FY 1997 BUDGET

SPRING REVIEW ON PROGRAM PERFORMANCE

HUMAN RESOURCES DIVISION

May 30, 1995

Department of Labor
GI Bill for America's Workers
Department of Education
HHS/Administration on Children and Families
Welfare Reform
Social Security Administration

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FY 1997 BUDGET SPRING REVIEW
DEPARTMENT OF LABOR

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DEPARTMENT OF LABOR
PROGRAM PERFORMANCE ASSESSMENT FOR KEY PROGRAMS

1. **Key programs selected**

Employment and Training Programs:
- Dislocated Workers
- School-to-Work Opportunities (in the Education branch materials)
- One Stop Career Centers

Five Regulatory Programs and Agencies:
- Occupational Safety and Health Administration (OSHA)
- Mine Safety and Health Administration (MSHA)
- Wage and Hour Division (WHD)
- Office of Federal Contract Compliance Programs (OFCCP)
- Office of the American Workplace (OAW)

2. a. **Why key programs were selected.**

For the Department of Labor, we focused on two general areas -- selected employment and training programs and five of the DOL's regulatory programs.

- The employment and training programs (School-to-Work [covered in Education branch materials], One-Stop Career Centers, Dislocated Workers) are either new initiatives for which the Administration has the opportunity to influence attention to assessing performance at the Federal, State, and local levels, or programs which have placed a major focus on outcome measures. These programs are all in the GI Bill for America's Workers and are likely to survive in something like their current form. The remaining employment and training programs not discussed in this review have long been the subject of internal OMB/agency debate on performance. They also are within the GI Bill legislative debate (addressed in a separate paper) and subject to much more far-reaching restructuring.

- Traditionally the regulatory programs have been heavily process and input-oriented with some output data available (number of inspections, amount of fines, etc.). For them to begin thinking in outcome terms is novel (despite our attempts to push these measures in the past) but key to beginning their transition to reinventing the way they do business.

b. **Highlights from the Attachment B.**

- **Dislocated Worker Assistance Program (EDWAA).** EDWAA has a single, outcome-based national performance standard. Known as the Entered Employment Rate (EER), the standard measures the total number of individuals entering employment of at least 20 hours per week at termination, divided by all terminations (excluding recalls). In PY 1993, DOL instituted the Standardized Program Information Report (SPIR, a comprehensive reporting system for the major JTPA grants) to help DOL set additional, national goals for EDWAA performance, and gauge success in achieving those goals. A weakness of SPIR is its absence of cost data. In PY 1994, DOL launched the Program Improvement Initiative to encourage all States to develop customer friendly services.

  DOL should launch a net impact evaluation to learn whether disappointing findings on training impacts in dislocated worker demonstrations continue in EDWAA. Notably, DOL *does not want to evaluate EDWAA*, partly because of fear that negative results would be used to justify funding cuts, but also because of shrinking research budgets.

- **Reform under the G.I. Bill for America's Workers (GIBFAW).** GIBFAW would improve dislocated worker program performance by: (1) Using Unemployment Insurance (UI) wage record data to determine post-program employment and earnings outcomes, and report this information to consumers; (2) offer greater flexibility to tailor program design and services to State and local needs; and (3) provide Skill Grants directly to individuals, instead of financing institutions.

- **One-Stop Career Centers.** This initiative has two process components: (1) measuring the success of the initiative in building a system of One-Stop Career Centers across all States; and (2) permanently instilling performance measures in the resulting system. To evaluate success in system-building, DOL plans an independent evaluation of each State that is implementing One-Stops. DOL has not yet planned an evaluation of the overall outcomes of the One-Stop initiative, but it is beginning to think about this. The problem with delay is that the opportunity to create baseline data may be lost.

To assess operational One-Stop Career Centers, DOL has required that One-Stops use performance-driven outcome measures. The States' role is to design and implement their own unique performance measurement and accountability systems. DOL is relying on a partnership with the One-Stop States to jointly develop national prototype outcome measures for use by all States. This effort is still in the early stages. The policy issue is whether there will be national performance standards for One-Stops and a strong Federal role in assuring accountability for outcomes.

- **Regulatory Programs.** Over their history, varying from almost 20 to over 50 years, the Department's regulatory programs have developed numerous productivity and accountability measures based on inputs and outputs. Output measures were developed to address issues of accountability and productivity, not program impact. Accurately measuring program impact on the vast populations these regulatory programs serve is particularly difficult.

  DOL's regulatory agencies have been very responsive to OMB's request for performance information on outcomes and impacts. However, in most cases agencies are in the very beginning stages (determining what the outcome measures are and how to measure them), and are several years away from usable measures to gauge program performance. OSHA and the WHD have defined several measures and are exploring ways to assemble benchmark data. Both programs are finding it difficult to collect data efficiently due to the large populations they serve. MSHA has developed outcome based performance measures and expects to include them in its FY 1997 budget submission. OFCCP and OAW are in the process of determining measurable outcomes and are probably several years from having useful outcome measures.

c/d. **What we know and do not know about program performance.**

Over a two-week period we had eight meetings with DOL agency staff on performance measures for the selected programs. These meetings summarized work already started by DOL. In essence, it was a progress report. We did not have to prod them to take seriously performance measurement, GPRA, or planning for the 1997 budget. Attached at the end of this overview is the internal DOL memo to agency heads on their performance/reinvention agenda.

In our Spring Review meetings with DOL, we encountered a very mixed bag. Even though DOL has numerous data bases from which to draw information on performance, almost all of it is input and output data, particularly in the regulatory world. Precious little data is available on outcomes. Even in the employment and training arena -- in which DOL has pioneered performance measurement -- impact data are scarce. Because the regulatory programs have been long accustomed to reporting on service levels (inspections, citations, cases processed, etc.), most of their data bases do not support outcome measures. As a result, the data most agencies currently are collecting are not the data they will need as they refine their mission. New systems will have to be developed. However, this means that many DOL agencies will be unable to provide new performance data in the 1997 budget.

e. **What we might expect to know in the future in the agency fall submission.**

Beginning in April, the DOL embarked on its newest management initiative --"Managing For Results: Implementing the Government Performance and Results Act." Aside from its general long-term goal of meeting GPRA requirements, this process is geared in the short-term to complying with the President's March 4 memo on regulatory reform; informing our Spring Performance Review; and establishing a basis for developing the FY 1996 performance agreements between the agencies and the Secretary. Starting with a retreat in early April, the agencies began struggling with performance measurement and the concepts of outputs, outcomes, and impacts. Following that retreat, agencies launched an internal reassessment of their mission and how they believe they can best achieve it in the face of a changing budgetary and regulatory environment.

This agency-by-agency introspection process is to be completed by mid-June with a goal of final completion Department-wide by July. This timetable coincides with the beginning of the internal DOL 1997 budget process in which they plan to use new performance measures where possible. In addition, on October 1st the Department will revise its performance appraisal and related accountability systems to begin incorporating individual performance goals that contribute to overall goals.

Our Spring Review found most of the DOL regulatory agencies in the middle of their own internal reviews. We will know more about where they stand later this summer after they have completed their internal analyses. Still, for DOL's regulatory agencies, we are not confident that we ever are going to have very sophisticated impact data. Measuring the impact of OSHA, pension, or wage laws is difficult, even in the crudest terms. We are more encouraged about DOL's work on refining outcome measures. For example, MSHA has established outcome measures for mine fatalities, injuries and illnesses. However, given the variety of factors influencing injuries and illnesses, it would be difficult to attribute a reduction to MSHA activities (impact). We expect to see performance data that are observable, measurable, and more directly connected to agency mission than we have had in the past. We will not see it in 1997, but we expect it in subsequent budgets. Possible exceptions are in the areas of Occupational and Mine Safety, where we may see earlier improvements in performance data because these two agencies seem to be far ahead of the others.

The employment and training programs are a different story. We always have pushed for quantifiable data and impact evaluations. The Department usually has agreed to this. For two of the programs we have selected for this review -- School-to-Work and One-Stop Career Centers -- the measurement process is materially different. For these initiatives, we will want to know first, if they have spurred systemic changes at the State and local levels by engaging students, business and government in a new partnership the law has said will make a substantive improvement in results; and second, if those changes are having this intended lasting effect. This is a different approach than we have taken for many years in other job training programs. For those programs, no new structural change has been suggested for at least 15 years. Therefore, analysis is based on intended impacts on individuals' earnings and employment.

For dislocated workers, we have a new environment. Spurred by Assistant Secretary Ross' vision and dogged determination to transform EDWAA into a customer friendly program, the Employment and Training Administration (ETA) is approaching program performance differently than they have in the past. Launched last fall, a comprehensive program improvement initiative has sparked a "bottom up" quality assurance drive to boost performance, ensure customer satisfaction, and showcase the "best in class" EDWAA programs.

f. **What actions might be taken to improve performance in key program areas.**

Despite this encouraging news, we may encounter future resistance toward gathering impact data for employment and training programs. ETA is openly gun shy toward launching any new impact evaluations. Funding for one of its programs (JTPA title II-C youth job training) has been savaged by OMB and the Congress based on the results of a longitudinal net impact study launched a decade ago. To us, this is warranted based on unacceptable performance. To ETA, it's denying them the opportunity to learn from their mistakes and test new interventions. Thus, getting impact evaluation data of the sort we have enjoyed in the past may be harder; shrinking research and evaluation budgets only exacerbate the problem.

We are seeing this reluctance now in our discussions with DOL over an impact study of the Summer Jobs program. We're looking for impacts on employment, income, and crime. ETA argues that impacts are difficult to measure, probably shouldn't be expected unless a summer job is coupled with longer-term interventions, and prefers a mainly process study of "educational enrichment" activities in Summer Jobs -- how we could have "enrichment" without "impact" is not clear to us.

In addition to launching a net impact evaluation of the EDWAA program, DOL should: (1) explore a postprogram employment performance standard, possibly using Unemployment Insurance wage record data; (2) extend the Entered Employment Rate's reach to all substate programs; (3) institute a peer review process for State and substate job training plans; (4) improve Labor Management Information and counseling; (5) relax statutory cost categories; and (7) streamline the application process for grants from the secretary's 20% reserve.

It is vital that DOL establish outcome and impact based performance measures for programs created by this Administration. For example, DOL has not planned an evaluation of the outcomes of the One-Stop initiative. The assumption is that it will work, yet performance measures are not in place to establish baseline data that reinforces this assumption. If One-Stop is continued as a system-building initiative, DOL needs to take the lead and establish impact measures at the outset, before the opportunity is lost.

g. **Other concerns warranting the Director's attention -- DOL's Inspector General**

The DOL IG (who on his own is struggling with defining his performance measures and has absolutely no idea what they should be) has often been heavy-handed in his interventions in DOL. The current IG is a more common-sense person, but the interventionist ethic still lives elsewhere in his shop. Our basic concern is that the IG approach to performance is from an accountant/auditor view. We believe this view may not always be consistent with most agency's priorities or ours. For example. Under the guise of the CFO Act, the DOL IG has begun notifying agencies that he will be doing an:

> "audit to develop cost-based program results statements -- [that] develop[s] a methodology to assign costs to output measures and link these costs to program results by identifying outcome measures that reflect the results of each program's efforts to fulfill their legislative mandates."

We are not sure how this fits (or will fit) in with the DOL GPRA performance measures.

Our concern is that the IG will come in after the fact and second guess the agency measures and apply an "audit" standard to them -- that is, even if they agree with measures (a very big if) they may say the measures are not legitimate because the data supporting them are not auditable. We have already heard something like this in OSHA -- the IG staff asserted that OSHA should not use the BLS data from the Occupational Illness and Injury Survey for its measures because that data can't be audited. The IG softened this position by adding that the data could be used if adequate disclosures were included. We don't know how much of a problem this will be, but are worried that the IG has a separate and possibly incompatible approach to performance measures.

In addition, the IG is exploring a Return-on-Investment measure for job training programs, if not others. To the extent that we understand his approach, we think this could be a dangerously misleading approach that promises -- but does not deliver -- a single number per program that can appropriately compare different job-training investment programs against each other.

It <u>appears</u> that the IG's "return-on-investment" measure improperly extrapolates from point-in-time data on individuals' post-program earnings. The key problem with this is that the best evaluations have shown that even when job-training programs are effective in their impact on earnings, these positive impacts are often short-lived. We much prefer longitudinal assessments of impacts. Only they can estimate whether any impacts last more than a few quarter-years and if so, for how long. Such studies are, quite properly, completely outside the scope of the IG function.

NEXT STEPS: IMPLEMENTING THE GOVERNMENT PERFORMANCE AND RESULTS ACT

May 1– July 1 Budget/Management/Reinvention Work Agenda

Focus on Results

Preparation for the 1997 budget submission provides an opportunity to move further along toward implementing the provisions of the Government Performance and Results Act (GPRA). In the 1997 budget the following activities come together:

- Reinvention I and II
- Regulatory Reform, including the President's March 4 Memorandum
- Customer Service Standards/Performance Standards

OMB is using the Spring Performance Review to pull these activities together. In this exercise, OMB is focusing on results and performance measures. As you know, the Department has used Performance Agreements as the mechanism where we have established the results to which we will hold ourselves accountable. In addition, we have created a tracking system for measuring achievement of our "results". Accordingly, we have already gone a long way to the goals of the GPRA. A next step is the establishment of a managerial accountability system which is based on achievement of results.

1996 Performance Agreements in light of GPRA

The 1996 Performance Agreements will be used to implement the GPRA as well as the management proposals in Reinvention I and II, Regulatory Reform and simultaneously prepare for the Spring Performance Review and the 1997 budget. Accordingly, for the first time, in 1996 we will finalize the performance agreement for each agency head <u>before</u> submission of the budget to OMB so that the budget submission will be built on and refine the performance agreement. Tracking for performance and budgetary purposes thus will be the same.

In the time between now and July 1 you should work to identify the results which will be incorporated in your performance agreement. The results included in the 1996 Performance Agreement should be informed and shaped by the current policy and budgetary environment. In a resource limited environment it is <u>critical</u> that you select the results which are most important to the mission of your agency and which are most likely to be supported.

In keeping with the Government Performance and Results Act, these results must be

- few in number,
- outcome focused, and
- measurable.

Accordingly, your 1996 Performance Agreement should be consistent with the results/outcomes which you anticipate measuring in the future. They should also be consistent with your Customer Service Standards and the management proposals which you have made in the Rego II and Regulatory Reform processes.

In preparing the Agreement, you should ask yourself the following questions.

- What performance measurement information is now available about your agency's work?
- What performance measurement information will be available in 1996?
- What performance measurement information will be available for the 1997 budget process? GPRA dictates that results and measures in the performance agreement be consistent with the performance measures in the budget.
- What performance information would you like to have?

Note: These are the questions which OMB will be asking during the Spring Performance Review.

OASAM and OASPB are available to assist you as you refine your Performance Agreements. Furthermore, the "Managing to Results: Implementing the Government Performance and Results Act" Workshops are designed to kick off the process of developing your performance agreement as well as used to modifying your performance appraisal systems to assist in achieving desired results. Jim McMullen and Mark Pelofsky are the contacts for this process.

New Performance Appraisal System for Managers

The Performance Agreement is a vehicle for establishing the outcomes which each agency intends to deliver to the American public. In order to ensure actual achievement of the desired results we need accountability mechanisms not just at the agency level, but at the managerial and individual level. Furthermore, as we implement GRPA and our Regulatory Reform proposals, we must hold everyone in the Department accountable for the achievement of results not just activities and processes. It is for these reasons - and wide spread agreement that the existing Performance Appraisal systems do not accurately capture the Department's mission or expectation of managers, that we are implementing a new performance appraisal system.

The Prototype Managerial Performance Management Plan is based on the premise that each agency head has a performance agreement with those who report to him/her and who are responsible for implementing portions of the agency head's performance agreement. These managers in turn should have performance agreements with those who report to them. By this mechanism, the results set forth in the agency head's performance agreement are cascaded throughout the agency.

The Performance Appraisal and other accountability systems should be designed to provide rewards, recognition, incentives and disincentives which directly reflects the agencies goals; however, individual appraisal mechanisms should not merely recite the agencies goals. Rather, they should focus on measurable objectives for which individuals can reasonably be held accountable.

This system will be implemented on October 1 -- the same date that the Performance Agreement for 1996 will be operational. In addition, for regulatory agencies, which must report progress on "Rewarding Results" by June 1, these systems combined with new approaches for performance standards and appraisals for front line workers will form the basis for the progress report.

OASAM is available to provide assistance on implementing results-based performance management systems. In addition, the "Managing to Results: Implementing the Government Performance and Results Act" Workshops are designed to assist in modifying your performance appraisal systems. Tom Delaney is the contact for this effort.

Customer Service Plans

Those agencies which did not prepare Customer Service Standards last year will need to submit plans to NPR by July 7. All agencies must measure their performance against their Customer Service Standards and prepare public reports. Theses reports which measure results against the standards each agency has established must be published no later than September 15. Mark Pelofsky is the contact for assistance in this arena.

1997 Budget Planning Meeting--GPRA pulls it all together

On July 6 and 7 the Annual Secretary's Management and Budget Planning Meeting will be held. This meeting will be focused on planning for 1997 and reviewing our progress to date. It will be the forum to bring together much of our ongoing budget, management and reinvention activity. To that end, prior to the time of this meeting you will need to have formulated:

- 1996 Performance Agreement in light of GPRA.

- A report on your progress in implementing new Performance Management and Appraisal systems, Reinvention I and II (including Regulatory Reform) management proposals, Customer Service Standards, and streamlining plans.

Note that implementation of the streamlining plans which were submitted to OMB as part of the 1995 Budget is absolutely critical to our ability to manage the increasingly scarce resources of the Department and to stay on top of the agenda which we have chartered. OASAM is available to assist you in any way as you move even further into implementation of these plans.

* Attached is the reinvention/management matrix.

Developing Your Results - Points to Consider

As you develop and refine your results in preparation for the Managing for Results Workshop on April 11 and 12, test your results against these guidelines for what a result should look like. Do they meet these tests? How might you refine them so that they do meet the test?

1. Results are:

   - o Observable
   - o Measurable
   - o Valuable to a customer
   - o Connected to a mission
   - o Embedded in daily work through action plans and measures
   - o A challenge to the current way of doing things
   - o Connected to time

2. Results are connected in a clear way to the mission of the organization and the organization's vision of the future. People working on the result can see how, if the result were achieved, the organization would be closer to its vision of the future.

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3. Results connect what you want to accomplish to the daily work of the people in the organization. By working on their results, people can see clearly how they are helping the organization achieve its larger mission.

4. Identify the critical few important things to work on in the organization. An organization/individual should be working on no more than 5 to 8 results at any one time. These critical few things should represent 80% of the work of the organization. The purpose of a result is to set priorities and guide action.

5. In developing results, as the question: "How will using this result to focus our efforts make a difference to our customers?" If it won't make a difference, it's not a result worth working on.

6. Results must be connected to "real time" measures. To accomplish results, you need to set measures that give feedback on performance soon enough for you to learn from experience and adjust the way you are doing the work.

7. GPRA Criteria for Results and Measures:

- Performance goals should be objective, quantifiable, and measurable.
- Performance indicators will be issued to gauge progress toward the performance goals by measuring the relevant outputs, service levels, and outcomes.
- If a performance goal cannot be expressed in an objective and quantifiable form, an alternative descriptive form may be used.

Reinvention/Management Schedule
March - October, 1995

Assignment	March	April	May	June	July	August	September	October
FY1995 Rescission	House passed rescission - Senate debate and votes on bill	First week - conference committee action - final passage of bill - President signs/vetoes bill						
FY Budget Defense			House staff begins working on appropriation	House Subcommittee & full committee mark-up bill	Houses passes appropriation bill Senate subcommittee and full committee mark up appropriations bill	Senate passes appropriations bill	Conference committee action on appropriations bill Final passage of appropriations bill President signs appropriations bill	
REGO I - 51 DOL action items - 68 cutting action items	Status report update due March 15				Draft of annual status report due to NPR.	Annual status report on action items due.	Annual status report to be published by NPR.	
Streamlining Plans - Employment reduction - HQ reduction - Supervisory ratio reduction - Support position reduction - Senior level reductions	Reductions, 2/28/95 1,682 - exceeds target 459 - exceeds target 1:5.3 - behind target 130 - on target 153 - exceeds target							
Customer Service Standards -publish standards for all major ner groups -measure results and publish a r	Will be discussed as part of Spring performance review				July 7 - Draft Customer Service Plans for all programs due to NPR	Aug. 7 - Final Customer Service plans due to NPR	Sept. 1 - Publication of Customer Service Plans Sept. 15 - Public reports measuring results against the plan shall be done no later than this date	
Performance Agreement				June 1 - New management appraisal system implementable			FY1996 Performance Agreement due	President and Secretary Sign FY 1996 Performance Agreement

Assignment	March	April	May	June	July	August	September	October
Partnership - L-M partnership -involve employees and union employees -negotiate over 7101(b) items progress and improvements in organizational performance								
Rego II - Budget (3%, 5%, 7%)	March 15 - Presentation to Rivlin, Kamarck	Presentation to VP						
Rego II - Regulatory Reform	March 30 - List of field meetings to President and NPR March 30 - List of negotiated rulemakings to OIRA	April 4& 7 - Meeting with the VP to make proposals		June 1 - List of regulations that we will eliminate or modify sent to the President and Katzen June 1 - Changes in performance appraisal system for regulators due to NPR				
Spring Performance Review		Performance measurement information to OMB Outline goals, commitments, and performance measures to be included in FY1996 Performance Agreements	OMB works with agencies on performance submissions Director Rivlin reviews performance information submitted					
GPRA	March 31 - Performance reports for FY 1994 for pilot projects due	April 14 - FY1996 GPRA performance plans for pilots due to OMB.					Preliminary set of GPRA performance measures due	
FY1997	Decision on approach for FY1997 process made	Guidance on FY1997 process issued	Agencies prepare FY1997 budget request	Agencies submit FY 1997 budget request Review and analyses of budgets prepared	Meetings held with agencies Decisions made on budget requests	Agencies prepare FY1997 OMB submission	Agencies submit FY1997 budget with performance information to OMB	

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FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
JOB TRAINING PARTNERSHIP ACT
ECONOMIC DISLOCATION AND WORKER ADJUSTMENT ASSISTANCE (EDWAA) PROGRAM

1. **Long-term program and policy objectives:**

o **The statutory objective.** The purpose of the Job Training Partnership Act (JTPA) is to establish programs "to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency, thereby improving the quality of the workforce and enhancing the productivity and competitiveness of the Nation." Title III of JTPA, known as the Economic Dislocation and Worker Adjustment Assistance (EDWAA) program, authorizes a State grant program to help workers who have been permanently laid off to obtain employment through training and related employment services.

o **A mandate to measure performance.** Congressional findings in JTPA state that "job training is an investment in human capital and not an expense." The findings also state that "it is essential that criteria for measuring the return on this investment be developed." Congress has provided criteria by which the basic return on the investment is to be measured; they include long-term economic self-sufficiency, increased employment and earnings, reductions in welfare dependency, and increased educational attainment and occupational skills.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

A. **EDWAA's national performance standard.** The Entered Employment Rate (EER) of 67% applies for the two Program Years (PYs) 1994 and 1995. EER is defined as the total number of individuals who entered employment of at least 20 hours per week at termination divided by total terminations (all numbers exclude employer recalls). Notably, the termination-based EER contrasts with JTPA's title II-

A postprogram employment and earnings standards, measured 13 weeks after termination to encourage job retention. Lacking any data on a reliable control group to provide information about the level of outcomes that could be expected in the absence of EDWAA -- despite 6 years of operation of this program -- DOL sets performance standards using information on the *past distribution* of each substate area's (SSA) performance. DOL sets standards at a "minimally acceptable" level that distinguishes inadequate performance in need of improvement from higher levels. Using this approach, the national EER standard is set so that 75% of SSAs could be expected to meet or exceed their standard.

- o **Excluded from the standard.** The EER applies to programs operated with substate formula funds. It does not apply to programs financed by the Secretary's National Reserve Account (NRA, 20% of the total appropriation) and Governor's reserve (40% of State allotments). This is because the reserves finance a variety of activities, including rapid response, demonstrations, industry-wide projects, and administration. Still, in PY 1995, this means that $674 million (52 percent) of the $1.3 billion appropriation is excluded from the EER standard. Grant and contract provisions govern the NRA grant performance; grant applicants are required to provide participant and outcome data.

- o **Optional State standard.** DOL encourages, but does not require, Governors to establish an Average Wage at Placement standard.

- o **EER as a departure point.** States are required to adjust the EER for each SSA to "level the playing field" by incorporating differing local economic factors, labor market conditions, geographic factors, characteristics of the population to be served, types of services to be provided, and demonstrated difficulties in serving the population. To determine whether a SSA has met or exceeded its performance standard, Governors use actual end-of-year program data to recalculate the Secretary's EER.

B. **Standardized Program Information Report (SPIR).** Beginning in PY 1993, DOL instituted a new reporting system for the major JTPA grant programs. Twice annually, States transmit to DOL data on socio-economic characteristics, program activities, and outcomes of each EDWAA participant. This report, known as the SPIR, contains some 40 data elements that can be used by Federal, State, and local areas to analyze performance against program goals. SPIR data covers:

- **Work history and skills of participant.** This data captures (1) hourly wage of the job of dislocation; (2) number of weeks unemployed during the prior 26 weeks; (3) highest grade level completed; and (4) reading and math grade level at program entry.

- **Kinds of services received.** Data on participants' program activities include (1) hours of training received, by kind of training (e.g. basic skills, on-the-job) and whether participant completed the training; (2) the occupational code of training received; (3) dates of participation and termination; and (4) support services received, including cash payments.

- **Outcomes.** This data includes, but is not limited to, (1) entry in unsubsidized employment; (2) weekly hours worked and hourly wage at termination; (3) whether the participant received fringe benefits in the placement job; (4) occupational code of job placement; (5) skill or educational attainment during participation; and (6) for a sample of program terminees, their employment status, hourly wage, hours worked, and retention in placement job 13 weeks after termination.

C. **EDWAA Program Improvement Initiative.** DOL launched a major Program Improvement Initiative in Program Year 1994, which began on July 1st. The initiative encourages <u>all States</u> to review their EDWAA system and develop a plan for establishing customer friendly service practices, with technical assistance and funding from DOL where necessary. Also included in program improvement initiatives are two new membership networks that recognize superior quality, known as the EDWAA Enterprise and Pioneers.

- **The Enterprise Council.** Formed in September 1994, the 26-member Enterprise Council (EC) consists of 6 Federal, 8 State, and 12 substate representatives and is charged with coordinating EDWAA reengineering efforts. The EC meets monthly and serves as (1) an advocate for systemic change; (2) a coordinator and disseminator of information on best practices; (3) a convener of workshops on customer satisfaction, MIS improvements, NRA grants, and program improvement strategies.

- **The "Enterprise."** An EC initiative to identify where superior quality currently exists, the Enterprise is a voluntary membership network of "best-in-class" dislocated worker programs. To be eligible for Enterprise membership, SSAs must demonstrate:

- o **Superior performance on outcomes.** Initially, membership requires a minimum 80% on the EER. About 40% of SSAs reached or exceeded this standard in PY 1993.

- o **A high degree of customer satisfaction.** SSAs must score a 75% favorable rating to an independent research firm's customer satisfaction survey of their recent participants.

- o **A commitment to "continuous improvement."** SSAs must document their self-assessment process based on 10 key business practices, such as employee involvement, affiliate support, benchmarking and monitoring outcomes.

To date, about 200 of 620 SSAs have applied for Enterprise membership; DOL expects to announce soon the 100 Enterprise "charter members."

- o **The "Pioneers."** The "farm team" for the Enterprise, the EDWAA Pioneers are some 30 States and 205 SSAs who have volunteered to implement customer-focused service and measure customer satisfaction. Pioneers are expected to develop best practices that will qualify them for Enterprise membership, and help others develop customer friendly programs through workshops and seminars.

3. Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:

A. **Progress against national goals.** In addition to a national performance standard, DOL has established national goals for EDWAA performance in FY 1995, including: (1) 70% of EDWAA participants will be employed within 90 days of completion and at an average of 90% of their previous wages; (2) 70% of adult laid-off workers will rate the services they received as "extremely" or "very valuable." SPIR data will help DOL gauge progress against these goals. Early SPIR data suggest that these goals are attainable. In PY 1992, for example, 68% of terminees entered employment, and the median hourly wage at 90-day follow-up was $8.00, or 83% of the pre-program median wage of $9.61.

B. **SPIR data for PY 1994.** States will submit SPIR data for PY 1994 by August 31st. DOL will be asked to explain how SPIR data support its FY 1997 budget request for EDWAA.

C. **Program Improvement Initiative results.** DOL will be asked to quantify the results of its quality assurance initiatives; explain how they strengthen EDWAA accountability; and provide a plan for its FY 1996 and 1997 activities.

4. **Summary of current program resources:**

Program	FY 1996 budget estimates			
	FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
EDWAA total	1,396	1,223	1,396	1,358
State grants	1,117	978	1,117	1,086
National Reserve Account	279	245	279	272

5. a. **How can performance be improved?**

The suggestions below are limited to improvements in the current program. They do not address directly the issue of education and training program consolidation, such as the President's G.I. Bill for America's Workers.

- **Launch a net impact evaluation.** Begun in July 1989, EDWAA is now a mature program, yet it never has been evaluated (apart from a 1992 implementation study.) DOL does not favor such a study. They are concerned that (1) shrinking research budgets preclude expensive, long-term studies; (2) negative results would be used to justify severe funding cuts, as in the JTPA National Study of title II; and (3) action on initiatives that would change EDWAA should be completed before a study is launched. Because no impact evaluation of a national dislocated worker program ever has been undertaken, it is time to evaluate EDWAA.

- **Institute a post-program performance standard.** Because of gaming and the failure of placement-based standards to encourage employment retention, DOL adopted post-program performance standard in the JTPA title II-A program in PY 1990. In fact, the 1992 JTPA amendments now require the Secretary to "prescribe performance standards for programs under title III based on placement *and retention* in unsubsidized employment" [emphasis added]. Beginning in PYs 1996-97, DOL should institute a 13-week post-program employment and wage replacement standard for EDWAA, and should actively explore a 6-month post-program employment standard measured by U wage records.

- **Nourish program improvement initiatives.** DOL should be commended for sparking a "bottom up" continuous improvement initiative that showcases best practices and rewards high performance. DOL should continue to use its NRA technical assistance funds to encourage continuous improvement.

- **Extend performance standards.** As noted above, about 52 percent of EDWAA funds are not subject to national performance standards. At a minimum, all locally operated programs -- regardless of whether they are financed by a substate formula allocation or discretionary State allotment -- should meet or exceed outcome-based performance standards. DOL has argued that national, outcome-based performance standards for EDWAA are becoming increasingly irrelevant to local program operators. We disagree. A post-program employment or earnings standard is important for program accountability, and can represent a departure point for measuring superior performance.

- **Institute a peer review process.** An idea of the Enterprise Council, peer review of State and substate job training plans, and peer-to-peer technical assistance could help transform plans from bureaucratic paperwork exercises to living documents that encourage replication of best practices.

- **Improve LMI and counselling.** Research suggests dislocated workers will make better training and reemployment choices if they have more complete information than currently is available about the post-dislocation experience of similarly situated dislocated workers. The OIG's March 1995 audit (summarized below) reinforced the importance of providing training and career counseling to EDWAA participants. Efforts to improve LMI available to dislocated workers under DOL's One Stop Career Shopping initiative will help. In addition, DOL should help local programs interpret SPIR data to help counsel potential trainees and help participants to develop realistic expectations.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

- **Statutory cost categories cause perverse effects.** EDWAA has three statutory cost categories that apply to SSA program expenditures. They include (1) a 50% floor for retraining expenditures; and ceilings of 15% and 25% for administration and support services, respectively. Anecdotal and empirical evidence suggest these cost categories can have perverse effects. A 1992 process study of EDWAA found that "the 50% retraining expenditure requirement was having some unintended effects in as many as one-third of the study substate areas," limiting local programs' ability to offer job search assistance and support services.

  Responding to pleas from constituents, appropriators relaxed these cost caps in FY 1995 appropriation language, which is continued in the FY 1996 Budget request. Appropriation language waives the cost cap on supportive services and allows Governors to grant a waiver from 50% to 30% the retraining floor if substate areas demonstrate that it is consistent with plans to provide low cost training or a greater emphasis on job search assistance and support services than the cost categories would allow. We should consider more generous waiver language that would enable Governors to waive all SSA cost caps, but only upon justification that this action would improve performance.

- **NRA application process.** Dissatisfaction with the NRA grant award process continues. EC conference reports suggest DOL needs to reduce lag time in responding to discretionary grant application; ease the criteria and numerical thresholds to allow NRA funds for small layoffs and closures; and allow pre-start costs or retroactive dates for NRA grants. DOL should streamline the process for NRA grant awards.

6. **Use of Program and financial data:**

- **OIG audit of EDWAA.** A March 1995 audit of EDWAA by DOL's Office of Inspector General examined outcomes and customer satisfaction among PY 1991 EDWAA training participants three years after they left the program. Based on administrative records and telephone surveys conducted on average 32 months following termination, the OIG found that (1) 84% of EDWAA trainees were employed when contacted; (2) the average wage of respondents was 100% of the layoff wage; (3) on average, participants who obtained training-related jobs recovered over 100 percent of their former wages, while the others did not; and (4) two-thirds of the sample reported they were satisfied with their current job and EDWAA overall. While extremely positive, the audit recommended that DOL take several steps to improve EDWAA, including (1) measuring and reporting outcome data at termination and at least one year thereafter; (2) establishing measurement systems that link retraining factors and participant characteristics to identify what retraining best works for different categories of displaced workers; and (3) reviewing assessment, labor market information, and practices to increase the number of training-related job placements.

- **Customer survey results.** DOL's February 1994 customer satisfaction survey returned high marks for overall customer satisfaction -- 57% rated the program extremely or quite helpful, and 70% would be extremely or quite likely to recommend the program to a friend. But 54% reported they used the skills learned through EDWAA training "some or not at all." Coupled with the OIG audit, this finding suggests EDWAA needs to do a better job of counseling trainees and matching training to local labor market needs.

- **Impact evaluation results.** Studies of dislocated worker demonstrations conducted in Texas, Michigan, and Buffalo during the 1980's found that job search assistance was the only cost effective service provided, and that more costly retraining services did not result in additional labor market impacts (measured in employment and earnings) compared with job search alone. All available quantitative evidence strongly supports the inclusion of job search assistance among the services available to dislocated workers. Job search reduces time out of work (training lengthens it); is from one-third to one-tenth less expensive than training; and is more flexible than training, since its success does not depend upon the ability of adults who have been out of school for decades to excel in a classroom setting.

  The evidence is not nearly as strong on training, but the jury remains out. Authors of dislocated worker demonstration evaluation reports unanimously urge caution in interpreting their negative training results. A 1995 study of returns to dislocated workers' study at community college finds that training is only of value to a small segment of the dislocated worker population. While college attendance boosted earnings by about 12% per year of full-time attendance, almost all of the positive effect accrued to dislocated workers who got high grades at difficult courses requiring science and math background. For the majority of participants in the study, the returns from quickly returning to work were about the same as the returns to attending school full time.

States submit quarterly reports on program obligations, gross expenditures, and expenditures by cost category. For the most part, data are timely (a few States always lag behind the others) and accurate. Once annually, DOL uses expenditure data to reallot excess allotments among States according to a procedure prescribed in statute (year-end unexpended balances that exceed of 20% of the total allotment are redistributed to high unemployment States).

DOL would like to have more complete information on the cost of program services. Current cost estimates are based on gross expenditures divided by total participants; no data exists on the cost of different kinds of training and reemployment services. DOL considered including a cost measure in the SPIR, but abandoned it after States and locals strenuously objected to the reporting burden. DOL should consider conducting periodic cost surveys (to meet the burden complaint) and work with OIG auditors to develop more detailed cost information on EDWAA services.

No financial data is available that compares all program costs with performance measures. The title II-A program used to have a performance standard that related gross outcomes to costs. That standard introduced incentives to provide overly inexpensive programs. Moreover, measuring all of EDWAA's costs is a challenge. Direct costs only begin to measure the total costs of the services participants receive. Many EDWAA programs collaborate in various ways with other public agencies and programs. For example, if EDWAA is increasing enrollment in a community college, it may be increasing State or local education expenditures. According to one survey, about 16% of EDWAA participants receive Pell grants. Finally, the most meaningful measure of EDWAA's success is not gross, short-term outcomes (as currently measured in performance standards) but its net impact on long-term outcomes. DOL should undertake a net impact study of EDWAA to gauge such success.

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Divider Title: **2**

FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
ONE-STOP CAREER CENTERS

1. **Long-term program and policy objectives:**

The One-Stop Career Center program is a system-building initiative to help States and localities streamline access to the wide range of Federal and State employment and training programs. Funding provides temporary seed money to States for planning and implementation; grants cover such activities as developing common intake forms, cross-training staff, developing and acquiring automated systems, alterations to facilities, and moving costs. Service delivery and One-Stop overhead are funded by the participating employment and training programs.

The One-Stop initiative is being carried out under the existing legislative authority of the Wagner-Peyser Act, which authorizes funding for the Employment Service. Under the current program, State participation is voluntary. DOL's strategy has been to fund "leading edge" States, with the expectation that all States will come on line over a five-to-six year period. Under the President's Budget, the program ends in 2001.

The Federal role has been to define the broad goals that guide selection of leading edge States and provide a common framework for nationwide system-building. The broad "outcome" objectives (note that they are all process items) for One-Stops are:

- o Universality -- access by all population groups;
- o Customer Choice -- individual choice in accessing services and in making informed career decisions;
- o Program Integration -- seamless delivery of services under multiple funding streams; and
- o Performance-Driven Outcome Measures -- use of results as tools for program improvement.

The States' role is to design and implement their own unique performance measurement and accountability systems with an emphasis on "outcomes" rather than process or "input." DOL's current strategy relies on a partnership with One-Stop States to jointly develop national, prototype outcome measures for use by all.

Over the long term, there is a two-step challenge for the Department: (1) measuring the success of the One-Stop initiative, and (2) permanently instilling performance measurement in the resulting system. In some respects, this is going on simultaneously: States are applying for One-Stop awards, and States implementing One-Stop systems are addressing long-term performance measures.

The Administration's GI Bill for America's Workers and the congressional proposals from McKeon, Goodling, Zeliff, and Kassebaum all rely on One-Stops to play a key front-end service and information delivery role in a consolidated job training system. The bills differ in whether or not One-Stops are a required activity and in the Federal role in setting performance measures and standards. The CAREERS bill (HR 1617), reported out by the House Education and Economic Opportunity Committee on May 24, requires use of One-Stops, specifies core indicators of performance, and provides for a Federal role in identifying "world-class" levels of performance.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

Federal Level:

As a new program of limited duration, outcome data are not possible yet -- but the process for collecting the data must be underway; see below. At this time, the only way to assess progress in achieving One-Stop program objectives is to look at process measures -- the ability of DOL to identify States that are willing and able to plan and implement State-wide One-Stop systems.

In response to DOL's first program solicitation issued last summer, DOL found significant State interest.

- There were 48 proposals for one-year planning grants and 22 proposals for three-year implementation grants (dual proposals were accepted).
- DOL awarded 6 implementation grants to States that demonstrated significant planning and local commitments to One-Stops and another 19 planning grants to States that were not as far along.

- o Based on State submissions in the FY 1994 round, DOL has already announced that three more States (Indiana, Minnesota, and Ohio) will receive implementation grants in July, when the program year 1995 funds become available on July 1.

The Department has underway an independent process evaluation of all One-Stop implementation States. This evaluation will determine each State's progress in meeting the State's individual goals for implementation; it will also determine the extent to which the first One-Stop Career Centers embody the four basic broad goals established in the Federal framework (i.e., universality, customer choice, integrated system, and performance-based/outcomes-driven). Beyond that, the Department is thinking about developing outcome measures that assess substantive changes resulting from its system-building initiative as a whole. The problem with delaying planning for such an evaluation is that the opportunity to obtain baseline data may be lost.

One-Stops must include DOL employment and training programs, including the Employment Service and JTPA. Initial implementation States are also including programs such as JOBS and Food Stamps Employment and Training. Funding for the participating programs is provided under separate appropriations.

<u>State Level:</u>

DOL has established a work group consisting of the six implementation States (Connecticut, Massachusetts, Maryland, Wisconsin, Texas, and Iowa) to work out more of the details of performance measures. Their individual performance measurement systems have common threads:

- o customer satisfaction,

- o labor market outcomes for participants, and

- o continuous improvement through performance-based incentive systems.

The work group has also identified some specific, measurable labor market outcomes for program participants: rate of entering employment, average earnings gains, and employment retention rate.

One of the issues to be sorted out by this group is how to integrate measures for an operational One-Stop system with the legislated performance measures for the participating programs. For example,

- o JTPA Title III (EDWAA) has a legislated set of performance measures and national standards.

- o For the Employment Service, there are no legislated performance measures or standards. There are only limited program data that yield process/output measures based on numbers of individuals registering for service and the services provided to them. GAO has criticized the lack of performance measures for the Employment Service, and OMB has pressed DOL to develop performance measures and standards since 1991. DOL's current plan is to rely on measures developed to assess One-Stop performance to assess Employment Service operations.

3. Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:

Performance measures used in the FY 1997 budget process will, at minimum, be updates of the process measures that currently exist. The decision on whether to require the Department to develop specific plans to assess the substantive changes resulting from its system-building initiative will depend in part on congressional actions on job training consolidation. If the One-Stop continues as a system-building initiative, an outcome evaluation should be planned. If it does not, there is no program to evaluate.

4. Summary of current program resources (in millions):

Program	FY 1996 budget estimates			
	FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
One-Stop Career Centers	200	136	200	200

Congress provided $50 million in FY 1994 (the first year of the initiative) and $120 million in FY 1995. The conferees on the 1995 rescission rescinded $20 million of FY 1995 funds. This rescission would permit DOL to award only six new implementation grants (instead of the planned ten) and may require cuts in the second-year funding of States that have already been awarded implementation grants.

Because DOL is providing three-year implementation grants to States, the funding level for FY 1996 would be even more critical than the FY 1995 level -- under current law. This program as currently designed could not absorb the 20-25 percent cuts below 1995 proposed in the House and Senate budget resolutions without slowing the pace of implementation significantly. However, incorporation of One-Stops into a revitalized, consolidated job training system should greatly accelerate implementation if the statutes read as hoped and governors agree.

5. a. **How can performance be improved?**

Specific recommendations for improving performance hinge on legislative outcomes in job training consolidation and the role given to the Federal Government. A key policy issue in performance measures for One-Stop operations is whether there will be national performance standards and a strong Federal role in assuring accountability for outcomes. Currently, DOL is using a model of individual State responsibility and control over outcome measures; the Federal role is providing technical assistance and fostering cross-State collaboration.

In general, DOL should continue to work with the States to develop performance measurement systems for operating One-Stops that will look at outcomes and impacts as well as foster continuous improvements in program operations. If legislation continues a One-Stop <u>system-building</u> initiative, DOL should plan to assess its success in building a nation-wide system.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

At the local level, there are claims that current regulations (and possibly OMB circulars) hinder One-Stop implementation. However, to date, specific barriers and impediments to program integration in One-Stop settings have not been identified. If this is an issue, DOL should identify the impediments and then -- with the cooperation of the other One-Stop participants -- find solutions. Legislated program consolidation would remove many of the obstacles.

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FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

1. **Long-term program and policy objectives:**

   A. Assure, as far as possible, every worker in the nation safe and healthful working conditions.

   B. Note: OSHA is a GPRA pilot agency.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

   A. Currently only output measures are reported in the President's Budget. These include number of inspections, regulations promulgated, consultation visits, and training grants.

   B. OSHA maintains a large amount of output data on its activities, including some efficiency measures such as response time and cost per person trained.

   C. OSHA is able to provide what they call "intermediate outcome indicators"--something beyond output but short of their desired outcomes of reduced injury and illness. For example, OSHA can provide percent of inspections and consultations that result in the identification of significant hazards, median time for hazard abatement following an inspection or consultation, and customer satisfaction.

   D. OSHA has limited indirect data on outcomes in the form of fatalities, lost workday injuries, and acute illness rates for selected high hazard industries and targeted establishments, using data from BLS' Survey of Occupational Injuries and Illnesses.

3. **Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:**

At the time of the FY97 budget submission, OSHA plans to have 75% of the above indicators. These are predominantly output measures.

4. **Summary of current program resources:**

Program	FY 1996 budget estimates FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
OSHA	347	342	336	337

5. a. **How can performance be improved?**

OSHA has been involved in extensive review of its activities as part of NPR's Phase II and Regulatory Review. The regulatory review initiatives, announced by the President on May 16th, include a paradigm shift of "choose your OSHA" where by workplaces that have safety and health programs, through which employers identify and abate hazards, will be eligible for benefits including reduced inspections and penalties. OSHA will focus their inspection efforts on the worst hazards and most dangerous workplaces. REGO II initiatives includes privatizing penalty collection and accreditation processes, and consolidating OSHA's technical centers.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

OSHA's appropriations language has a rider restricting activities for small farms and for employers with 10 or fewer employees in industries with injury and illness rates below the national average.

OSHA is required by legislation to respond to all employee complaints, regardless of their merit. Nearly one-quarter of OSHA's inspections are in response to complaints. Although responding to complaints is a critical function of the agency, it takes resources away from targeting the most dangerous workplaces and hazards. Beginning in June, OSHA will be responding to "nonformal" complaints by informing employers and giving them 5 days to respond or face an OSHA inspection. OSHA hopes this will reduce workplace hazards and demands on the agency.

6. **Use of Program and financial data:**

a. **Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.**

OSHA requires 1 million employers to record occupational injuries and illnesses on an "OSHA log". Currently these logs are reviewed by OSHA only during inspections. OSHA would like to begin collecting OSHA logs to provide them with site-specific data to improve their targeting of hazardous workplaces and to allow better measurement of the impact of OSHA interventions. Many of OSHA's proposed performance measures would require the collection of OSHA logs. OSHA wants to collect 100,000 logs in FY96, and will be soon be requesting OMB clearance.

OSHA's proposal raises concerns about the usefulness and cost of collecting OSHA logs. Accuracy of the data from the worst firms, who OSHA is trying to target, is questionable, as is the feasibility of using this massive amount of data. OSHA has provided no cost estimates of their proposal. (As a comparison, BLS' Survey of Occupational Injuries and Illnesses of 300,000 firms costs $17M annually.) The Inspector General has said that BLS survey, which is considered the best data available, should not be used for GPRA purposes because it is not auditable and is not a direct measure of OSHA performance.

b. **Who prepares the data and information? Is it timely and accurate? How might it be improved?**

A variety of data is available about occupational safety and health. BLS' Survey of Occupational Safety and Health, State Worker's Compensation data, and OSHA's database of its inspections are three main data sources. Data on occupational illness is harder to come by than data on injuries, in part due to the time lapse between exposure and on-set of illness.

OSHA's financial data is maintained by DOL's accounting system which is updated daily, with inputs by OSHA. Reports are available monthly, with more macro-level information available on a daily basis. Financial data could be improved by increasing its availability to headquarters and regional staff.

c. **Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?**

Financial data is not available which compares program costs with objectives and performance measures. At this point it is difficult to measure OSHA's activities, let alone the relationship between costs and the program objective of safer workplaces. For example, the current structure provides breakdown by compliance assistance and enforcement, however compliance assistance activities conducted by inspectors are counted under the enforcement budget. This summer, OSHA is hoping to revamp its budget structure to better reflect its activities.

1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
MINE SAFETY AND HEALTH ADMINISTRATION

1. **Long-term program and policy objectives:**

   A. Reduce fatalities, injuries and illnesses at our nation's mines.

   B. A subset of this policy objective is increased safety at small underground coal mines, where injury and fatality rates are highest, and insuring that mine equipment meets safety standards.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

   A. Currently only output measures are reported in the President's Budget. These include number of inspections, regulations promulgated, violations assessed, course days, equipment approvals, field investigations, and laboratory samples analyzed.

   B. MSHA receives quarterly reports from all mines on injuries, illnesses and fatalities, as well as production and hours worked. (See 6b below for more details.)

3. **Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:**

   A. Compare annual rates of fatalities and non-fatal lost time injuries (per 200,000 work hours) to baseline data (1990-95).

   B. Compare annual rates of fatalities at small underground coal mines to baseline data (1990-95). (Lost-time injury rates are not used because under-reporting makes the data too unreliable.)

C. As an indicator of health risks, the percentage of mines complying with respirable dust standards will be tracked by both dust samples submitted by mine operators and collected by MSHA inspectors.

D. MSHA is required to conduct inspections four times a year at all underground mines, and twice a year at surface mines. MSHA proposes comparing the percentage of these inspections conducted with baseline data.

E. MSHA audits mine equipment to make sure it is in conformance with regulatory requirements. MSHA is seeking to evolve its role to more oversight and less hands-on testing of equipment. To measure the success of this activity, MSHA will compare baseline data with future rates of the percentage of products audited found to be in conformance.

4. Summary of current program resources:

Program	FY 1996 budget estimates			
	FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
MSHA	212	211	206	206

5. How performance can be improved:

a. What might be done to improve the performance of the program?

Through NPR II MSHA plans to privatize accreditation activities, and penalty collection, limit state grants to the 4 largest coal mining states, merge its engineering offices, provide flexiplace for inspectors, and expand private sector use of the Mine Academy. MSHA was not included in NPR regulatory reinvention activities but is advancing on its own.

MSHA is redefining the meaning of "regular inspection" (the quarterly and semi-annual inspections required by law) to allow flexibility to target resources. Rather than conduct a complete wall-to-wall inspection which can take weeks, MSHA wants to focus inspections on problem areas and problem mines. However they are limited in the way they can "redefine" regular inspections so that they comply with the law.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

The Mine Act requires inspectors to cite every violation found during an inspection. Removing this provision would allow inspectors to waive or reduce a citation if the violation is abated, and allow MSHA to focus more on compliance assistance and other targeted enforcement activities and less on merely writing citations.

MSHA is required by legislation to inspect all underground mines four times a year, and surface mines twice a year. (See 5a(2) above.)

MSHA's appropriations language has a rider restricting enforcement of training provisions at certain surface metal/nonmetal mines. While every Administration since attachment of the rider has requested its removal, Congress has left it in place.

6. **Use of Program and financial data:**

a. **Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.**

In the past, the Inspector General has expressed concern about verifying the accuracy of some of MSHA's performance measures. MSHA agreed to maintain documentation for their FY94 performance measures. Financial and health and safety data is discussed below.

b. **Who prepares the data and information? Is it timely and accurate? How might it be improved?**

MSHA receives quarterly reports from mine operators on injuries, illnesses, and fatalities. MSHA considers the fatality data very accurate, with injury data somewhat less accurate, particularly among small mines. Good data on illness resulting from mining is harder to come by, in part due to the time lapse between exposure and on-set of illness. Injury rates have been falling in recent years, although

MSHA fears that may be due in part to under-reporting, as MSHA has decreased records auditing. MSHA is trying to increase records auditing, however this is a costly activity with an indirect effect on health and safety.

c. **Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?**

The current accounting structure does not compare program costs with objectives and performance measures. The current structure provides breakdown by Coal and Metal/Non-metal Enforcement, which allows for comparison between spending in these divisions and the health and safety in those types of mines; however compliance assistance is included in the enforcement category. MSHA recognizes that "The Agency needs to work toward developing a performance oriented structure (e.g., one that distinguishes between enforcement and compliance assistance)".

FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
WAGE AND HOUR DIVISION

1. **Long-term program and policy objectives:**

   A. The Wage and Hour Division's (WHD) mission is to "achieve compliance with labor standards through enforcement, administrative, and educational programs to protect the Nation's workers."
   --Assure minimally decent wages and working conditions.
   --Protect locally prevailing wages and working conditions on government-financed contracts.
   --Promote job opportunities.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

   A. Timeliness of service to customers (timeliness of complaint resolutions under various laws).

   B. Return on investment. Compares cost of the program with the amount of civil money penalties returned to the Treasury and taxes paid by recipients of backwage recoveries.

   C. Numerous productivity measures (outputs per unit of input).

3. **Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:**

   A. The traditional measures will be used in the FY 1997 budget process.

B. Also, the WHD plans to develop several new performance measures by summer. These new performance measures will be included in WHD's performance agreement with the Secretary of Labor.

--WHD has been working for several years to conduct industry-specific investigation-based compliance surveys. These surveys would be used as a benchmark to gauge future WHD compliance efforts. FY95 surveys include garment manufacturing, guard service, and janitorial service.

--The National Targeted Reinvestigation Program will assess the degree of recidivism (repeat violators) in employers. This information will be used as a benchmark to gauge future improvements in initial interventions/investigations.

4. Summary of current program resources:

Program	FY 1996 budget estimates			
	FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
Wage and Hour Division	117	106	114	104

5. a. How can performance be improved?

WHD is working on the following:
--redirect resources to focus on low-wage workers;
--leverage resources through joint activities with other government bodies, press events, and more criminal prosecutions;
--increase compliance assistance to employers;
--educate employees and provide an automated workplace;
--restructure and streamline the organization, especially non front-line staff; and
--improve prevailing wage survey and determination methodologies.

All of these are important and WHD is having mixed success with their efforts. However, success at the first one--redirecting resources to focus on low-wage workers--is key to maintaining wide public and political support for the WHD.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

WHD needs to clarify its statutes, regulations, and practices to limit the attacks they receive from the public and Congress. This is difficult due to competing views, but possible in many areas (e.g., FLSA Overtime Regulations, Davis-Bacon Reform-wage determinations, and Service Contract Act benefit survey methodology, FLSA record keeping).

The controversial issues in the WHD NPR Phase II/Reg Review, such as FLSA Overtime regulations, were deleted at the final stage.

Simplified practices would allow the development of more precise performance measures.

6. **Use of Program and financial data:**

a. **Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.**

WHD has extensive data regarding resource utilization (including expenditures and hours utilization of front-line staff), inputs, activities, outputs, and certain outcomes, and is able to relate these to monitor productivity and, to much lesser extent, cost-effectiveness. Once the WHD develops performance measures it is likely that different data will be needed.

WHD was not aware of outside evaluation studies on this topic.

The Inspector General is scheduled to examine WHD's performance measures this summer.

b. **Who prepares the data and information? Is it timely and accurate? How might it be improved?**

Financial data is prepared by ESA and WHD and it is timely and accurate for the purposes it is presently used for. Again, once new performance measures are developed the data may not be sufficient or timely enough.

c. **Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?**

Financial data that compares <u>all</u> program costs is not presently available. WHD receives services from the Employment Standards Administration's central offices and from DOL's Solicitor. A budgeting or accounting change could be made to fix this.

FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

1. **Long-term program and policy objectives:**

   A. To improve the employment status of minorities, women, individuals with disabilities, and veterans in the workforce of Federal contractors.

   B. The desired outcome of the activities of OFCCP are increased compliance and customer satisfaction. The desired result of these activities is the participation of protected groups in the workforce at Federal contractor facilities that is consistent with their availability in the relevant labor market.

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

   A. Compliance Reviews. This is an output measure. It is measured in a variety of ways, such as number of complaint investigations completed, the number with a violation or finding of discrimination, the amount of financial benefits paid, and the number of victims of discrimination as a result of a conciliation agreement.

   B. Complaint Investigations. Also, an output measure, it is measured by the number of complaint investigations completed, the number with a violation or finding of discrimination, the amount of financial benefits, etc.

3. **Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:**

A. Representatives of management and bargaining unit employees are participating in a series of workshops this Spring and Summer that will ultimately lead to the establishment of a set of performance measures for the agency. At this time, it is unclear if any of these performance measures will be ready for use in the FY 1997 budget. Past measures will be used.

B. OFCCP is developing benchmarks to gauge future program success. It is:
--analyzing the employment profile (EEO-1) of contractors and non-contractors;
--analyzing the employment profile (EEO-1) of contractors that have and have not be reviewed;
--analyzing a series of randomly selected reviews to determine the general state of compliance in the Federal contractor community; and
--conducting customer surveys for contractors and complainants to measure customer satisfaction.

4. **Summary of current program resources:**

Program	FY 1996 budget estimates			
	FY 1996		FY 1997	
	BA	Outlays	BA	Outlays
Office of Federal Contract Compliance Programs	64	58	62	57

5. a. **How can performance be improved?**

Increase the use of automation. The agency could become more productive if its primary activity, the compliance review, were automated.

Rework the regulations and internal guidelines that govern OFCCP staff's actions during the compliance review process.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

Last year, OFCCP began a major overhaul of the E.O. 11246's regulations to improve the efficiency and effectiveness of the program. This initiative is currently on hold pending the Executive Branch's review of all affirmative action programs and, once resumed, will take several years to complete.

6. **Use of Program and financial data:**

a. **Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.**

OFCCP has some data regarding resource utilization. However, once the OFCCP develops performance measures it is likely that different data will be needed.

OFCCP is not aware of outside evaluation studies on this topic.

The Inspector General has not examined OFCCP's performance measures.

b. **Who prepares the data and information? Is it timely and accurate? How might it be improved?**

Financial data is prepared by ESA and OFCCP and it is timely and accurate for the purposes it is presently used for. Again, once new performance measures are developed the data may not be sufficient or timely enough.

c. **Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?**

Financial data that compares all program costs is not presently available. OFCCP receives services from the Employment Standards Administration's central offices and from DOL's Solicitor. A budgeting or accounting change could be made to fix this.

FY 1997 BUDGET SPRING REVIEW

RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF LABOR
OFFICE OF THE AMERICAN WORKPLACE

1. **Long-term program and policy objectives:**

   A. Increase the competitiveness of small- and medium-sized businesses and help them create better and higher paying jobs by spurring the adoption of high-performance workplace practices.

   B. Assure employee protections for transit workers where Federal grants are provided. (This and the above functions are the responsibility of the Office of Workplace Programs (OWP)).

   C. Safeguard internal democracy, financial integrity, and union member rights by administering the Labor Management Reporting and Disclosure Act (LMRDA) and related laws (responsibility of the Office of Labor Management Standards (OLMS)).

2. **Performance measures on which information is now available to assess progress in achieving the objectives:**

   A. No outcome measures have been identified for <u>OWP</u>. The agency currently measures outputs, including the number of conferences held, task forces established, and newsletters published.

   B. Employee protection program outputs currently include certifications processed, claims arbitrated or program inquiries.

   C. No outcome measures have been identified for <u>OLMS</u>. Inputs include projected workload, current agency priorities and past program experience. Outputs include the number of audits, investigations, supervised elections, and reports processed and disclosed.

3. **Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:**

A. OWP Outcomes -- Focus on increased numbers of workplaces that engage in organizational workplace change efforts. Performance measures may include:

1. Number of companies added to the database of high-performance work practices;
2. Quality and usefulness of presentations/products (customer satisfaction questionnaires);
3. Number of publications produced and distributed;
4. Percent increase in US workplaces adopting two or more high-performance work practices (e.g., reduced layers of management, autonomous work teams, employee cross-training).

B. Focus on reduced processing time for routine and non-routine transit grant certifications. Performance measures may include:

1. Increase in the number of transit applications considered routine and processed in less than 90 days;
2. Number of applications requiring technical assistance or mediation;
3. Increase in the number of applications certified through the Electronic Grant Making Program.

C. OLMS Outcomes/Outputs -- Focus on ensuring public disclosure, democratic officer elections, and protection of labor organization funds in the largest national and international unions (generally those unions with annual receipts over $200,000). Performance measures may include:

1. Percentage of labor organization annual financial reports filed within statutory time frames;
2. Number of officer election complaints filed with OLMS;
3. Number of embezzlements, prohibited loans, inadequate bonding, illegal trusteeship.

4. **Summary of current program resources (in millions):**

Program	FY 1996 budget estimates FY 1996 BA	FY 1996 Outlays	FY 1997 BA	FY 1997 Outlays
Office of Workplace Programs (OWP)	11	10	10	10
Office of Labor-Management Standards (OLMS)	31	30	30	29

5. a. **How can performance be improved?**

OWP believes that its on-line presence, technical assistance materials and "How-to Guide" for transit authorities and unions will enhance the quality and timeliness of services. To measure outcomes, however, it needs to establish baselines. It will be extremely difficult for OWP to determine if a company's decision to implement high-performance work practices is a result of agency activities.

OLMS is in the process of a restructuring that will flatten the organization to enable more direct program input from staff at all levels. However, in order to develop the baselines needed to better measure program outcomes OLMS needs to refine its internal reporting systems, including its case management system.

b. **Are there laws or administrative controls that are obstacles to improved performance? Briefly describe the major impediments.**

OAW needs to better define its statutory requirements. The agency has been slated for elimination by the House Budget Committee with the recommendation to transfer statutory functions to another agency in DOL or to the FBI in DOJ. It will be imperative for OAW to set priorities which enable it to fulfill its legislative mandates, or seek to change its current legislative mandates.

6. Use of program and financial data:

a. **Review the use of financial (budget and accounting) data, evaluation studies, Inspector General reports, and other information on performance of the program.**

OWP has not made strides in this area.

OLMS plans to explore methods of assessing cost effectiveness in the accomplishment of program functions related to statutory mission, however, the agency claims they are unable to do this without considerable investment in staff time and resources at the outset. Many of the changes in OAW's performance measures came from the Inspector General's FY 1993 Performance Measures Report.

b. **Who prepares the data and information? Is it timely and accurate? How might it be improved?**

OAW prepares financial data which is timely and accurate. OLMS is currently evaluating the usefulness of data collected for baseline information to measure program outcomes.

c. **Is financial data available that compares all program costs with the objectives and performance measures that have been established? What changes in budget or accounting structure would be helpful?**

OAW does not have financial data that compares all program costs. OLMS will attempt to analyze unit personnel costs associated with each program type and/or develop a unit production measure, to quantify other cost factors directly associated with program operations (e.g., travel costs incurred per election investigation).

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Divider Title: GI BILL

FY 1997 BUDGET SPRING REVIEW
PERFORMANCE ACCOUNTABILITY IN THE GI BILL FOR AMERICA'S WORKERS

The Current Programs

- Of the major Federal programs providing job training and school-to-work transition services, only one set of programs, the JTPA adult training programs (dislocated and disadvantaged workers), has devoted extensive attention to performance outcomes.

- Labor's other large program, the Employment Service (ES), is a block grant with few performance requirements. The One-Stop center labor exchange improvement initiative begun last year, intended over time to bring together JTPA adult and ES services, is formulated around performance standards and outcome measures.

- The programs providing the most resources for non-degree training, Education's Pell grants and student loans, come from a long tradition of legislative and policy concern only for providing financial access to schooling, without significant regard to the quality of the schooling or its results in terms of future labor market success for beneficiaries.

- Youth programs (JTPA and Vocational education) paid some lip service to performance outcomes but there was little practical use of data in decision-making. Recently, however, the negative results of a high quality evaluation of JTPA youth programs provided support for Administration-proposed reductions and a $472 million pending Congressional rescission (79% of the appropriation). The School-to-Work Opportunities Act has begun to shape local use of these funds around strategies to improve performance outcomes.

The Administration's Proposal

- The Administration GI Bill for America's Workers would create a new Federally-financed workforce development system with more powerful mechanisms for accountability for results than its predecessor 70 programs. Performance would be measured on the basis of the degree to which the new system demonstrated the labor market success of adults, and the labor market and educational success of youth.

For both adults and youth, States and localities would have major new flexibility in program design and administrative process, albeit limited in certain respects where it was deemed in the Federal interest to do so: e.g., use of "skill grant" vouchers for training; use of the One-stop and school-to-work negotiated local partnership processes; retention of a summer youth program.

- Significant improvement in accountability and outcomes from JPTA resources is expected from replacing contracted training with individual vouchers supported by good labor market information, consumer report cards on training providers, and stronger quality controls over institutions. Good quality schools with high success rates (on placements and earnings, for example) will attract skill grants as consumers "vote with their feet." Resources now going to lower quality institutions through local policy choices would be deployed much more effectively.

  The information improvement and school quality reporting and management was also to have extended to the major training programs, Pell grants and student loans.

- In accord with the prevailing political judgement, no Administration legislative proposal was drafted or submitted for the adult portions of the GI Bill, nor for out-of-school youth. Legislation for in-school youth and for adult and family literacy was transmitted in which core performance outcomes were specified, as was the process for their expansion and refinement in a negotiated process with the States.

Status in the House

- From the outset, the House Education Committee Majority worked with the Administration to incorporate accountability for performance into its bill, with a limited but significant Federal "partnership" role. The reported bill (5/24) would require States to: identify in their plans performance indicators for adult and youth programs (including statutory "core indicators"); identify initial baseline levels of performance and measure progress against the baseline; report to the Secretaries of Labor and Education the levels of performance achieved; and establish criteria for determining inadequate local area performance.

  Governors may sanction poor performance through withholding of funds or other corrective actions. The Federal role would be limited to defining common definitions for the core performance indicators; identifying "world class" levels of performance for selected core indicators; and sanctioning habitually poorly performing States through withholding up to 5 percent of a State's formula allotment.

- o <u>Youth</u>. The statewide system for youth programs must incorporate core indicators on (1) academic and occupational competency attainments; (2) school retention or completion; (3) reduction in the dropout rate; (4) job or advanced training placement; and (5) employment retention and earnings.

- o <u>Adults</u>. The statewide system for adult programs must incorporate core indicators on measures of (1) placement, retention, and earnings at 6 months and one year after program termination; (2) provision of services to target groups, such as dislocated workers and the economically disadvantaged; and (3) the acquisition of skill certificates.

- o <u>Vocational Rehabilitation</u>. The statewide system for vocational rehabilitation must incorporate core indicators on placement, retention, and earnings of participants at 6 months, and at 1 year after program termination; the percentage of individuals served who had severe disabilities; and, other relevant measures of program performance included in standards and indicators promulgated by the Commissioner.

o The House bill would require Governors to establish minimum acceptable levels of performance which would be used by local workforce boards to certify training providers as qualified to receive Federal funds. A designated State agency would collect performance information and compile a list of eligible providers. Allowable State-identified performance information that would be submitted by providers includes completion and licensure rates; employment placement and retention rates; training-related job placement rates; and skill standard attainment among graduates. No changes were made to the Pell grant or student loan information for students or institutional gatekeeping requirements.

o The House requires the use of vouchers for adults, with exceptions. Contracted training may be provided instead where: on-the-job training is a better choice than institutional training; in cases of limited availability of certified training providers (rural areas' exception); for special populations; customized training; and by community-based organizations (CBOs). Despite these exceptions, the committee leadership accepts the notion of the benefits of market-based accountability for training for adults, a key element in the President's proposal.

Status in the Senate

- The Majority produced a staff draft bill on May 25. Senator Kassebaum's staff have tried to respond to the Administration's desire for some degree of performance accountability but almost no partnership with the Federal government. In their initial draft bill, they give the States complete authority to set their own standards and measures, with no Federal role and no ability to aggregate to the national level. However, the draft bill would authorize a Federal Governing Board to sanction States that fail consistently to demonstrate progress against their performance benchmarks by withholding up to 10 percent of a State's annual allotment for up to 3 years. Working groups of Republican and Democratic staff are continuing to work on the issue, but the pressure from the Majority is to rely almost solely on the discretion of Governors.

- The Senate draft bill does not include the use of vouchers other than as an allowable activity, thereby rejecting the notion of market-based accountability for adult training. No effort is being made to address Pell grants or student loans for non-degree training.

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Divider Title: EDUCATION

FY 1997 BUDGET SPRING REVIEW
DEPARTMENT OF EDUCATION

Table of Contents

DEPARTMENT OF EDUCATION
PROGRAM PERFORMANCE ASSESSMENT FOR KEY PROGRAMS

1. Key programs selected.

- o Goals 2000: Educate America Act and Title I of the Elementary and Secondary Education Act (Education for the Disadvantaged)
- o School-to-Work Opportunities and Vocational Education
- o Vocational Rehabilitation
- o Gatekeeping in Student Financial Assistance Programs

The four items presented at this Spring Review were selected jointly by the Department of Education (ED) and OMB, and represent ED's most significant efforts in each of the major policy areas of the Department: Elementary and Secondary Education, Vocational and Adult Education, Special Education and Rehabilitation Services, and Postsecondary Education.

2. a. Why key programs were selected.

- o Goals 2000/Title I. Goals 2000 provides a framework for all other elementary and secondary education programs, is the catalyst for aligning all components of comprehensive school reform with rigorous academic standards, and is the keystone to and most important of the Clinton Administration k-12 education initiatives. Ensuring strong performance measures in this program will have an impact on the implementation of all other Federal el/sec programs, and will be crucial to establishing education performance partnerships that effectively couple national accountability with local flexibility. Title I, the largest el/sec program, is now designed to support the objectives of Goals 2000. Review of the progress in this program will provide a concrete example of the status of our ability to raise standards for all students. It will also help clarify what student achievement results might be expected when and which benchmarks might precede these outcomes.

- o School-to-Work (STW) Opportunities/ Vocational education. This initiative is in its formative stages -- a perfect time to establish agreed-upon outcome measures to help us learn what is being accomplished. It is also the centerpiece to the youth elements of the GI Bill for America's Workers. This issue has been pursued jointly with the Department of Labor.

- o Vocational Rehabilitation. The 1992 amendments to the Rehabilitation Act sought to focus the Basic State Grant program on accountability for client outcomes; statutory changes were made to reporting requirements, and Congress mandated a study of ED's data collection activities. ED's data collection efforts in this program have come under criticism both from within the Department and from outside sources, including independent entities under contract to ED, GAO, and OMB. Sufficient time has passed to permit ED to implement these changes. If Congress does not reform VR this year in the context of the larger debate on job training programs, this effort will inform the Administration's bill next year. If Congress does alter the structure of VR, the accountability structure and supporting performance information may be all the more critical.

- o Gatekeeping. Gatekeeping, institutional quality assurance, for the $35 billion Federal student financial assistance programs is the key to increasing confidence in program integrity and protecting the taxpayer and students. Weak Federal management for institutional eligibility for Federal student aid has resulted in many students attending schools that are incapable of administering student aid funds properly and that provide an educational experience that is unlikely to result in employment and higher earnings for those students. ED received legislative authority in the 1992 Amendments to the Higher Education Act that gives it powerful new tools to screen out and eliminate from eligibility institutions that violate Federal standards. In the 1996 Budget, ED announced that it would have a final operating plan operational by February 1, 1995, but it is not yet done. Moreover, significant improvements in gatekeeping are central to the ability of the GI Bill initiative and to making Pell and student loan funds effective.

b. Highlights.

Last Budget's performance initiatives led to a Fall 1994 agency-wide directive from the Under Secretary, that all programs develop performance measures and strategies for implementation. Since March, 1995, discussion in ED and with OMB has focused primarily on those programs jointly identified by ED and OMB for Spring Review. Each of these programs presents unique challenges for development and use of performance information.

- o Goals 2000/Title I. ED plans to collect data at both the national and State level and has identified for performance indicators both student academic performance and reform processes including numerical indicators, where appropriate, data sources, and timelines for achievement. Given the varied pace of reform, we are not likely to see achievement data reflective of high standards and systemic reforms from the majority of states for perhaps four to seven years. However, some States, such as Kentucky, have already set standards, begun to implement comprehensive reform, and are using new assessments to both track student achievement and reward schools and teachers for gains made.

- School-to-Work Opportunities/Vocational Education. At present, most of the STW evaluation activities are in the planning stage. ED and DOL have just begun developing a new data-collection system for the new STW initiative. In addition, ED intends to expand and complement the STW data collection and analysis efforts through the proposed Perkins Career Preparation Act. These two programs plan to collect information concerning two types of outcomes: student educational and employment outcomes, such as academic achievement, high school graduation, college enrollment, entry job levels, and earnings; and system (or school reform) outcomes, including the number of colleges that recognize courses in applied academic areas when they make decisions about student admission and/or transfer. Pending law changes will significantly alter the administrative process and perhaps data collection and evaluation plans, but not outcome goals.

- Vocational Rehabilitation. VR has a history of elaborate data collection to support process goals, but strong resistance to development of outcome-based performance measures, or evaluation of program effect. There are three bills currently being considered in the House and Senate to change VR. The fundamental goal of VR would not change. The Administration made no proposal in this area, but staff have worked the Hill intensely.

- Gatekeeping. The profound and highly visible management troubles in this key area have spilled over to this exercise as well. The ED submission does not include long-term performance objectives, or performance measures that could be used in the FY 97 budget process. ED has submitted a description of staff operational activities (inputs and outputs).

c. What we know (and don't know) about program performance.

As the papers that follow indicate, our knowledge of program performance varies across the selected programs.

- Goals 2000/Title I. Here, we build on an extensive body of knowledge of student achievement. ED has identified sources of baseline information that include both one-time and longitudinal data for Title I, as well as ongoing program management and monitoring information. It will be some years before we have information on student outcomes under reforms implemented as a result of these recently enacted programs. Until then, we will focus primarily on process implementation elements such as, establishment of standards, restructuring of teacher education, curricular reforms, assessment redesign, and creation of feedback systems, and interim measures that will serve as proxies (e.g., graduation and drop-out rates) for desired outcomes of improved student achievement.

- School-to-Work Opportunities/Vocational Education. As with Goals, there can be no information on student achievement for some years. By September, we expect to receive some information on how each of eight operational States has implemented its STW system, as well as limited baseline information on various parties' participation in the STW system. We expect to see some student and system outcome data beginning in 1996.

- Vocational Rehabilitation. None of the current data has been used to link program management practices with even the short-term successful employment outcomes (either competitive employment or in a sheltered workshop or as homemakers or unpaid family workers) currently tracked by the program. Our job will be to work with ED to make that connection.

- Gatekeeping. The ED submission is a fairly detailed collection of operational data for each of their organizational units involved in gatekeeping, which could be useful in reviewing workload per FTE, but does not provide an indication of progress toward objectives. No real progress will be made here without a cure of ED's management problem; some improvement may occur with appointment of a new Deputy Assistant Secretary.

d. What we might expect to know in the future for the agency fall submission.

- Goals 2000/Title I. We expect preliminary baseline data on state development of standards and assessments, on state reform plans, on state systems for monitoring progress in student achievement, and more information on national student achievement (without regard to the effect of these initiatives) and ED's longitudinal evaluations of these programs.

- Vocational Rehabilitation. In the 1997 budget submission, RSA has agreed it will include performance measures for short-term program outputs. We intent to continue to press for data regarding substantive program impacts.

e. What actions might be taken to improve performance in key program areas.

- o Goals 2000/Title I. OMB will continue to work with ED to establish systems to utilize performance information for decisionmaking and to track the quality of school reform .

- o School-to-Work Opportunities/Vocational Education. We plan to work closely with ED and DOL. We plan to have periodic meetings with the two Departments' evaluation experts and STW program staff to make the process collaborative and efficient.

- o Vocational Rehabilitation. We will continue to work with the Department to develop outcome-based performance measures, and an improved system for data collection and analysis, that can be used at the State and Federal levels to improve program management and service delivery, and improve client outcomes. This effort will be essential under any program structure, whether VR is substantially altered by Congress this year, or under any Administration proposals to reauthorize this program in FY 1997.

- o Gatekeeping. ED needs to establish baseline data on the universe of eligible institutions, including all factors that have proven to be useful early warning signs of poor program quality or lack of financial or administrative capability, that should trigger program reviews, recertification, provisional certification, and/or L,S, and T (limit, suspend, and terminate) actions. We understand ED has constructed a data base on all institutions, but there is no indication of its content or currency in their submission. Their FY 1997 budget submission should indicate numbers of institutions falling below established thresholds and actions accomplished and anticipated against these institutions. As all institutions are recertified in accordance with the 1992 statute, the number of institutions requiring provisional certification and the reasons for provisional status should be detailed, to provide a basis for tracking the ultimate disposition of such cases.

f. Any other concerns that might warrant the Director's attention before asking agencies to submit performance information.

- o Vocational Rehabilitation. Attempts to develop and adjust outcome-based measures have repeatedly been met with resistance from State program administrators and ED. The traditional, quite powerful resistance will be all the stronger after the fear of losing the program in current reauthorization bills. The disability community in general will be very cautious about enduring anything that suggests the programs are not just fine.

- o Gatekeeping. Lack of agency management attention plus lack of political will to keep out poor quality institutions and eliminate them once they have become eligible for Federal student assistance, has resulted in widespread congressional lack of confidence in ED's capacity to manage Federal student assistance, and specifically the new Federal direct student loan program. Stress on building a strong performance based system should be seen as a help to this agency, but is not so viewed by current players. At the Secretarial level, the recognition of a problem here is made subordinate to the political need to build a more positive relationship with the higher education community.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE UNDER SECRETARY

SEP 15 1994

THE UNDER SECRETARY

MEMORANDUM TO PROGRAM SENIOR OFFICERS (SEE BELOW)

Subject: Program Performance Measures

Now that the Secretary's 1996 budget request has been transmitted to OMB, I want to thank you once again for all the efforts and hard work of you and your staffs over the past months in developing a viable program that will fund the four objectives in our Strategic Plan.

As we have discussed on previous occasions, OMB this year is placing a special emphasis on the use of performance measures to inform or influence budget decisions. This is especially important because of the tight budget situation and because of the requirements of the Government Performance and Results Act, which are to be fully implemented by FY 1999. We must know what we want our programs to accomplish, whether they are succeeding, and whether they deserve continued Federal support. And we must improve or terminate those programs that are not effective.

We want to ensure that OMB, in making its resource allocations and program decisions for 1996, has the benefit of not only the best information available at this time, but also our plans for identifying goals, indicators, and measures to be used in assessing future program performance. Our budget submission, which went to OMB on September 9, presented available information on program effectiveness; our major remaining task is to establish goals for the programs and to identify performance measures to gauge our progress in reaching those goals.

Thus, we want to begin immediately a process that will enable us to develop over the next month the information that OMB will need when it begins to make decisions on our request in mid-October. For this initial stage of what will be a continuing, long-term effort, we will focus on our larger programs as well as those for which performance goals and measures are straightforward and more easily identified. We need to establish goals and performance indicators not only for programs for which we are seeking significant increases, but also for those programs for which we are seeking marginal increases or level funding.

Staff from my Office will contact you shortly to begin this undertaking. We have also invited staff from OMB to participate and to provide advice and assistance. The most important stakeholders in the process, however, will be you and your staffs. Therefore, I am requesting that each of you designate a team leader and other members of your staff, as necessary, to work with OUS and OMB staff both in completing this work over the next month and in continuing the long-term effort. We will develop a tentative list of programs on which we should focus, as well as definitions, formats, examples, and other information to guide the work groups.

This will be one of the most important and far-reaching tasks facing us as we work with OMB over the coming months and years on the Department's programs and budget. I would appreciate your getting back to me or Sally Christensen by early next week with your designation of a team leader for this critical undertaking. Thanks very much.

Th
MS

Mike Smith

Eugene Garcia
David Longanecker
Augusta Kappner
Thomas Payzant
Judith Heumann
Sharon Robinson

cc: Other Senior Officers and Senior Staff

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FY 1997 BUDGET SPRING REVIEW
RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF EDUCATION
GOALS 2000 AND TITLE I (EDUCATION FOR THE DISADVANTAGED)

1. Program and Policy Objectives.

Program descriptions: Goals 2000, enacted March 31, 1994, is not an operating program. It provides incentives for States, local school districts, and schools to devise strategies for comprehensive reform of elementary and secondary education based on rigorous and high quality content and performance standards and high expectations for all students. Under Goals, States have great flexibility in how they implement reform. The strategies center on the creation and implementation of high standards in each academic subject that define what all students should know and be able to do at various points along the k-12 school continuum. States can develop their own standards or adopt voluntary national standards, or borrow from standards that other States have developed. They will then develop curricula, teacher education and certification reforms, assessment systems, and feedback and program improvement strategies aligned with the standards. Accountability is to be built into the system at all levels. Student progress will be measured through new assessments tied to the standards, and the public will receive information on how well schools and school districts assist all children in reaching the standards.

To date, 47 States have received grants to develop reform plans, and four have had their State reform plans approved. Montana is expected to withdraw because of political pressure from conservative constituencies. Thirty-six States have established broad-based State governance panels; 12 additional State plans are expected this summer, with a total of 22 by the end of the year.

Title I of the Elementary and Secondary Education Act -- Education for the Disadvantaged, also enacted last year, reauthorizes the Chapter 1 program, and contains many explicit ties to reforms embodied in Goals 2000 that will go into effect on July 1, 1995. The program provides supplemental education funding to local educational agencies and schools, especially in high-poverty areas, to help at-risk children achieve to challenging academic standards. The program currently serves more than 53,000 schools around the country (half of all schools), reaching well over 6 million children. The changes embodied in the new Title I represent a substantial program redirection intended to make these resources support, and greatly hasten the implementation pace of, the reforms to be generated by Goals 2000. Major features of the new program promote links between Title I and overall reform efforts, and include:

- o requiring development of challenging academic content and performance standards for all children.
- o ensuring that Title I students are assessed through a uniform system applied to all students.
- o expanding local flexibility to use Title I funds to implement schoolwide reforms.
- o strengthening parental involvement.

The Federal role in achieving systemic reform: The ultimate goal of both initiatives is to raise the educational achievement of all children. The Federal Government can play a small but catalytic role in achieving this goal. Because of political constraints, the Federal role includes neither national nor nationally certified standards but rather support for State-wide or State-approved standards. It plays a role in improving the quality of reform by providing financial incentives to bring standards-based reform to entire States rather than to a few demonstration projects, by providing model standards and independent critiques of reform plans, by cajoling States to improve achievement by publicizing student performance outcomes, and by supporting a process of integrating all parts of the education system into a cohesive whole. The Federal role is also to quicken the pace of reform by building and projecting a national voice for standards-based reform in particular in the business community and by helping states maintain the political willpower to "stay the course" by requiring timelines and benchmarks in their progress toward their own reform plans. This kind of mutual political support between the Federal, State and local levels is particularly crucial in the early stages of standards-based reform when initial student achievement levels are likely to be disappointingly low and public support may wane.

2. Performance Measures.

We expect each State and local plan for implementing activities supported by Goals 2000 and Title I to be different. We also expect the process to take time as States set high standards, develop reliable assessments and an aligned curriculum based on those standards, train teachers to deliver the curriculum, and change school-based decision-making. Given the varied pace of reform, we are not likely to see achievement data reflective of high standards and systemic reforms from the majority of states for perhaps four to seven years. However, some States, such as Kentucky, have already set standards, begun to implement comprehensive reform, and are using new assessments to both track student achievement and reward schools and teachers for gains made.

> **Kentucky:** This State is widely considered an excellent model of standards-based systemic reform. In 1990, Kentucky overhauled the State's assessment program, teacher training practices, school-governance system,

and school funding formula. Kentucky's education plan spans a twenty-year timeframe and includes six broad student performance goals and accompanying student outcomes and measures of progress as the basis for creating a coherent system of instruction. Their reform initiative includes: designing model curricula based on 75 outcomes describing what children should know and be able to do; performance-based assessment; extensive professional development including the establishment of eight regional professional development service centers; non-graded primary school for 5-8 year-olds so that children may progress at their own rate; and family and youth resources centers for high poverty areas.

Kentucky uses multiple forms of assessments to hold schools and districts accountable for student performance. In February, Kentucky distributed $26 million for more than 13,500 teacher bonuses to schools that had exceeded State student achievement goals. The initial phases of implementing new standards and assessments were difficult, especially when the new 1992 assessments showed that only 10 percent of all students were proficient or better in reading. Schools that didn't measure up were particularly disdainful of reform. **The 1994 test results show overall scores rising dramatically in all subject areas,** although the State continues to work through technical problems with some of its tests.

Vermont: This state is leading the way in developing assessments that focus on complex thinking skills and in working with businesses to ensure that students who do well are rewarded. Vermont is now using portfolio assessments, in which students select and present their best work, in math, writing and science courses for fourth-, eighth-, and twelfth-graders. To reinforce this performance orientation, businesses, through the leadership of the State's Business Roundtable, will require a review of high school graduate's portfolios before employment. Schools are also receiving challenge grants from the state to eliminate tracking and to stress higher order thinking skills.

Kansas: Kansas is the first state to seek approval of its comprehensive school reform plan that did not have one prior to the enactment of Goals 2000. The plan includes its academic standards, an accountability system allows schools to be accredited only if they put in place higher standards and show progress toward meeting them, and a timeline and process for developing assessments and meeting other reform benchmarks. The plan is particularly strong in its integration of all Federal and State programs around the goal of high standards for all students.

History of performance information.

Title I. Title I was enacted originally in the Elementary and Secondary Education Act of 1965 as part of President Johnson's War on Poverty. By the early 1970's, it had evolved into a program of small group instruction in separate classes, most often focused on low-level skills in reading and arithmetic at the elementary school level. Disadvantaged children served by the program tended to be tracked into separate classes or served in pull-out sessions with relatively low expectations for academic achievement. This emphasis on separate classroom instruction resulted from a push for compliance (e.g. easier tracking of program dollars.)

During the 1970's and most of the 1980's, Title I (called Chapter 1 from 1981-1994) helped to equalize educational opportunities and support a national focus on basic skills. Good quality early data on the direct effects of Title I are not available, but during the 1970's and early 1980's, the gap in educational achievement between students in disadvantaged urban communities and more advantaged students narrowed substantially, according to NAEP data (nationally representative information on student achievement in core academic subjects). In recent years progress has stalled and the gap appears to be widening. Schools in very high-poverty communities in particular have shown little improvement, particularly in moving beyond basic skills to more challenging content.

According to a July 1993 report from the first longitudinal assessment of Chapter 1, over a one-year period Chapter 1 students did not improve their relative standing in reading or math in the 4th grade, or math in the 8th grade. The progress of Chapter 1 participants on standardized tests was no better than that of non-participants with similar backgrounds and prior achievement. (The final report of the longitudinal assessment is due January 1997.) Recent NAEP data on reading scores reinforce these negative findings.

In the 1980's and early 1990's, ED and a large interest group community investigated and identified the characteristics of the existing program that were most likely inhibiting effectiveness, including low expectations of students, the teaching of basic instead of higher-order skills, pullout programs, and perverse financial incentives if students are placed out of the program. That information was incorporated, together with findings from evaluations and assessments of approaches that demonstrated improved student performance, into the Administration's proposed reauthorization, and many proposals were enacted into the new Title I program.

Goals 2000. Goals 2000 represents the first Federal statutory commitment to high academic standards coupled with comprehensive reform (the Bush Administration pursued this strategy with the Governor prior to the enactment of Federal law). The proposed process changes -- in curriculum, instruction, teacher training, and community and parental involvement -- are grounded in years of innovation and research and so hold reasonable promise of success.

For example, research in other industrial countries and in re-structured schools shows that aligning standards, curriculum, and teacher training improves student performance. Demonstration programs, such as the College Board's Equity 2000, show that if more is expected of students, and if teachers deliver a curriculum that reflects this, student achievement increases. Research also shows that the more parents are involved in the education of their children, the more likely their children will succeed in school. In addition, several States have made progress toward developing standards to certain extent because of ED grants awarded to 29 States between 1992 and 1994, reinforced by technical assistance in establishing standards.

Issues central to evaluating systemic reform. ED is aware that, in order to maintain support at the Federal, State and local levels, it will have to demonstrate that Federal efforts are on the right track. The Department has sought extensive outside expert advice to help design its evaluation strategy.

- <u>Can the Federal Government and States guide the work of reform in our decentralized system</u>? States have traditionally had authority over elementary and secondary education, which many have delegated to localities and independent school boards; some localities have in turn delegated to individual schools. ED has already encountered significant resistance, primarily from school and State education administrators who risk having their schools not measure up to high standards, and public groups fearful of Federal control, against the Federal role in supporting reform.

- <u>Can reform guide teaching and learning away from long established practices of teaching basic skills measured by standardized tests</u>? The answer is not clear. Our money alone won't force this. Only agreement by teachers and administrators in this system, and continued pressure from Governors, business, and the public can make it happen.

3. Performance measures that will be used in the FY 1997 budget process.

ED has paid much attention to the questions of "what do we expect to get from these reforms," and "how do we measure systemic reform?" ED proposes an approach that looks at systems of support at all levels (national, State, and local) for improved teaching and learning, examines the ways Federal programs can contribute to this support, and seeks to define and discern the program contributions to the desired result of improved student achievement. Goals 2000 funding and the additional Federal support provided by Title I and other ESEA programs cannot be assessed outside the context of broader reforms. The integrated approach described below draws upon

ED's own evaluations and research as well as studies conducted by other Federal, State, nonprofit and private organizations, and information generated by program implementation, management, and monitoring. A summary of the preliminary information we expect to have available to us for the FY 1997 budget process is presented in an Appendix to this paper.

Summary of Progress Toward Use of Performance Measures in Goals 2000 and Title I

Even though data on student achievement based on high standards may not be available for a few years, ED has identified indicators of changes in schools and classrooms, as well as changes in policy and programmatic efforts that will help us gauge whether individual States and the nation as a whole are moving in the right direction. These indicators include components of systemic reform, as well as numerical and percentage benchmarks, timelines, and data sources, and immediately follow this paper.

This information does not replace the need for in-depth evaluations to link activities to outcomes. It does, however, reorient the Department of Education from a compliance-based model to an outcome-based model, freeing up States and localities to address local needs with more innovation and greater focus on better results for students.

Included as attachments to this paper are:

- Performance measures and indicators. The indicators are arranged to reflect five categories of performance:

  1) student achievement in core academic subjects (this is the most significant long-term measure);
  2) school and classroom improvements based on high standards;
  3) Federal, State, and local capacity building;
  4) parental involvement in education; and
  5) the involvement of other stakeholders -- including the broader community and businesses.

- Citations to Sources of information on these indicators and when they will be available. The primary sources are:

  -- Studies, assessments and evaluations, including: the National Assessment of Educational Progress (NAEP); ED State and Local Studies of Goals 2000 and IASA Implementation; and ED Federal Implementation Study of Goals 2000 and IASA

-- Analysis of State assessment results. ED will collect information from States on the outcomes of their own assessments. Many of these will be new and may not reflect newly developed standards for four or five years. These results will not allow for between State comparisons, except as percentage improvements toward achieving high standards. Problems may also arise if "State" standards vary from school district to school district. ED will use NAEP results to help gauge the accuracy of State assessment results.

-- Reviews of State plans both for Goals 2000 and Title I -- these will help indicate plans for alignment, not necessarily implementation.

-- Reviews of Title I schoolwide plans.

-- Reports from integrated team monitoring -- ED is organizing itself into regional teams that will provide technical assistance and carry out monitoring of all ESEA programs in an integrated fashion.

-- Council of Chief State School Officers surveys and reports -- these provide broad information on the development of standards and assessments. Some at ED feel that these overstate where States are in the development of systemic reform. However, when coupled with other forms of information, they provide a thumbnail sketch of progress toward reform.

-- Public opinion polls and customer surveys.

o <u>ED's strategies for reviewing and implementing performance measures</u> for Goals 2000 and Title I.

4. Summary of current program resources.

<u>Programs</u> <u>FY 1996 budget estimates</u> (Dollars in millions)

<u>Programs</u>	<u>FY 1996</u>		<u>FY 1997</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Title I	7,000	6,532	6,790	6,932
Goals 2000	750	376	750	665

5. **How can performance be improved?**

It will take several years before States have in place assessments that reliably measure student progress toward high standards. As a result, for the early years of implementation, we will be tracking the processes States are putting in place (e.g., how many States have developed and adopted standards and assessments, and aligned instructional practices and curricula with these) looking to these intermediate outcomes as markers of their successful implementation. And even successful intermediate outcomes (e.g. many State have adopted standards based on voluntary national standards) do not guarantee improved end outcomes.

ED has completed much thoughtful work in designing its performance measures and continuous improvement system for Goals 2000 and Title I. The following are areas in which we would like to see additional information as we move toward budget season in the fall.

Program Improvement. A number of indicators reflect ED's commitment to utilizing performance information for continuous program improvement. We are interested in understanding more specifically how ED's strategy will be implemented and have the following questions:

- o Will there be benchmarks for whether States, school districts and schools have mechanisms for reviewing plans and program results and reincorporating this feedback into their programs?

- o At the Federal and State level, how will indicators and plans be periodically reviewed and updated? Specifically, ED's indicators include a number of targets for percentages or numbers of schools that will be at a certain stage in the reform process by a certain time. What is the process for evaluating whether these are realistic or whether they should be changed?

- o At the local level, how will performance information be used to improve programs if less input data are being collected?

- o What is ED's internal process for instituting changes based on performance information?

Other areas requiring additional information:
Professional development. The only indicator specifically on professional development relates to Title I aides acquiring GEDs or the equivalent. We think other much more important professional development measures should

be included, like teaching skill levels, and grasp of substantive knowledge of area taught.

Involvement of businesses and post-secondary institutions as both stakeholders in and consumers of the results of education reform. The ultimate goal of school reform is that students are successful in whatever they choose to do after high school. Although high achievement is a significant predictor of this success, the real end goal is the reward that students receive for reaching high standards, whether it be in the workplace, in a post-secondary institution or as a citizen. We suggest that the indicators should both reflect this and that the involvement of business and IHE's should be incorporated more explicitly in the public participation indicators. This requires a clear link to School-to-Work now and under any new law. ED and the Department of Labor are pursuing this together.

Quality of Systemic Reform. A variety of sources have begun developing State checklists of components of systemic reform. While these provide some information, they rarely reflect the extent to which these components are being implemented in schools and whether they are of high quality. We are interested in the instruments that will be used in the State survey (both the Baseline Fast Response Survey of Schools and the Evaluation of States' Planning and Implementation Efforts) and the information that will be gathered through integrated program monitoring in terms of how they will measure and report the quality of systemic reform. Exactly what kind of information does ED expect to get and by when, and how will it be more than a check list of whether states say, for example, that they have standards and assessment in place? If the baseline survey is less in-depth than the State evaluation, will it provide adequate data for comparisons to future developments? Without more in-depth information, is there a danger that the baseline will overstate where we are right now?

We also suggest that ED consider using the some of the benchmarks that it developed in coordination with the National Science Foundation to track progress in math and science systemic reform efforts.

Data. How will ED make comparisons in student achievement if standards vary both between States and within States?

Appendix

What Information Do We Expect by Budget Season?

The following is preliminary information on the implementation of Goals 2000 and the reauthorized Title I that we can reasonably expect by November. Much of this information will come from a synthesis of program monitoring and reviews of State and some local plans. It will therefore not reflect rigorous evaluative information but will provide a snapshot of how far States have progressed in implementing Goals 2000 and Title I.

Sources

- o Systemic reform fast response survey, a short survey of school principals, and possibly some baseline data from the survey of State systemic reform implementation (results will be available by November)
- o Program monitoring information (on-going by ED staff)
- o Synthesis of Information from Chief State School Officers, from the Goals Panel, from New Standards, and from the National Science Foundation systemic reform initiative reviews of the development of state standards and assessments (by September)
- o Review of State Goals and Title I plans (June through September)

Information will include -

Infrastructure:

- which States have Goals Panels (36 right now)
- status of Goals reform plans (expect 12 more in over the summer)
- where States stand politically
  - -has the legislature voted on school reform? have there been political challenges to the reform or to participation in Goals 2000?

Standards:

- where States stand on the development of standards
  - -which ones are implementing statewide standards vs. State-approve local standards
  - -in which subject areas
  - -do they resemble a very detailed model, such as Delaware's, or a more general model, such as Kentucky's

Assessment:

-what ED, the Chief State School Officers, the Goals Panel, New Standards project, and Title I administrators are doing to help States establish assessment systems

-some limited information on State assessments

-1994-95 results from Kentucky, possibly results from Oregon

Technology:

-status of State technology plans -- how far along State's are, what a few of the plans look like

Alignment of all aspects of instruction:

-information from fast response survey and from State survey (probably not until Dec.)

-review of some schoolwide project plans

-review of Goals 2000 State reform plans and information from peer review and site reviews

ED Implementation:

-precisely how continuous improvement will work

-what kinds of technical assistance will be provided to States

-what systemic reform State survey and evaluation instruments will look like

-progress toward longitudinal studies

-how well Federal programs are integrated

-how integrated program monitoring will function

GOALS 2000 AND TITLE I PERFORMANCE INDICATORS

INDICATORS	POSSIBLE SOURCES	1995	1996 [1]	1997	1998 [2]	1999
IMPROVED LEARNING: Student achievement nationally and in high-poverty schools will show significant improvement in core subjects.						
Between 1994 and 1998, the proportion of students who meet or exceed proficiency levels in reading and math on such measures as the National Assessment of Educational Progress will increase by 10 percentage points.	National Assessment of Educational Progress (NAEP) results in reading and math and other core subjects	*	*	*	*	*
	Omnibus Longitudinal Evaluation of Schools, which may include NAEP/Third International Math and Science Study (TIMSS) items		*	*	*	*
Students in high-poverty schools will show improvement comparable to that of other students in the nation and the states, dramatically reversing the decline in disadvantaged communities in recent years.	Prospects for baseline data regarding student achievement in reading and math	*				
	NAEP results in reading and math and other core subjects	*	*	*	*	*
	Omnibus Longitudinal Evaluation of Schools, which will include NAEP and TIMSS items		*	*	*	*
	Analysis of State Assessments' Results		*	*	*	*

Note: Elementary and Secondary Education Act (ESEA) programs were reauthorized by the Improving America's Schools Act (IASA) and are referred to in this document as IASA programs.

1. Interim report of the National Assessment of Title I due to Congress, January 1996.
2. Final report of the National Assessment of Title I due to Congress, January 1998.

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May 10, 1995

INDICATORS	POSSIBLE SOURCES	1995	1996[1]	1997	1998[2]	1999
SCHOOLS AND CLASSROOM IMPROVEMENT FOCUSED ON CHALLENGING STANDARDS: Engagement in improvement efforts focused on enabling all students to reach challenging standards will grow systemwide.						
By school year 1996-97, as many as 20,000 individual schools--about one quarter of the public schools in the country--will actively participate in locally-developed reforms stressing challenging standards for all children. For school year 1998-99 the target is 60,000 schools.	Baseline Fast Response Survey of Schools to determine the current awareness and status of school reforms outlined in Goals 2000 and IASA	*				
	Omnibus Longitudinal Evaluation of Schools, which will be linked to LEA & State Surveys		*	*	*	*
By 1997-98, surveys of principals and teachers will indicate that at least 25 percent of the schools and classrooms have aligned curriculum, instruction, professional development and assessment to meet challenging state or local standards. High poverty schools will show progress in aligning classroom practice with challenging standards comparable to that of other schools in the nation.	Baseline Fast Response Survey of Schools to determine the current awareness and status of school reforms outlined in IASA	*				
	Omnibus Longitudinal Evaluation of Schools, which will be linked to LEA and State Surveys		*	*	*	*

Note: Elementary and Secondary Education Act (ESEA) programs were reauthorized by the Improving America's Schools Act (IASA) and are referred to in this document as IASA programs.

1. Interim report of the National Assessment of Title I due to Congress, January 1996.
2. Final report of the National Assessment of Title I due to Congress, January 1998.

INDICATORS	POSSIBLE SOURCES	1995	1996	1997	1998	1999
By 1997-98, at least half of all Title I schoolwide program plans will show comprehensive approaches to improving curriculum, instruction, and assessment aligned with challenging state and local standards.	Review of Title I Schoolwide Program Plans	*	*	*	*	*
	Omnibus Longitudinal Evaluation of Schools, which will be linked to LEA and State Surveys		*	*	*	*
Title I programs will have highly qualified staff. Where aides are used, they will have high school diplomas or GEDs within 2 years of employment, and the proportion of aides receiving further professional training will increase.	Prospects for baseline data regarding teacher aide credentials	*				
	Chapter 1 School Survey for baseline data regarding teacher aide credentials	*				
	Omnibus Longitudinal Evaluation of Schools, which will survey school staff--including teacher aides		*	*	*	*
	Schools and Staffing Survey	*		*		*

INDICATORS	POSSIBLE SOURCES	1995	1996	1997	1998	1999
***FEDERAL, STATE AND LOCAL SUPPORTS:** Alignment of policy and strategic assistance will support school and classroom improvements toward challenging standards.*						
By 1995-96, 75 percent of states will have approved Goals 2000 plans and be in the process of implementing them.	Review of Goals 2000 plans and state monitoring reports	*	*	*	*	*
	ED State Survey of Goals 2000 and IASA implementation	*		*		*
Consolidated IASA plans received in Spring of 1996 will show evidence that Goals 2000 plans are providing a framework for reform.	Review of State IASA plans	*		*		*
	Council of Chief State School Officers surveys and reports	*		*		*
	Feedback on progress from conferences and other major public and private initiatives					
By 1995-96, at least 25 percent of the states will have content and performance standards in place for two or more core subjects; 80 percent of the states will have them by 1997-98.	Review of Goals 2000 plans and state monitoring reports	*	*	*	*	*
	ED State Survey of Goals 2000 and IASA implementation	*		*		*
	Review of State IASA plans	*		*		*
	Council of Chief State School Officers surveys and reports	*		*		*
	Feedback on progress from conferences and other major public and private initiatives					

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INDICATORS	POSSIBLE SOURCES	1995	1996 [1]	1997	1998 [2]	1999
By 1996-97, at least 25 percent of the states will have aligned assessments and provisions to assess all students for two core subjects; by 1998-99, 50 percent of the states will have them.	Review of Goals 2000 and IASA Plans	*	*	*	*	*
	ED State Survey of Goals 2000 & IASA Implementation	*		*		*
Independent evaluations of an anonymous sample of states will show that their standards are comparable to benchmarks for high standards, such as voluntary national, international, or other established standards.	Review of state curriculum frameworks and standards in math and science, by expert panels convened by the CCSSO and NSF	*	*	*	*	*
	Analysis of anonymous sample of states		*	*	*	*
Surveys of national organizations and states will show that increased outreach has produced greater understanding and engagement of key partners and all segments of the public in school improvement.	ED Customer Surveys	*	*	*	*	*
ED approval of plans submitted for the Goals 2000 and ESEA programs will be timely and streamlined to eliminate red tape and regulations.	Federal Implementation Study		*		*	

INDICATORS	POSSIBLE SOURCES	1995	1996[1]	1997	1998[2]	1999
New waiver authority and flexibility will stimulate increasing numbers of schools to implement promising innovations and integrated approaches to respond to the needs of children. Waiver approved under Goals 2000 will be directly connected to implementation of state improvement plans. Information on waivers requested and approved will be widely shared to stimulate improved teaching and learning.	Federal Implementation Study of Goals 2000 and IASA		*		*	
Federal, state and local implementation (e.g., joint planning, cross training, professional development, technical assistance) of Title I reflects consideration of and coordination with other programs serving at-risk students (e.g., Migrant education, special education, Title VII, services for homeless children, Head Start).	Monitoring and review of State and Local IASA Plans	*	*	*	*	*
	ED State Survey of Goals 2000 and IASA Implementation	*		*		*
	ED Local Survey of Goals 2000 and IASA Implementation		*		*	
	ED Federal Implementation Study of Goals 2000 and IASA		*		*	
Federal program monitoring through regional service teams will demonstrate an integrated, customer-focused approach to encourage performance accountability and continuous improvement. For example, program review documents will be shared with state and local officials in a timely manner and reflect a unified and comprehensive strategy for improvement.	ED Federal Implementation Study of Goals 2000 and IASA		*		*	

INDICATORS	POSSIBLE SOURCES	1995	1996[1]	1997	1998[2]	1999
Federal guidance on the implementation of Title I will be assessed by state and local program coordinators as timely, understandable, and informative. Guidance will show the connections possible across federal programs.	ED Customer Surveys		*	*	*	*
	ED State Survey of Goals 2000 and IASA Implementation	*		*		*
Research findings on promising practices and "what works" will be extensively disseminated to people who need and will use the information.	ED Customer Surveys		*	*	*	*
	Baseline School Survey	*	*			
The increasing number of Title I schoolwide programs, extended learning programs, charter schools, and comprehensive bilingual education programs will indicate growing awareness and acceptance of innovative and integrated approaches to improve teaching and learning.	Chapter 1 State Participation Information for baseline information regarding the number of schoolwide programs	*				
	Title I State Participation Information		*	*	*	*
	Review of Title I Schoolwide Program Plans	*	*	*	*	*
	Baseline Fast Response Survey of Schools to determine the current awareness and status of school reforms outlined in IASA	*				
	Omnibus Longitudinal Evaluation of Schools to examine the scope and quality of Title I schoolwide programs		*	*	*	*

INDICATORS	POSSIBLE SOURCES	1995	1996	1997	1998	1999
INCREASED PARENT AND FAMILY INVOLVEMENT IN LEARNING: Family involvement in learning will improve in all types of schools and communities.						
Parents will show increased awareness of the extent to which states and locals are developing challenging standards for all children.	Public opinion polls - Roper monthly updates of major polls (Gallup, NORC, etc.), and special polls as needed	*	*	*	*	*
Parents will report increased participation in their children's learning both at school and at home (e.g., reading with their children, monitoring homework, monitoring TV viewing).	NCES Household Surveys	*	*			
Title I schools will use school-parent compacts to outline and promote the shared responsibilities of schools, parents, and students.	Baseline item from Public Agenda Survey	*				
	NCES Household Survey		*			
	ED Customer Surveys of Parents to identify parents' needs and determine the scope of their involvement in Title I-related activities	*	*	*	*	*
	Omnibus Longitudinal Evaluation of Schools to survey parents and schools in order to examine the scope of parent involvement		*	*	*	*

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INDICATORS	POSSIBLE SOURCES	1995	1996	1997	1998	1999
Parents in high-poverty schools will indicate that schools are increasingly open and responsive to parental involvement.	Prospects for baseline information regarding parent involvement	*				
	ED Customer Surveys of Parents to identify parent needs and determine the scope of their involvement in Title I-related activities	*	*	*	*	*
	NCES Household Survey		*			
	Omnibus Longitudinal Evaluation of Schools to survey parents and schools in order to examine the scope of parent involvement		*	*	*	*
INCREASED PUBLIC PARTICIPATION AND SUPPORT FOR IMPROVEMENT: Public awareness of the importance of challenging academic standards will increase significantly.						
The general public will show increased awareness of the importance of challenging standards for all children and of the need for improved teaching and learning.	Public opinion polls - Roper monthly updates of major polls (Gallup, NORC, etc.), and special polls as needed	*	*	*	*	*
Surveys of national organizations and states will show that increased outreach has produced greater understanding and engagement of key partners and all segments of the public in school improvement.	Federal Implementation Study		*		*	
	ED State Survey of Goals 2000 and IASA Implementation	*		*		*

PLANS FOR REVIEWING THE PERFORMANCE OF GOALS 2000 AND TITLE I

The success of Goals 2000 and Title I will depend, in no small part, on being able to show evidence early on that they are linked to systemic efforts to improve teaching and learning. Mapping backwards from the long-term goal of improved student performance, there are changes in schools and classroom, as well as changes in policy and programmatic efforts supported by Goals 2000 and Title I, that should be tracked. Just as reform is conceived of as operating within a system that can sustain change, performance review needs to be viewed as necessary feedback for continuous improvement of that system. Performance review can contribute to improvement by pointing out problems in implementation, highlighting promising strategies, and helping to maintain the focus on better results for students.

Performance review of Goals 2000 and Title I involves multiple strategies, ranging from new integrated performance monitoring to long-term Congressionally mandated studies. To track and analyze federal education policy and support linked to Goals 2000 and Title I, in state and local contexts, the plan builds on several types of evaluative activities: performance indicators development and an integrated monitoring system, benchmarking and special issues studies, and a longitudinal evaluation of schools for examining the federal impact on state and local reform for upgrading educational performance. A performance indicator system provides the framework to link our desired end results with our strategies of alignment and systemic support for reform, suggesting the kinds of evaluative information necessary to assess progress and performance. Our information needs include both shorter-term checks on public awareness of change and longer-term evaluation of the change process at the school and classroom levels.

The following includes a description of key planned efforts to measure the progress and impact of Goals 2000 and Title I. Both efforts will be examined within the broad context of reform. including links to one another and other federal programs.

<u>I. Performance Indicator System for Goals 2000 and Title I</u>:

A. **Design, development and analysis of performance indicators** constructed from plan reviews and reporting. This activity would include reviewing and synthesizing from state plans and progress reports and from Department performance monitoring reports a set of key indicators to measure progress in implementing plans established under Goals 2000 and Title I. It builds upon the indicators presented in the Department's <u>Strategic Plan</u> and worked out in discussions with representatives of state policymakers and Title I coordinators. Additional support would include developing a design for an information system to track performance on the indicators and provide contextual information on state and local reform efforts.

Progress to date: Preliminary work has begun with the Urban Institute in reviewing consolidated Goals 2000 and

IASA plans and in designing an information system based on state plans and program monitoring.

B. **Periodic public opinion and stakeholder surveys** piggybacked on existing polls (such as Harris, Gallup or NORC), to the extent possible, to contain costs. Also periodic tracking surveys of knowledge and perceptions of Goals 2000, Title I and reform efforts of teachers, administrators, and parents will be conducted through such means as the NCES Fast Response Survey System.

Progress to date: PES has contracted for monthly Roper updates on education-related public opinion surveys. Updates of "What the American Public Wants from its Schools" distributed monthly to ED officials.

PES is working with ORAD at OERI on joint surveys of principals and teachers to serve as a baseline on awareness and attitudes towards reform and changes in Title I and other federal programs.

C. **Analysis of the availability of information** on Goals 2000, including an examination of frequency and themes of print coverage, and an analysis of Departmental "customer" contacts through hotlines, labs and centers, etc. to identify areas for improved performance. Such work could include independent analyses of public messages, planning documents, and performance reporting at all levels assessed in terms of clarity, readability, and ease of interpretation.

For example, the Department would contract for the creation of an information base from the Department's clipping service using common software and for technical support in using this information base. It would allow monitoring of whether the Department's initiatives result in any change in media coverage and to track this by media market. The resulting information would assist the Department in increasing the effectiveness of its outreach activities.

Progress to date: None yet.

II. Benchmark Evaluations and Special Analyses:

A. **Study of States' Planning and Early Implementation of Goals 2000 and IASA**—Surveys and case studies of the planning process and early implementation of Goals 2000 and IASA, particularly Title I. The evaluation will focus in particular on how the legislative framework and federal resources are incorporated into the context of state reform efforts. Key issues to be examined include state activities, under both Goals 2000 and Title I, regarding: the planning process and development of state plans; standards setting and aligned assessments; support for professional development and technical assistance to locals in planning, performance accountability, including incentives and sanctions, and other supports, such as waivers, to encourage local flexibility and innovation. Cases will be selected to reflect the various stages in design and implementation among the states. Both current and out-year funding would support in-depth examination of schools and classrooms in leading-edge states; to the extent possible, school and classroom studies should be linked or imbedded in the longitudinal evaluation of schools described below. Linked to the longitudinal evaluation, the state study supplements that broad national data with rich qualitative information on systemic reform.

Progress to date: Task order in the process of being awarded to Policy Studies Associates with a subcontract to the Consortium for Policy Research in Education for the in-depth case studies.

B. **Evaluation of Federal Efforts to Assist in School Reform** will examine the federal role in promoting improved state-, local and school-level practices in implementing federally-supported efforts, particularly under Goals 2000 and Title I. This study will address Congressional mandates under both Goals 2000 and IASA to evaluate federal assistance to states, focusing on the role and effectiveness of the Department's programs, technical assistance, regulation issuance, plan reviews, etc.--building on the performance indicators and broader studies. A particular focus for both Goals 2000 and Title I would be a review and analysis of waivers requested under new waiver authority, to examine the process for approval and implementation, the adequacy of protection for target populations, and the scope of the flexibility proposed. A further area of focus would be on the coordination of various national expert groups created by the Goals 2000 legislation, as requested in the congressional mandate.

Progress to date: Task order drafted for work to be done by the Urban Institute.

C. **Study of Local IASA and Goals 2000-Supported Planning and Implementation** will analyze local districts' efforts to implement IASA programs, particularly Title I, and Goals 2000-supported efforts within the context of reforms. Key issues to be examined would include districts' progress with respect to consultation with schools in planning and implementing strategies to align curriculum and professional development with standards developed under Goals 2000 or Title I, determining the best use of federal funds to address the needs of target populations, implementing school improvement requirements, and promoting coordination across various programs.

Progress to date: Planned competitive procurement.

D. **Synthesis of National Data on Trends in Student Achievement and System Performance.** Analysis of data from NAEP, Schools and Staffing, and the NCES National Household Survey will provide corroborative national information on the extent of reform and improvement. While not linked to particular federal programs, indicators from these data bases can offer valuable contextual information.

Progress to date: Data items are being reviewed for inclusion in the indicator system.

III. Longitudinal Evaluation of the Impact of Reform on Schools:

An omnibus longitudinal evaluation of schools will allow for the analysis of the cumulative impact of federal support for upgrading educational performance at the school and classroom level, particularly in schools serving students of federal concern 32
(e.g., low-income, limited-English proficient, Native American). A longitudinal design will provide a better understanding how schools change within the context of federal, state, and local reform.

Trends in student performance will be examined through a mixed approach involving assessments to include items from NAEP, the TIMSS (Third International Mathematics and Science) exam and other measures, including state and local exams.

The longitudinal evaluation will include:

- A nationally representative sample of schools for assessing the progress of systemic reform generally and in different kinds of communities. The national sample would provide a comparison against which to assess subsamples of schools of particular federal interest, such as Title I schoolwide program schools and Title I schools that have been repeatedly identified as requiring school improvement.

- Subsamples of schools of particular relevance for federal policy improvement. Possible subsamples include Title I schoolwide program schools, schools with high concentration of American Indian students, schools receiving Title VII comprehensive school grants, and Title I schools that have been repeatedly identified as requiring school improvement.

- Contextual information collected at the local and state levels to assess the extent to which these levels are providing a coherent policy framework, resources, quality monitoring, and incentives to support comprehensive school improvement.

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Divider Title: **5**

FY 1997 BUDGET SPRING REVIEW
RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENTS OF EDUCATION AND LABOR
SCHOOL-TO-WORK AND VOCATIONAL EDUCATION PROGRAMS

1. Program and policy objectives:

In this Spring Review, HRD will examine performance measurement issues related to two new workforce preparation programs for youth -- the School-to-Work Opportunities initiative and the proposed Perkins Career Preparation program.

The School-to-Work (STW) Opportunities Act was enacted in May 1994. Its purpose is to promote comprehensive education reform by establishing a national framework for a universal, high-quality school-to-work transition system. As conceived by the Act's framers, this system will enable all youth -- the non-college-bound, college-bound, as well as out-of school youth -- to identify and navigate paths to productive and progressively more rewarding roles in the workplace. Administered jointly by ED and DOL, the Act would achieve its purpose by providing venture capital to States through FY 2001, in order to underwrite the initial costs of planning and establishing statewide systems. These systems will be maintained, however, with other Federal, State, and local resources. Once in place, the State STW systems will engage employers as joint partners in education and include work-based learning experiences to improve schools and job training programs.

To marshal Federal vocational resources to achieve the School-to-Work objective, the Administration has proposed restructuring the major Federal vocational education program -- the Perkins program -- as part of its GI Bill for America's Workers (GIBFAW). The Administration's new proposal called "Perkins Career Preparation Reform Act of 1995" was introduced to the Congress in April (S. 696 and H.R. 1426). GIBFAW also proposed similar restructuring of the Job Training Partnership Act (JTPA) youth activities to apply the STW model for at-risk and out-of-school youth programs, but no bill was submitted. (For more discussion on GIBFAW, see the section entitled "Performance Accountability in Workforce Development Reform.") Under ED's Perkins Career Preparation Act proposal, about $1.2 billion is requested to support the development, implementation, and expansion of STW systems within secondary and postsecondary schools. Some examples of supported activities include integrating academic and occupational instruction, connecting secondary and postsecondary education, linking school-based and work-based learning, and enabling students to complete career majors in broad occupational clusters.

Taken together, the STW initiative, the Perkins proposal, and the JTPA proposal represent a new Federal workforce preparation approach. In this new approach, the STW initiative provides States with an opportunity to build an overarching, coherent framework; within that framework, in-school career preparation services and activities would be supported through the proposed Perkins program, while out-of-school activities would be financed through what are now JTPA youth resources of about $1 billion.

Compared with the Administration's proposal, the congressional proposals from Kassebaum and McKeon weaken the STW initiative and instead emphasize traditional vocational education activities. Although both congressional proposals include some language similar to the STW Opportunities Act, they omit many crucial components of the STW initiative. In the CAREERS bill (HR 1617) markup on May 24, Republican Committee members made a verbal commitment to trying to incorporate the STW Opportunities Act initiative in their bill. (For more discussion on workforce development reform proposals, see the section entitled "Performance Accountability in Workforce Development Reform.")

The long-term objectives of the STW initiative and the Perkins proposal are to help States and localities to establish coherent and comprehensive career preparation systems that:

a. prepare all students to achieve to high standards of academic and occupational learning;

b. connect school- and work-based education; and

c. provide opportunities for students to pursue advanced education and training at the postsecondary level and/or earn a skill certificate based on industry-recognized standards.

2. Performance measures on which information is now available to assess progress in achieving the objectives:

In FY 1994, all 50 States received non-competitive *planning* grants supporting the design of comprehensive statewide STW systems. In addition, eight "leading edge" States that were ready to implement their plans received first-year funding for five-year *implementation* grants and began to implement their State systems. A second State competition is underway; an additional 20 States are expected to win five-year implementation grants.

Local partnership grants were awarded in FY 1994 to fifteen local communities that were ready to put STW systems in place but that are located in States whose STW systems remained in the planning stage. The second competition for local grants will be held in the next couple of months. Also, in FY 1994, 20 grants were awarded to urban and rural areas characterized by high poverty.

The National STW Office reports that by spring 1995 the STW initiative has reached more than 116,000 students, over 41,000 employers, and more than 2,700 schools in 8 States and 35 communities.

Given STW's short history, there is no information yet available for assessing progress toward the STW program and policy objectives described above. At present, most of the STW evaluation activities are in the planning stage. ED and DOL have just begun developing a new data-collection system for the new STW initiative. In addition, ED intends to expand and complement the STW data-collection and analysis efforts through the proposed Perkins Career Preparation Act. All plans will likely change considerably based on a new law.

(Note: McKeon's CAREERS bill (H.R. 1617), reported out by the committee on May 24, requires each State to use performance indicators for consolidated youth programs, consistent with the State-developed goals. It also requires the Federal Government to establish "world class" standards and to develop definitions for a set of core indicators that will enable the Federal government to compare performance across States.)

The STW initiative and the proposed Perkins program plan to collect information concerning two types of outcomes: (i) student educational and employment outcomes, such as academic achievement, high school graduation, college enrollment, entry job levels, and earnings; and (ii) system (or school reform) outcomes, including the number of school districts with career major programs leading to industry-recognized skill certifications and the number of colleges that recognize courses in applied academic areas when they make decisions about student admission and/or transfer. (See attached.)

To collect the outcome information, the Departments propose conducting many evaluation activities -- including designing new evaluation studies, augmenting existing survey questionnaires, and extracting relevant information from various sources. They includes:

(1) Evaluation Study of STW State and Local Implementation Grants. This evaluation would sample four communities from each of the eight states that received the Federal funds in the first-year State implementation grant competition (in FY 1994). Over a five-year period, this evaluation study would assess system changes,

student outcomes, and the relationships between the two.

(2) National Longitudinal Survey - Youth. The National STW Office also plans to add to the current National Longitudinal Survey - Youth a series of questions probing the STW experiences of students and school administrators , beginning in 1996. These questions will yield information on student school and work experience (supplemented by information collected from student transcripts) as well as school administrators' assessments on the implementation of STW activities at their schools.

(3) Tech-Prep and Career Academies Evaluations. ED proposes using the congressionally-mandated evaluation studies of the Tech-Prep and Career Academy programs -- two of several promising STW activities on which many States' STW systems will be built -- to determine what kinds of program characteristics facilitate or hinder certain student outcomes.

ED/DOL's general approaches to the STW evaluation studies include: (1) building on various data sources, including each state's and local community's evaluation and major national data bases regarding school and work; (2) allowing data collection activities that can accommodate the diversity in state and local strategies for developing comprehensive school-to-work systems; (3) assessing STW system-building activities within the context of other state policies and reform strategies on education and workforce development; (4) using both quantitative and qualitative indicators of what a school-to-work experience entails; and (5) incorporating short-term and intermediate evaluation results in program implementation, policy development, and technical assistance activities.

3. Performance measures that will be used in the FY 1997 budget process to assess progress in achieving the objectives:

There will be no program outcome information by September for the FY 1997 budget process.

HRD expects to receive limited performance information by September, and to see more comprehensive data beginning in 1996. By September, the National STW Office will be able to submit to OMB some information on how each of the eight leading edge States has implemented its STW system, as well as limited baseline information on various parties' participation in the STW system, collected from the State performance reports. At present, the National STW Office is working with eight States to develop a common nomenclature for the many school-to-work components in order to minimize inconsistency in the types of measures and definitions that are employed in different States' reporting systems.

It is not, however, clear how successful the National STW Office will be in developing common definitions of STW performance indicators. For some terms (e.g., the relatively new concepts such as "job shadowing"), it will be easy to come up with a universally acceptable definition. But for other terms that States have historically used to mean difficult things (e.g., "learning gain"), reaching consensus may be very difficult. It is very likely that STW performance indicators will not all be comparable across States. Some indicators will be State-specific.

In addition, by September, ED and DOL will have started to conduct their evaluation study of the STW State and Local implementation grants. Beginning in early 1996, grantees and a representative sample of 12th graders in the eight States will be surveyed biennially for the next five years. At present, ED and DOL are close to selecting researchers for the study.

HRD also expects that the study design and methodology of a net impact study on the STW Initiative will be solidified by September. At present, a group of experts from both inside and outside ED and DOL is brainstorming about how to conduct such a study. Once ED and DOL narrow down their approaches to the study, they plan to circulate their study proposal widely for more feedback in next two months. (HRD will work with ED/DOL in this process.) Then, starting next year, ED and DOL will collect some student and system outcome data.

4. Summary of current program resources (in millions):

Programs	FY 1996 Budget Estimates FY 1996			
			FY 1997	
	BA	Outlays	BA	Outlays
School-to-Work (ED &DOL)	400	236	400	366
Perkins Career Prep (ED)	1,178	141	1,178	942

5. How can performance be improved?

To date, ED and DOL have done thoughtful groundwork in developing a performance measurement system.

Difficult challenges await in coming months. To ensure that the development of the system remains on track, HRD plans to hold periodic meetings with ED's and DOL's evaluation experts, STW program staff, and other relevant parties.

At present, the National STW Office is quite concerned about the possibility that OMB and others will not give sufficient attention to process issues nor to the possibility of lagged effects. This Office views the STW initiative as an unfolding process that will put in place a school-to-work system by the end of a five-year period. Consistent with this view, the National STW Office wishes to phase in the performance measurement system over time as follows: begin with information on system-building activities and baseline data on existing programs; add data on extent of participation in STW programs; and eventually report data on student outcomes and employer needs.

While recognizing the dynamic nature of the STW initiative, OMB has argued that the collection of student outcome information should begin early in, not at the end of, a grant period. The National STW Office seems to worry, however, that OMB (or others) might judge its STW system-building efforts and activities too quickly on the basis of student outcomes collected in the first few years of program implementation. OMB obviously will not come to hasty conclusions about the effectiveness of the STW initiative, on the basis of student outcomes at a stage too early to be meaningful. OMB will nevertheless continue to emphasize that the data on student educational and employment outcomes should be collected and analyzed from the beginning of program implementation.

PERFORMANCE GOALS AND INDICATORS FOR SCHOOL-TO-WORK, VOCATIONAL EDUCATION, AND JTPA YOUTH PROGRAMS

Purpose: To establish a coherent "school to work" career preparation system building upon School-to-Work Opportunity grants, and proposed changes in the Perkins Vocational Education Act and JTPA Youth programs. Such a system would be characterized by high standards of academic and occupational learning for all students, meaningful connections between school-and work-based education, and opportunities to pursue advanced education and training at the postsecondary level and earn a skill certificate based on industry recognized standards.

INDICATORS	DATA AVAILABLE					DATA SOURCES
Goal 1--Improved Student Outcomes	96	97	98	99	00	see glossary at rear for explanation of data sources.
For in-school youth Between 1996 and 2000, secondary schools organized around school-to-work concepts will experience:						Evaluation of State and Local School-to-Work Implementation Grants
• Higher rates of academic achievement;	*		*		*	NLS Youth. 96 Cohort
• Increased rates of high school graduation;	*	*	*	*	*	Net Impact Evaluation
• Reduced dropout rates;	*		*		*	Career Academies Evaluation
• Increased rates of college enrollment;	*		*	*	*	
• Increased access to career ladder jobs when initially entering the workplace full-time.	*		*		*	Evaluation of Tech-Prep Student Right-to-Know Act
Postsecondary institutions and programs organized around school-to-work concepts will experience:						NAEP Transcript Study?
• Higher rates of postsecondary completion.			*		*	Program performance reports
• Higher earnings by their graduates.			*		*	

INDICATORS	DATA AVAILABLE					DATA SOURCES
	96	97	98	99	00	
For out-of -school youth, when compared to 1994, an increasing percentage will:						
• Return to school;	*	*	*	*	*	JTPA performance report data
• Earn a GED or high school diploma;	*	*	*	*	*	
• Demonstrate academic and occupational skills through acquisition of a skill certificate;	*	*	*	*	*	NLS Youth
• Enter postsecondary education, the military, or obtain some form of advanced training;	*	*	*	*	*	
• Obtain a job in a field related to their training						
For all youth, compared to 1994, employers will express a high degree of satisfaction with the skills, attitudes and competencies of graduates from school-to-work programs, and more generally, with the skills and abilities of job applicants.	*		*	*	*	Employer surveys Program performance reports
Special populations, including those that are disabled, disadvantaged, and limited English proficient, will achieve at levels comparable to those of all students.	*		*	*	*	NLTS Program performance reports

INDICATORS	DATA AVAILABLE					DATA SOURCES
Goal 2: SYSTEM OUTCOMES						
A. Reform Outcomes	96	97	98	99	00	
Secondary school principals and teachers will indicate increasing receptivity to the integration of academic and vocational instruction.	*		*		*	NCES School and Staffing Survey NAVE Survey NLSY Administrator Survey Evaluation of State and Local STW Grants
A growing percentage of colleges and state higher education systems will recognize courses in applied academic areas for student admission and/or transfer.	*		*		*	NCES fast-response survey of higher education (PEQUIS)
An increasing percentage of high school graduates will complete a work-based learning experience closely supervised by and tied directly to their schoolwork.	*		*		*	NLSY Student Survey Evaluation of State and Local STW Grants
An increasing percentage of school districts will have developed career majors culminating skill certifications tied to industry-based skill standards and high academic standards (such as those established under Goals 2000).	*		*		*	Evaluation of State and Local STW Grants NAVE
By 2000, 25 percent of all high school transcripts will identify a student's career major field and/or skill certificates awarded.					*	NAVE Survey Evaluation of State and Local STW Grants

INDICATORS	DATA AVAILABLE					DATA SOURCES
	96	97	98	99	00	
By 2000, 25 percent of high school teachers will be subject to pre-service and in-service training requirements that emphasize school to work.					*	School and Staffing Survey Survey of Teacher Training Institutions
By 1997, a majority of states will have initiated significant systemic reforms to create high quality school-to-work opportunity system		*				
B. Access, Participation, and Scale						
Participation in school-to work opportunity systems will increase significantly when compared to 1994 baseline estimates of 2000-3500 secondary school students, and 1,000 employers.	*	*	*	*	*	Performance reports Employer Surveys Fast response surveys of educational institutions
By the end of the 1997 school year, 20 percent of the participants in tech-prep, career academies, cooperative education, youth apprenticeship, and school-based enterprises will be in programs characterized by three core features--integration of academic and vocational instruction, work-based learning tied to schoolwork, and secondary-postsecondary linkages.			*			
By 2000, 50 percent of all secondary schools, 50 percent of all community colleges, and 25 percent of all mid and large size employers will participate in school-to-work activities.			*		*	

INDICATORS	DATA AVAILABLE					DATA SOURCES
	96	97	98	99	00	
Diversity. Participation in high quality school-to-work programs will reflect broad appeal cutting across regions, urban and rural communities, and population groups that differ by socioeconomic status, school enrollment status, and disability.	*	*	*	*	*	Performance reports Evaluation of state and local STW Grants
Goal 3: National Level Support						
Federal waivers will stimulate an increasing number of schools to implement promising innovations and to consolidate categorical streams of funding.						
The Departments of Education and Labor will jointly administer a coordinated system for in-school and out-of-school youth, including integrated applications, plans, fiscal accounting and performance measurement.						
By the year 2000, at least 20 states will have reorganized their curriculum based on nationally recognized industry-based skill standards.						
By 1997, 10 states will be operating under consolidated state plans that include ESEA, Perkins and JTPA; by 2000, a majority of states will operate under consolidated state plans.						

Glossary of Data Source Terms

NLS Youth(NLSY)--A panel survey conducted by BLS; begins in 1996 with a new cohort of 12-18 year olds.
Net Impact Evaluation--A rigorously controlled assessment of school-to-work upon student outcomes: study is currently in planning phase.
Evaluation of State and Local Implementation Grants--Assesses system change and student outcomes in 8 states initially awarded STW Implementation grants.
Career Academies Evaluation--A multi-year evaluation of career academies being conducted by

MDRC.

Evaluation of Tech-Prep--A congressionally-mandated evaluation being conducted by Mathematica Policy Research.

Student Right to Know Act--mandates that postsecondary institutions collect information on retention and completion rates of their students, and make this information available to consumers. Legislation not yet implemented.

NAEP Transcript Study--Links NAEP measures of achievement in math, science and reading to high school course-taking and limited demographic information.

Employer Surveys--proposed surveys patterned after a recent employer survey designed by the Center for Educational Quality of the Workforce.

NLTS--The National Longitudinal Transition Study of Special Education Students

School and Staffing Survey--A biennial of survey schools and teachers conducted by NCES.

NAVE--National Assessment of Vocational Education; another national assessment is specified in the Administration's Perkins proposal.

Fast-response surveys--brief mail surveys of schools and postsecondary institutions focused on specialized topics; conducted by NCES.

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FY 1997 BUDGET SPRING REVIEW
RELATIONSHIP OF KEY PERFORMANCE OBJECTIVES AND BUDGETS
DEPARTMENT OF EDUCATION
VOCATIONAL REHABILITATION STATE GRANTS

1. Program and Policy Objectives

The Rehabilitation Act of 1973 authorizes the Title I Vocational Rehabilitation (VR) State Grant program. The goal of the program is to "...assist individuals with disabilities, including those with the most severe disabilities, to prepare for and engage in gainful employment." According to the Act, "[i]ndividuals with a physical or mental impairment that results in a substantial impediment to employment who can benefit in terms of an employment outcome and require VR services are eligible for assistance." The law requires States to give priority to the most severely disabled.

The VR program is funded primarily through Federal formula grants distributed to States for VR services. States are required to provide a 21.3% match. VR clients receive services based on an individualized written rehabilitation program (IWRP), developed jointly by a rehabilitation counselor and the individual. VR counselors provide linkages with various service providers, and funding for services to the individual client, which may include: vocational evaluation; counseling; mental and physical restoration; education; vocational training; work adjustment; job placement; and, post employment services.

In 1992, the Act was amended to include a "presumption of eligibility" -- that is, service providers must assume that an individual with a physical or mental impairment can reach a positive employment outcome "unless there is clear and convincing evidence to the contrary." States are required to provide eligibility determinations within 60 days of application for services. As a result of the amendments, the number of individuals found eligible for State VR services has increased. The percentage of applicants classified as "severely disabled" in the VR Case Service Report System increased from 70 percent in 1990 to 74 percent in 1994. At the same time, the 1992 Amendments require the Rehabilitation Services Administration (RSA), to refocus its evaluations of State programs from process measures to employment outcome and related program measures.

RSA has traditionally measured "success" rates as competitive job placement for a period of sixty days, with little or no information on the long-term effectiveness of VR services. A 1993 GAO study contends that short-term benefits of VR in terms of employment and wage levels, diminish over 2 years. The most severely disabled population is most costly (States typically spend 40 to 45 percent more on purchased services for individuals with severe disabilities who are rehabilitated, as compared to individuals with non-severe disabilities), spends the longest time in Service, with the lowest success rate. RSA is reluctant to include measures that would highlight the difficulty of achieving successful long-term employment outcomes for the most severely disabled, and fears that States would be tempted to "cream" among clients, in order to ensure better outcomes. This was, in fact, common practice prior to 1973, when the law was amended to require States to serve the most severely disabled first. Historically, attempts to develop and implement outcome based measures have been met with tremendous, successful resistance from State program administrators(the single most powerful interest group for this program).

2. Performance Measures

The Rehabilitation Act of 1973 originally mandated the development of general standards for the evaluation of program and project effectiveness. Evaluation efforts were abandoned in the subsequent reauthorization, but RSA chose to pursue development of evaluation standards on its own. The 1992 Amendments again added a requirement for program evaluation, to the extent feasible, for all appropriate programs include information relating to the increases in employment and earnings, taking into account economic factors in the area to be served by the program, the characteristics of the individuals with disabilities to be served, and the employment outcomes to be attained. RSA has gone through several iterations of evaluation standards, but has not used standards to systematically analyze and assess national and State performance information.

The various versions of evaluation standards developed over the past twenty years are as follows:

o The "General Standards," developed by RSA in 1974, addressed nine areas of VR performance:

1.) Coverage of eligible population
2.) Rehabilitations and gainful activity
3.) Timeliness of client service planning and delivery
4.) Cost effectiveness and efficiency
5.) Caseload size
6.) Client retention of program benefits over time
7.) Post-employment services

8.) Reasons for nonrehabilitations
9.) Client satisfaction with the program.

The General Standards met with a great deal of resistance among State VR agencies. According to a 1993 Department of Education study on the *Development of Evaluation Standards for the Vocational Rehabilitation Service Program*, agencies leveled criticism at the measures, or indicators of performance, associated with each standard, rather than the standards themselves. However, as noted in the ED report, "...the underlying impediment to successful implementation of the General Standards was the lack of VR agency consensus at the outset of the development process *and the consequent distrust of how they were to be used*" [emphasis added].

- o In 1976, Berkeley Planning Associates, under contract with ED, developed measures of program outcomes, or impacts; compliance issues were to be addressed through monitoring and audits of field activity. BPA standards were very similar to the General Standards.

- o The Council of State Administrators of Vocational Rehabilitation (CSAVR) began an in-depth review of the final BPA standards in late 1983, years later. CSAVR voiced strong reservations about the notion of using the BPA standards to compare states with one another, a purpose they believed BPA did not intend. CSAVR also expressed misgivings with the BPA standards as a means of enabling States to measure their own performance due to (1) the lack of utility of some of the standards and (2) questionable validity of several of the data elements.

- o In 1989, the West Virginia Research and Training Center (RTC), under contract with ED, provided yet another set of recommendations for performance indicators. RTC staff identified four dimensions of VR agency outputs: (1) effectiveness, (2) efficiency, (3) coverage, and (4) compliance. According to the 1993 *Development of Evaluation Standards for the Vocational Rehabilitation Service Program* report, the RTC "...also suggested that RSA develop a system for using the information produced through...standards/indicators...to inform agency decisionmaking regarding program improvements, instead of 'just playing "gotcha" with those who fall short of current accountability standards.'" The RTC recommendations were never adopted.

What We Know About Program Performance

RSA has routinely gathered information regarding program inputs, outputs, and short-term employment outcomes. Based on RSA case service and cost reports, we know that, in FY 1994, State VR agencies closed cases for approximately 417,000 individuals, including eligible individuals who never received services. Of those individuals whose cases were closed in 1994 after receiving VR services, approximately 61 percent (about 203,000 individuals) achieved an employment outcome. 85 percent of individuals rehabilitated each year enter the competitive labor market or become self-employed (based on employment status 60 days following placement) after receiving VR services. Another 15 percent enter non-competitive placements such as extended employment (sheltered workshops), non-wage placements such as homemakers and unpaid family workers.

In 1992 (most recent data available), average weekly earnings for those individuals employed at closure was $220, that is, $160 more than reported at application (based on earnings the week before entering the VR system, and 60 days following placement). The number of individuals achieving an employment outcome who reported that their own income was their primary source of support increased from 17.8 percent at application to 74.9 percent at closure. However, as argued by a March 1993 GAO report on Vocational Rehabilitation, rehabilitants' gains in employment and earnings from time of referral to case-closure (60 days after employment) tend to fade after about two years.

What We Do Not Know about Program Performance

The current draft version of VR performance measures reflect input from a 1993 Notice of Proposed Rule Making and public hearing on proposed measures. Many respondents to RSA's publication of proposed measures were especially reluctant to include measures related to anything but employment outcomes. Thus the current RSA draft performance measures do not include indicators for:

- o Cost data--While RSA gathers cost data through the RSA-2 Reporting Form, the proposed indicators do not include any indicators on cost (e.g., ratio trained staff/clients served; cost per client; cost per successful outcome, broken down by rehabilitative service required for main disability groups; time in service; administrative overhead as percentage of cost/client, etc.). In the past, the Council of State Administrators of Vocational Rehabilitation (CSAVR) has criticized proposals to use indicators of "cost-effectiveness" because they did not account for changes in the amount of resources available to VR agencies from year to year (1993 *Development of Evaluation Standards for the Vocational Rehabilitation Service Program*, ED). RSA has also expressed concerns that an emphasis on cost effectiveness will encourage State agencies to "cream" among clients. Badly done cost standards could encourage "creaming"; carefully constructed standards would avoid such a possibility.

- Improvement feedback--The greatest concern expressed by State VR administrators at the 1993 public hearing was that RSA standards and indicators not be used to compare States against one another, as economic and demographic circumstances vary widely from State to State. RSA has not yet set standards for performance, nor set expectations for improvements in program performance.

- Consumer satisfaction--RSA plans to include data collection for consumer satisfaction by FY 1997. The survey has not yet been designed, however, and is likely to meet with some resistance. First, State VR administrators have expressed some concern to RSA regarding the validity of the survey given the need for a fairly large return on any surveys. Second, CSAVR has expressed misgivings about client satisfaction surveys in the past, saying that they "cannot endorse the concept of a standard dealing with 'client satisfaction' citing the dubious connection between client satisfaction and program effectiveness. Their central point was that making the client 'feel good' was not the mission of VR, and that getting a client ready to be employed was not 'always a happy, friendly time'." CSAVR also has stated that all clients might not be capable of assessing the adequacy of specific VR services, and that the potential existed for clients to misunderstand what VR actually provided relative to other service providers" (*Development of Evaluation Standards for the Vocational Rehabilitation Service Program*, 1993 Department of Education Report).

- Retention of benefits--The current RSA proposal is to require States to follow individuals through one year after attaining gainful employment. RSA intends to initiate a data link with the Social Security Administration to collect data on long-term benefits (the States would not be required to submit information for this step). RSA intends to follow clients for at least two years to three years after initial employment placement.

- Nature of outreach--State agencies are required under the Act to develop outreach strategies for unserved/underserved individuals. During the 1993 Public Hearing on the proposed measures, several participants commented that outreach may be more successfully measured by tracking the number of underserved/minority individuals with disabilities successfully placed.

- Transition from special education to VR services-- There is no requirement for RSA to include any information on the transition from Special Education to a VR program. However, there is a serious lack of information regarding this important transition period, and RSA should at least consider such a performance indicator.

- o Range of services offered/provided-- This information is collected through the various RSA reporting forms, but are not used to assess program effectiveness. Such a measure would help to identify those program elements that are working as well as those elements that are not working, and are central to an in-depth program performance evaluation.

Finally, RSA is reluctant to include a measure for "length of time from eligibility determination to delivery of services," first, because there is no standard definition as to when services have begun, and second, because individuals choose to postpone services according to their own needs. Nevertheless, this is an important measure, as RSA speculates that the increase in the number of individuals determined to be eligible for VR services has lead to a much longer waiting period prior to initiation of services.

In 1993, RSA contracted with InfoUse to conduct a comprehensive review of RSA data collection efforts. The review noted that:

- o RSA does not make sufficient use of the data it collects; does not conduct frequent and meaningful analysis of the data it collects; and does not produce timely and useful reports; and,
- o RSA data collections are not on current and predictable schedules for approval, with content consistent with the Act and implementing regulations.

3. Performance Measures That Will Be Used in the FY 1997 Budget Process

RSA has agreed to include data for performance measures with the FY 1997 budget request for the following areas:

- o Percentage of all individuals who obtain competitive employment following VR services (competitively employed individuals as a percentage of all successful and all unsuccessful rehabilitation closures).
- o Percentage of individuals with severe disabilities who obtain competitive employment following VR services (competitively employed individuals with severe disabilities as a percentage of all successful and all unsuccessful rehabilitation closures).
- o Average gain in earnings from application to closure.
- o For competitively employed individuals, change from application to closure in percentage listing self as primary source of support.

These performance measures are primarily output oriented. The latest draft of proposed standards and indicators to be implemented in FY 1998 and FY 1999 are more outcome oriented. They are:

- o Percentage of individuals who achieved an employment outcome as compared to the number of individuals who received services under an IWRP (closed cases).
- o Earnings of individuals who have achieved an employment outcome over the long-term (RSA is also considering measures of benefits such as career path, client satisfaction with placement, health benefits, and so on).
- o Percentage of individuals who are served by the VR agency that are satisfied with the employment outcomes they have achieved with VR assistance.
- o Percentage of individuals with severe disabilities who apply for services that are found eligible for services.

The raw data for many of the above standards and indicators will be gathered through required reporting forms already in place. A rigorous analytical framework for program performance measures will "inform agency decisionmaking regarding program improvements," as was recommended by the West Virginia Research Training Center in the early 1990s.

4. Summary of Current Program Resources

FY 1996 budget estimates
(dollars in millions)

	FY 1996		FY 1997	
Vocational Rehabilitation	BA	Outlays	BA	Outlays
VR Basic State Grants	2,108	2,155	2,178	2,159
Indian Set-Aside	11	11	11	11
Total, Title I VR State Grants	2,119	2,165	2,189	2,170

5. What Might Be Done to Improve the Performance of the Program

States currently receive most funding through a mandatory Federal payment (occasionally supplemented by a discretionary appropriation). They will need convincing that gathering data can and will be used to determine future funding levels. Actions to improve performance in key program areas may include:

- o Cost data--Limit the amount of Federal funds that may be used for administrative costs. This will require a more uniform definition of administrative costs versus client cost, but would place greater emphasis on the client services. In addition, more uniform breakdown of administrative and client costs will help in program performance assessment.

- o Performance Partnerships--Establish a stronger working partnership between the Federal, State and local government agencies administering the program. An effective partnership will involve program decisions from the Federal level, where overall policy goals and resource allocation decisions are formulated, and the direct service level, where the program is implemented. States are not used to a strong Federal role and will resist.

- o Legislative Changes to the Program--The above describes VR as administered under current law. There are two major bills currently being proposed bills in the House and Senate that will affect Vocational Rehabilitation programs. The bills would each, in some way, change 1.) funding, 2.) program administration, 3.) eligibility determination, 4.) program accountability, and 5.) provision of VR services to clients. The proposed bills are:

  - o "The Consolidated and Reformed Education, Employment, and Rehabilitation Systems 'CAREERS' Act of 1995" (Rep. McKeon (R-CA) /Rep. Goodling (R-PA))
  - o "Job Training Consolidation Act of 1995" (Sen. Kassebaum (R-KA))

The McKeon/Goodling bill was marked-up by the full House Labor and Human Resources Committee on Wednesday, May 24. The VR portion of the bill, Title VR, was particularly contentious in the Committee debate, and McKeon has pledged to continue working on Title VR up to the full floor debate. The McKeon bill would consolidate the VR program with over 100 other generic job training programs. VR would be funded through a separate block grant to States, and would retain the current nature of the program as an entitlement to States. Under the McKeon bill, one-stop-shops would be required to provide VR core services, including outreach and preliminary assessment of clients. Each State would prescribe the eligibility determination process for VR services, and VR clients would have access to a variety of rehabilitation goods and services. One-stops would be required to develop an "individualized written rehabilitation plan" (IWRP) upon request of the client (under current law, all clients must have an IWRP). McKeon provides an elaborate system for program accountability, and, as mentioned above, has indicated a willingness to use language from the current bill to tailor its accountability requirements further.

The Kassebaum bill incorporates Title I of current law, with conforming and technical amendments for the consolidation effort and block grant funding structure. Amendments would make it clear that services funded by Title I of the Rehabilitation Act (which would be a mandatory program in its own block grant) would be integral components of a seamless system of workforce development. Under the Kassebaum consolidated plan, all individuals would enter the system through one-stop-shops. VR would offer specialized/intensive services for those clients who need more than the core job training services. Kassebaum has indicated that she will adopt current law Title I evaluation requirements.

RSA has expressed concern about program accountability under the proposed bills. The RSA principles emphasize the need for data collection, monitoring and accountability measures to ensure the quality of services for individuals with disabilities.
However, RSA has attempted several iterations of its own evaluation standards and indicators over the last twenty years. Although RSA gathers a great deal of information regarding the clients they serve, they are sorely lacking in evaluation of program management effectiveness and long-term success of their clients. Given RSA's difficulty in implementing evaluation standards and indicators, we will have to be concerned with the nature of the accountability mechanism no matter what the proposal.

If Congress does not alter the structure of VR this year, the Administration should consider the following changes during the scheduled FY 1997 reauthorization of the Rehabilitation Act:

- Revisit the purpose of the VR program: who is eligible, how eligibility should be determined and intended program outcomes.
- Implement a performance partnership(the Federal government would negotiate expected outcomes and allow States flexibility to achieve the outcomes and choice. Require States to meet and exceed goals). A performance partnership would allow States to be creative, the Federal government to monitor the program and to identify and assess those program management techniques that works and that don't work in particular program environments.
- Simplify and reduce the requirements governing the State plan and services to individuals to reduce burden on States and allow more flexibility. The emphasis would be on high-quality outcomes and thoughtful assessment of program management, rather than on program procedures. The Federal government should continue to measure program performance through improvement feedback measures, consumer satisfaction surveys, tracking retention of program benefits, and tracking effective and ineffective program elements,

such as outreach and the range of services provided.

- o Identify program features linked to successful and high quality employment outcomes--incorporate into performance system.
- o Improve data collections.

Core Performance Indicators for the Vocational Rehabilitation Service Program
Title I--Grants to States

PROGRAM GOALS -- **STATE VOCATIONAL REHABILITATION SERVICES PROGRAM**	PERFORMANCE INDICATORS	PERFORMANCE MEASURES	STANDARD (Level)	PRIORITY	TIMELINE
To promote the employment of individuals with disabilities, especially individuals with the most severe disabilities	Percentage of individuals who achieved an employment outcome as compared to the number of individuals who received services under an IWRP (closed cases)	% of status 26 closures of the total closures from the active caseload (status 26 + status 28)	To be determined	*	FY 95
	Percentage of individuals with severe disabilities who achieved an employment outcome	% of individuals with severe disabilities who achieved an employment outcome of the total no. of individuals who achieved an employment outcome	TBD	*	FY 95
	Percentage of individuals who achieved a **competitive** employment outcome	% of individuals who achieved a **competitive** employment outcome of the total no. of individuals who achieved an employment outcome	TBD	*	FY 95

	Earnings of individuals who have achieved an employment outcome	Average gain in earnings determined by comparing earnings the week before application to the earnings in week of closure	TBD	*	FY 95
	Percentage of individuals who are served by the VR agency that are satisfied with the employment outcomes they have achieved with VR assistance	Future data collection through consumer satisfaction survey and reporting on standards and indicators	TBD		FY 97
	Percentage of the individuals who achieved a competitive employment outcome and maintain employment and earnings one year after closure	Future data collection through follow-up surveys	TBD		FY 97
To ensure access to services for individuals with severe disabilities, especially individuals with the most severe disabilities	Percentage of individuals with severe disabilities who apply for services that are found eligible for services (acceptance rate)	% of individuals with severe disabilities who are found eligible for services (status 10) of all applicants (status 02)	TBD	*	FY 95

	Percentage of individuals with severe disabilities that are served under the program	% of individuals with severe disabilities that receive services of all individuals who receive services (statuses 10-24)	TBD	*	FY 95