	1,654	7,760	77,437	79,124	2.18%	7,929	1,654	9,583
North East	7	1,720	444	1,276	6,698	6,810	1.67%	1,297	444	1,741
East Texas	8	3,414	758	2,656	20,419	20,711	1.43%	2,694	758	3,452
West Central	9	1,826	494	1,332	8,744	8,833	1.02%	1,346	494	1,840
Borderplex	10	4,445	715	3,730	16,207	16,439	1.43%	3,783	715	4,498
Permian Basin	11	2,050	527	1,523	14,845	15,244	2.69%	1,564	527	2,091
Concho Valley	12	980	252	728	4,594	4,661	1.46%	739	252	991
Heart of Texas	13	1,621	468	1,153	7,597	7,719	1.61%	1,172	468	1,640
Capital Area	14	5,861	832	5,029	42,376	44,202	4.31%	5,246	832	6,078
Rural Capital	15	2,828	851	1,977	21,754	22,861	5.09%	2,078	851	2,929
Brazos Valley	16	1,718	370	1,348	7,619	7,768	1.96%	1,374	370	1,744
Deep East	17	1,579	436	1,143	7,487	7,580	1.24%	1,157	436	1,593
Southeast	18	1,689	443	1,246	8,161	8,202	0.50%	1,252	443	1,695
Golden Crescent	19	1,341	292	1,049	5,338	5,357	0.36%	1,053	292	1,345
Alamo	20	7,190	1,744	5,446	56,483	57,986	2.66%	5,591	1,744	7,335
South Texas	21	1,790	289	1,501	5,822	5,829	0.12%	1,503	289	1,792
Coastal Bend	22	2,602	626	1,976	12,957	13,088	1.01%	1,996	626	2,622
Lower Rio	23	4,093	619	3,474	13,399	13,629	1.72%	3,534	619	4,153
Cameron County	24	1,683	451	1,232	6,529	6,593	0.98%	1,244	451	1,695
Texoma	25	1,432	311	1,121	4,664	4,714	1.07%	1,133	311	1,444
Central Texas	26	1,886	728	1,158	8,306	8,412	1.28%	1,173	728	1,901
Middle Rio	27	1,167	297	870	3,430	3,451	0.61%	875	297	1,172
Gulf Coast	28	24,040	2,309	21,731	161,725	165,030	2.04%	22,175	2,309	24,484

**Claimant Reemployment Performance by Rolling 12 Month Period from October 2008-September 2009 to October 2009-September 2010 & Targets for January 2021-June 2021 Claimants using the Methodology outlined on Pages 4&5**

Board	#	Oct08 Sep09	Nov08 Oct09	Dec08 Nov09	Jan09 Dec09	Feb09 Jan10	Mar09 Feb10	Apr09 Mar10	May09 Apr10	Jun09 May10	Jul09 Jun10	Aug09 Jul10	Sep09 Aug10	Oct09 Sep10	BCY21 Target
Panhandle	1	50.5%	49.9%	49.4%	49.3%	49.5%	50.9%	51.2%	52.1%	53.6%	54.7%	55.0%	55.3%	55.9%	49.9%
South Plains	2	52.5%	51.8%	51.2%	50.9%	50.8%	51.7%	52.3%	53.1%	52.7%	52.6%	53.0%	53.0%	53.0%	50.0%
North Texas	3	46.2%	45.6%	44.9%	44.8%	44.6%	44.9%	46.2%	47.2%	47.8%	48.1%	48.7%	49.5%	50.2%	44.9%
North Central	4	41.9%	41.6%	41.5%	41.6%	42.0%	42.5%	43.0%	43.6%	44.1%	44.5%	44.8%	44.8%	44.9%	41.9%
Tarrant County	5	39.9%	39.6%	39.4%	39.4%	39.5%	39.9%	40.7%	41.4%	42.0%	42.3%	42.8%	43.1%	43.6%	40.0%
Dallas County	6	42.5%	42.0%	42.0%	41.9%	42.0%	42.3%	42.8%	43.4%	44.0%	44.5%	44.9%	45.2%	45.6%	42.0%
North East	7	48.7%	48.3%	48.3%	48.5%	48.3%	48.8%	48.8%	49.3%	49.4%	49.9%	50.0%	50.7%	50.7%	48.5%
East Texas	8	50.2%	49.5%	48.8%	48.8%	49.0%	49.4%	50.3%	51.1%	51.5%	52.2%	52.7%	53.3%	53.9%	49.4%
West Central	9	49.4%	48.9%	48.3%	47.7%	47.8%	48.3%	49.0%	48.6%	48.7%	49.2%	49.8%	50.1%	50.7%	48.3%
Borderplex	10	48.4%	47.9%	47.8%	48.0%	48.2%	49.1%	49.5%	50.2%	50.4%	50.4%	50.6%	50.5%	50.3%	48.2%
Permian Basin	11	47.6%	47.4%	47.1%	47.1%	47.4%	48.2%	49.3%	50.9%	52.4%	53.6%	54.4%	55.5%	56.7%	47.4%
Concho Valley	12	51.0%	51.1%	50.8%	51.3%	51.8%	52.5%	53.8%	54.5%	54.3%	54.4%	55.0%	55.0%	55.7%	50.0%
Heart of Texas	13	48.6%	48.2%	48.1%	48.2%	47.8%	48.0%	48.9%	49.6%	49.7%	50.1%	50.6%	50.6%	51.0%	48.2%
Capital Area	14	43.8%	43.4%	43.2%	43.6%	43.6%	43.9%	44.5%	45.1%	45.7%	46.1%	46.8%	47.3%	47.9%	43.6%
Rural Capital	15	42.1%	41.7%	41.7%	42.3%	42.4%	43.1%	44.0%	44.5%	45.0%	45.3%	45.9%	46.9%	47.6%	42.3%
Brazos Valley	16	44.7%	44.5%	43.6%	43.9%	44.0%	44.3%	45.0%	45.5%	45.7%	46.3%	47.2%	48.3%	49.0%	44.3%
Deep East	17	48.0%	47.4%	47.1%	47.0%	47.3%	47.8%	48.9%	49.7%	50.2%	51.0%	52.4%	53.7%	54.7%	47.4%
Southeast	18	52.3%	51.0%	50.5%	50.5%	50.7%	51.0%	51.6%	52.5%	53.2%	54.2%	55.2%	55.9%	57.3%	50.0%
Golden Crescent	19	44.6%	44.2%	43.7%	43.3%	43.0%	43.7%	43.9%	43.8%	44.1%	44.8%	45.7%	46.8%	48.0%	43.7%
Alamo	20	47.8%	47.6%	47.7%	47.6%	47.7%	48.2%	48.7%	49.0%	49.5%	49.5%	49.7%	50.1%	50.5%	47.7%
South Texas	21	41.5%	41.4%	41.8%	42.1%	43.0%	44.3%	45.4%	46.9%	48.0%	48.7%	50.2%	51.1%	51.8%	42.1%
Coastal Bend	22	49.1%	48.8%	48.4%	48.4%	48.9%	49.2%	49.8%	50.4%	51.1%	51.5%	51.8%	51.9%	51.6%	48.9%
Lower Rio	23	44.8%	44.3%	44.1%	44.5%	45.0%	45.5%	45.9%	46.5%	47.2%	47.5%	48.4%	48.8%	49.3%	44.8%
Cameron County	24	46.7%	46.1%	45.4%	45.5%	45.2%	45.9%	46.8%	47.2%	47.6%	47.9%	48.8%	49.0%	49.4%	45.9%
Texoma	25	43.9%	43.8%	43.8%	43.6%	43.8%	43.7%	44.3%	45.1%	45.4%	46.0%	46.0%	46.6%	47.3%	43.8%
Central Texas	26	46.9%	46.7%	46.6%	46.9%	46.7%	47.0%	47.9%	47.6%	47.1%	47.0%	46.6%	46.7%	46.8%	46.7%
Middle Rio	27	42.4%	42.4%	42.9%	43.1%	43.4%	44.3%	44.8%	45.5%	46.1%	46.3%	46.8%	46.7%	47.0%	43.1%
Gulf Coast	28	42.3%	41.5%	41.0%	40.6%	40.4%	40.6%	41.1%	41.7%	42.1%	42.5%	43.2%	43.7%	44.2%	41.0%