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Research and Evidence- Building Capacity of State Workforce Agencies

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With support from the U.S. Department of Labor and federal funds, state workforce agencies and their local partners administer workforce development and unemployment insurance programs that are designed to reduce labor market friction, ensure better matching of workers with jobs, provide temporary income support during certain periods of unemployment, and increase job-seeker skills to the ultimate benefit of both employers and job seekers. New federal workforce development legislation enacted in 2014, the Workforce Innovation and Opportunity Act (WIOA), emphasizes the use of labor market and other workforce information by state policymakers and program managers to drive customer and frontline staff decision making, to hold state workforce agencies and local workforce entities accountable for outcomes, and to inform program and policy development. That statute includes a requirement that state agencies use set-aside funds to conduct evaluations of their workforce development activities. The U.S. Department of Labor has interpreted this requirement as supportive of a broad array of evaluation types.

State workforce programs are among the few federally funded grant programs with a history of using administrative data sets to implement performance accountability systems, and state workforce agencies have long been involved in rigorous research and evaluations focused on reemployment services, job search assistance, and training (Wandner 2010). Despite this history, systematic national information on the capacity of state workforce agencies to conduct research and evaluations did not exist at the time of WIOA's passage. Although a

few agencies appeared to have significant research capacity, funding and staffing limitations impeded or even stalled research and evaluation activities in many others. The U.S. Department of Labor funded the Center for Employment Security Education and Research, the technical assistance and research arm of the National Association of State Workforce Agencies (NASWA), to help fill the knowledge gap by capturing information, through a national scan, on the current capacity of state workforce agencies to conduct research and evaluations and on recent state research and evaluation products. As part of the effort, NASWA researchers also developed two state case studies, based on in-depth, semistructured interviews in Ohio and Washington, to help illuminate factors and practices that enable their higher volume and broader range of workforce research and evaluation activity. The goals were not only to document existing capacity in the state agencies, but also to help agencies learn from other agencies' experiences and practices, and to identify mechanisms likely to enhance research and evaluation activity at the state and cross-state levels aligned with the new workforce legislation.¹

The scan was released in June 2016 to the 50 state workforce agencies plus the agencies in D.C., Guam, and Puerto Rico; 41 jurisdictions responded with details on their agencies' recent research and evaluation efforts. On the demand side, state workforce agencies reported that policymakers in their states are asking important questions that workforce agency research and evaluations could help answer. On the supply side, however, the results from the national scan demonstrate that many agencies lack the staff capacity and funding to implement a robust research agenda necessary to be learning organizations that can develop customized, evidence-based approaches to service provision. Ohio and Washington are among the minority of agencies with ongoing significant workforce research and evaluation activity, backed by longitudinal administrative data sets. Although their models differ, both states have achieved substantial research accomplishments based on a long history of using evidence to support policy development, critical federal and state funding support, buy-in from agency heads and state leaders, and access to well-led, high-capacity research units.

NATIONAL SCAN: FINDINGS ON EVIDENCE-BUILDING CAPACITY

Of the 41 state workforce agencies participating in the national scan, all but one reports that there is demand—from the governor’s office, the legislature, or within the agency—for the kinds of information workforce research and evaluations can yield. We asked the agencies to list the most pressing workforce development research questions their states are facing. The agency responses include some questions related to improving program administration and understanding customers and their barriers, but they are heavily weighted toward understanding labor markets, measuring program performance and outcomes, and measuring program impacts and effectiveness (Table 9.1).

What is the capacity in the agencies to address this demand for information? Organizationally, three-quarters of the agencies report that there is at least one unit in the agency that initiates and advances research and evaluation efforts. Also, 80 percent of the agencies report having partnered with or having relied on outside researchers to conduct at least one research or evaluation effort from 2011 through 2015. We collected information on these internal research units and outside research partners, and present it in the full report (Chocolaad and Wandner 2017).

Findings on staff capacity and funding (the inputs), research and evaluation activity, and research and evaluation methods used (the products) were less encouraging. Evidence-building capacity varies tremendously by state, and while some states published a large number of research products, half reported producing three or fewer in-house research and evaluation studies over the five-year period from 2011 through 2015. Looking at research and evaluation conducted with outside contractors or other partners, the median reported output was two research and evaluation products over this same period. In establishing a baseline, it is also worth noting that only a small number of agencies reported employing (directly or through contracts or partnerships) quasi-experimental (14 agencies) or experimental (7 agencies) research methods for one or more studies. To help create a database of recent research products, the state workforce agencies provided short summaries of their research and evaluation products, a Web link to their online research publications, or a combination of these.

Table 9.1 Examples of States' Most Pressing Questions for Workforce Agency Research and Evaluation

Program impacts/effectiveness	<ul style="list-style-type: none"> • Are the educational programs provided to offenders by the state prison helpful in obtaining employment after release? • What is the effectiveness of UI profiling? • What are optimal policies or incentive mechanisms that encourage greatest return on investment? • What is the relationship of TANF participation to successful workforce outcomes? • What is the effectiveness of refugee training services?
Program performance/outcomes	<ul style="list-style-type: none"> • Are participants making family-sustaining wages? • What are the workforce outcomes from training programs? • What are the employment and wage outcomes of degree and certificate program completers? • What are the outcomes of Department of Labor and Department of Public Health and Human Services workforce programs (WIOA, RESEA, TANF)? • What are the wage and employment outcomes of apprentices? Does the increase in wages result in sufficient tax revenue to justify an employer tax credit?
Development of labor market data	<ul style="list-style-type: none"> • How are demographic changes impacting the labor force? • What are the demographics of minimum wage workers? • Where can employers find qualified workers? • What are the new industry clusters (e.g., advanced manufacturing)? • Who are the long-term unemployed?

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| Customers and their barriers | <ul style="list-style-type: none"> • What can be done to encourage higher labor force participation rates in targeted populations? • What tools should we create to evaluate client education and skills gaps? • Why are participants not successful, or why do they drop out? • What are the barriers to changing jobs for those currently employed? • What can be done to improve commuter transportation issues? |
| Program administration/operations | <ul style="list-style-type: none"> • What is the accuracy and utility value of WIOA performance measures? • How do we address declining research budgets but increasing demand for data and insight? • How can we build on programs that are working? • Are we maximizing services across programs, particularly across multiple agencies? • How can we increase the number of apprenticeships? |

NOTE: TANF is the Temporary Assistance to Needy Families program; WIOA is the Workforce Innovation and Opportunity Act program; RESEA is the Reemployment Services and Eligibility Assessment program.
 SOURCE: Chocolaad and Wandner (2017).

We asked the state workforce agencies to describe their current internal research and evaluation staff capacity, taking into account not only staffing levels but also staff experience and research skills. Twenty percent of the agencies reported that their staff capacity was “inadequate”; 44 percent reported capacity was “fair”; 29 percent reported capacity was “adequate”; and the remaining states were at either end of the spectrum, reporting “nonexistent” (2 percent) or “very adequate” (5 percent) research staff capacity.

We collected information on the research and evaluation skill areas for which agencies reported having sufficient capacity or a need for technical assistance or additional capacity. This information will help enable the U.S. Department of Labor to design and deliver support and technical assistance to state agencies, and also help state agencies share practices and strategies with their peers. Across 15 skill areas, a minority of agencies (ranging from 10 to 44 percent) report having sufficient capacity. For example, 32 percent reported sufficient capacity to access and analyze large databases, and 19 percent reported sufficient capacity to employ quasi-experimental evaluation or demonstration designs. Depending on the skill area, at least 40 percent and up to 78 percent of the agencies reported that they would like some assistance or capacity (in the case of agencies with zero capacity) or more assistance or capacity (in the case of states with some but insufficient capacity). For example, 46 percent reported that they would like some or more capacity performing regression analyses; 63 percent reported that they would like some or more capacity communicating research results in a way administrators, policymakers, or customers can understand and use; and 78 percent reported that they would like some or more capacity conducting research using qualitative methods (e.g., interviews and field studies).

Focusing on two research skill areas most often associated with evidence-based policymaking—conducting experiments and employing quasi-experimental designs—only a handful of the agencies reported having sufficient capacity, and about half the agencies reported that they either had zero capacity or did not know if they had capacity.²

Looking more narrowly at staffing levels, most of the agencies were able to provide an estimate of the number of full-time equivalent agency staff currently working on research and evaluation projects:

- Several agencies reported that they had zero research staff.
- A quarter of the agencies reported less than one full-time equivalent staff.
- Half the agencies reported two or fewer full-time equivalent staff.

We recognize that these numbers do not paint a complete picture of staff capacity for agencies that rely on outside research partners or contractors to support their research activity. Outside partners can be an important supplement to internal capacity. At the same time, there are different benefits to having experts on staff, such as more opportunities to leverage the combination of institutional knowledge and research and data expertise.

Considering federal, state, and private funding sources, 20 percent of the 41 agencies reported that they spent zero dollars on research and evaluations in calendar year 2015. Another 20 percent reported that they spent less than \$100,000, and 37 percent report spending more than \$100,000. The remaining quarter of the agencies reported spending some funds on research and evaluation in calendar year 2015, but they did not provide an estimated spending level. The responses to this and other questions show agency funding sources varied, and some agencies drew upon a range of funding sources. The site visits and scan data, however, also demonstrated that an important source of funding has been the U.S. Department of Labor’s Workforce Data Quality Initiative grants, but some states have not received these grants and others have exhausted their funds.

Almost 30 percent of agencies report that they consider their research and evaluation funding adequate. From the majority that report inadequate funding levels, we collected insights on the consequences of inadequate funding for their ability to be learning organizations to the benefit of their customers and the workforce system more generally. Examples of these insights include the following:

- “The system is less able to anticipate changes in trends and therefore remains reactionary. It reduces the ability to fulfill requests and for customers to make timely data-driven decisions.”
- “. . . harder to make sound policy decisions without proper research.”

- “. . . limited knowledge, unknown effectiveness, limited transparency, reduced consumer choice.”
- “The extent of our research is limited by resources available; [we need] more resources.”
- “. . . would lead to more analysis, more innovation, and more robust ‘evidence-based’ decision-making.”

Looking across all state workforce agency responses regarding staff capacity, funding, and research output from calendar year 2011 through 2015, the authors estimate that roughly one-third of the agencies appear to have had adequate or fair staff capacity and funding, and fairly active data development and research efforts.

FINDINGS FROM THE OHIO AND WASHINGTON SITE VISITS

Ohio and Washington are among the state workforce agencies that report substantial research and evaluation capacity, and they are interesting case studies because their models differ. The Ohio Department of Job and Family Services works in partnership with Ohio State University, which oversees the longitudinal administrative data set of their agency, and other Ohio agencies, to produce research and evaluation products. Washington’s Employment Security Department collaborates with an internal state entity, housed in the governor’s office, which oversees the state’s longitudinal administrative data set. Washington’s workforce board, the Workforce Education and Training Coordinating Board, also conducts research and evaluations. Washington also received crucial funding support from the Department of Labor’s Workforce Data Quality Initiative and the Department of Education’s State Longitudinal Data Systems grants, which seeded the development of the data infrastructure necessary to make research activity possible and efficient, and supported research activity.

Common factors contributing to the substantial workforce research activity evident in Ohio and Washington include a history and culture in the government of using workforce research to inform policy and practice. These states have buy-in, leadership, and support from the

office of the governor and agency heads. Both states have developed a cross-agency longitudinal administrative data set covering a range of public programs, including Unemployment Insurance wage record data, and have a long history of sharing data between the state workforce development and education agencies. They also rely on a neutral administrative entity to collect data across agencies and govern the longitudinal administrative data set, and this entity employs staff with great knowledge of the individual agency data sets (e.g., former agency staff who have worked with the data for a long time). Data governance, data access procedures, and security standards have been addressed and maintained as high priorities.

Both states also employ strategies to develop and maintain trust and information sharing among state agencies and their staff; have data and research staff work environments that are mission driven, collegial, and allow research staff room to innovate, thus retaining talented staff; and produce objective research products, in a politically neutral environment, upon which policymakers can rely for information to inform decisions.

Finally, Washington has enacted legislation to institutionalize its cross-agency longitudinal administrative data set and the key roles and responsibilities for the entities engaged in data and research efforts. Legislation is being pursued in Ohio to help institutionalize its model.

INSIGHTS

For the many state workforce agencies that desire to be learning organizations using evidence to drive decisions but need assistance with seed funding and technical know-how, getting to the same point as Ohio and Washington will be difficult. Federal leadership and support will be key to success, given declining funding in the workforce system,³ research staff skills training needs, and the many new demands the WIOA creates for labor market and workforce information. Providing additional rounds of Workforce Data Quality Initiative and State Longitudinal Data Systems grants, and supporting other targeted funding such as Workforce Information Grants, would greatly assist the development and maintenance of longitudinal data sets and agency research capacity. State workforce agencies also seek training and technical assistance.

Beyond funding and technical assistance, consideration should be given to the question of how to both supplement and leverage individual state efforts. Even in many of the workforce agencies with greater evidence-building capacity, various limitations were often noted. Research output alone is not adequate to address all information needs, especially for impact and effectiveness studies, much less to ensure routine replication. Our interpretation is that many, if not all, states would benefit from opportunities to work in multistate environments that can efficiently support not only the needs of individual state workforce agencies but also cross-state research and evaluation efforts and a national research agenda.

While the development of evidence-building capacity and a longitudinal administrative data set in Ohio and Washington relied on a state history of using research to inform policy, staff from both states do not believe such a history is a necessary condition. They emphasized that state workforce agencies in states that do not have a strong history of using research to inform policy can learn and borrow from the practices, experiences, and successes of Ohio, Washington, and other states with strong research and evaluation capacity.

Agencies should focus on demonstrating data “wins” that draw the support and engagement of key staff in the governor’s office and legislature, thus creating a stronger culture in the state for workforce research and evaluation, one success at a time. As the benefits of research and evaluation products become more obvious to policymakers, ongoing funding to maintain a longitudinal administrative data set and research staff capacity will also need to be addressed.

Notes

1. For additional details, see Chocolaad and Wandner (2017), the full report upon which this essay is based.
2. Although a great number of experimental and quasi-experimental evaluations and demonstrations have been conducted for public workforce programs, the great majority of them have been funded by the U.S. Department of Labor and conducted by outside research organizations.
3. Federal funding for major workforce development grants has fallen by 30 percent or more in inflation-adjusted terms over the past 15 years. The more targeted U.S. Department of Labor core grants to states for the development of labor market information, tools, and analysis have also experienced reductions in inflation-

adjusted terms. The Bureau of Labor Statistics' Federal/State Cooperative Statistics Program grant was funded at \$263 million in fiscal year 2016, compared to its \$286 million value in fiscal year 2003 (in 2016 \$). Similarly, the Employment and Training Administration's Workforce Information Grants were funded at \$32 million in fiscal year 2016, compared to \$50 million in fiscal year 2003 (in 2016 \$). In this budget environment, the State Longitudinal Data Systems and Workforce Data Quality Initiative grants have been important sources of support for the development of longitudinal administrative data sets and research and analysis.

References

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