**Program Evaluation Plan and Budget Narrative**

a) Description of Evaluation Plan

The project proposed here provides an opportunity, for the first time, to evaluate the impacts of the implementation of a Performance Funding Model (PFM) in a state workforce system. The PFM, as designed for Florida’s workforce system, is designed to incentivize holistic improvements in overall outcomes while, at the same time, providing regional workforce boards with the flexibility necessary to serve diverse regions in a highly diverse state. There are multiple angles (qualitatively and quantitatively) from which to evaluate the introduction of a PFM such as the one proposed here and we will highlight many of those opportunities in turn below.

Because this is a Type A project proposal which is not tried and tested and does not enjoy a long history of quantitative research, the methodologies adopted on the evaluation side will not, for the most part, enjoy the level of rigor of formal econometric studies. Unfortunately (from the data generation perspective) it is not feasible to randomly assign half of Florida’s regional workforce boards to a PFM system over the next five years while the other half continues under the current system. Our project evaluation approach will seek to maximize extant data and combine those data with qualitative approaches which will add to the richness of the evaluative process.

The Program Logic Model introduced in the project narrative contained a series of inputs which range from funding, data, partnerships, strategies, communications, pooled resources, etc. These resources will be leveraged in the grant execution process to conduct certain activities which align with the three key objectives. These activities include:

- Collaboration with state, federal and regional partners to set (or refine) metrics associated with strategic system-wide goals.
- Collaborate with regional workforce board partners to define performance benchmarks for strategic goals.
• Identify and clearly articulate performance standards and establish conditions for meeting targets, improving performance and achieving excellence.

• Identify the tools and support mechanisms which are critical to regional success in achieving performance targets.

• Identify mechanisms to encourage increased information and resource sharing among partners.

These activities will lead to the creation of a performance funding model which will be accompanied by the creation of identified data and communication tools which are necessary to foster success. The PFM will draw on state WIA set-aside dollars to create a pool of performance funds. These funds will be utilized to reward regions for a) meeting established targets within the PFM; b) demonstrating that they are improving relative to their peers on certain metrics and c) rewarding those regions which reach a target level of excellence or best in state.

Assuming that the financial incentive is sufficient to induce behavioral change and improved performance among regions we should see data shifts occur on the dimensions targeted by the metrics associated with the PFM which should manifest itself in the data environment. Based on the final construct of the PFM, we should, for example, observe: better quality job placements (wages); Floridians entering the workforce more quickly; lower cost of services at the regional workforce board level; improved collaboration with the regions; increased knowledge and skills relative to Florida’s target industry cluster targets; increased customer satisfaction with the Career Source Florida Network system performance; greater alignment between workforce and statewide educational partners; and a more informed public on workforce supply demand. Below, we discuss the methodologies for measuring these and other important impacts that are potentially associated with the adoption of the PFM for Florida’s workforce system.
Measuring Quantitative Impacts. For some of the metrics associated with the PFM (employment outcomes, wage outcomes, placements, etc.) the data history stretches for a long period of time for each of Florida’s regional workforce boards. These particular metrics offer us the opportunity to leverage more sophisticated econometric modeling techniques, such as interrupted Time Series Cross Sectional (TSCS) into the outcome measurement strategy. So, for each of the metrics for which a sufficiently long time series of data exists, we propose to create the TSCS data necessary to model, at the regional workforce board level, the effects of the interruption (introduction of the PFM) on the performance of the individual series.

In this case, we would include as the panel, the regional time series of data for each of the 24 regions in the dataset and model the effects of the interruption on the series by regressing the measure on the variable which marks the introduction of the PFM into the time series. After adequately compensating for issues associated with serial and spatial correlation, a significant coefficient on the variable which times the introduction of the PFM would indicate that the introduction of the PFM changed behavior and the direction of the coefficient would indicate whether the change was positive or negative.

Moreover, the TSCS approach offers us the opportunity to study the interactive effects of core demographic characteristics of the regions on the effects of the introduction of the PFM. To accomplish this, we would simply interact a series of demographic variables with the variable which marks the interruption in the time series and observe the results. So, for example, we could determine whether rural (or smaller) regions were more heavily affected by the PFM by introducing a measure of regional size (population, for example) and interacting that with the interruption. A significant coefficient on the interaction term in this case would indicate that population (or region size) has a mitigating impact on the performance of the model. The size and the direction of the coefficient would tell us whether, for example, the PFM had more of an effect among the rural regions than the urban regions, etc.
These TSCS approach will allow for a fairly sophisticated pre/post analysis of the impact of the PFM on certain performance dimensions – but only for those for which measures current exist or for which historical data will allow the reconstruction of those measures. Moreover, we would need to observe at least two years of performance data post-intervention to have data sufficient to truly begin to understand the impacts from a quantitative perspective. Despite these drawbacks, the PFM is a Type A project which offers a significant opportunity to do some sophisticated analytics on certain dimensions. Moreover, the project is designed to produce the data necessary to allow this analysis to take place.

Other variables, such as customer (jobseeker and business) satisfaction will not offer a long performance history. In order to allow for at least some pre/post data comparisons on these newly created metrics we will leverage the benefits of the phased approach to collect data on these metrics for at least one year before they become part of the performance model by not phasing them into the model prior to Year Three. This will allow us to establish at least some baseline for a pre/post impact analysis but it is highly unlikely that the data will permit an analysis with the level of sophistication associated with a formal TSCS approach. However, by the end of Year Five, for most of these measures, we will have an annual time series for each region that is at least three periods long.

The PFM requires constant analysis to determine performance rewards and, by extension, will ensure that as these data histories are extended past the life of this grant, more sophisticated analyses can be applied as the data collection grows. It is important to note that the mere act of measuring customer satisfaction for the first time across the system and publishing the results will most likely alter behavior among the regions. This, in turn, will make pre/post analyses especially difficult unless the confounding effects of data production on behavior can be effectively teased out by leveraging an instrumental variable approach. It is unlikely that we will be successful in producing as clean analysis as will be possible utilizing the long established series discussed above.
**Process Evaluation.** The timeline presented in Figure 4 of the project narrative outlines the process of designing and implementing the various components of the PFM as it will be executed by the Florida workforce system. Process evaluation is a critical part of the overall evaluative process because (unlike outcome evaluation) it checks the fidelity of project execution, allowing us to verify whether or not the project is actually being executed as intended. In process evaluation, the execution of the various components of the PFM (including design and implementation) will be assessed in order to provide descriptive data about the planning and implementation process.

There will be direct communication between the regions, DEO and CareerSource Florida as the PFM takes shape and is implemented. Process evaluations will be leveraged to gather relevant data for ongoing feedback related to the grant delivery and the team will gather data continuously to detect barriers to PFM implementation, track the use of implementation science, and track modifications and enhancements of the PFM implementation process while monitoring the effects of the innovation. DEO and CareerSource Florida will work closely with the regions to ensure that barriers, once identified, result in modifications that are appropriate to overcome the challenge.

The evaluation design report, the budget, the performance data template and the DEO/CareerSource Florida contract timeline will be routinely reviewed to measure progress and ensure that the grant is being executed per the requirements. We will leverage the annual meetings with regional workforce board executive directors (along with intermediate surveys of executive directors and staffs) to determine the perceived effectiveness of the PFM and highlight potential improvements that can be made to the next phase of the implementation process. Since the implementation of the PFM is designed to be iterative, collecting and cataloging data at each step of the process will be critical to ensuring that each implementation phase is more successful than the last.

On the cost side, the aim is to absorb the cost of gathering data and ensuring a uniformly informed statewide workforce system leaving regions the ability to develop the strategies that will lead to
improved performance among the metrics included in the PFM. One of the key indicators that will be included in the PFM is related to cost. Because budget histories are available at the regional workforce board level, the analytics team will be able to offer a fairly sophisticated cost/benefit analysis of the model implementation and determine, for example, the relative costs of statewide improvement on each program given the reforms instituted at the regional workforce board level to support improved performance on that particular dimension. This will, in turn, allow us to measure not only the overarching impacts of the model on reducing costs of services, but also allow us to determine the price at which improved service delivery was truly purchased. Such a model allows us to ensure that we are not incentivizing regions to serve only those who are most easily served at the expense of populations that are in desperate need of services but who have expensive challenges to overcome.

b) Contribution to the Evidence Base. As we noted in the project narrative, there is no quantitative research, as far as we are aware, which examines the performance of a PFM in a statewide workforce system. Even the education community, for which PFMs are just now beginning to mature offer little in the way of quantitative, scholarly research to inform the debate. The data that are collected within the confines of this project, although they have limitations on certain dimensions, offer the opportunity to overcome some of these research limitations. The PFM has, at its very core, the requirement that regions adopt an evidence/data-based decision-making process in order to be successful within the confines of the PFM. So, this is first-of-its-kind research which will yield solid data on the impacts of a PFM on workforce system performance.

Because the project is constructed to induce free, open and frequent communication over the five-year implementation and evaluation period and because the qualitative research on process evaluation will be so detailed, this project also offers a unique opportunity to identify best practices across the
system. As upward (and downward) trends are observed in a particular region the natural question that follows among researchers is: “Why?”

Communications protocol will ensure that these questions flow freely not only in the interest of identifying problems associated with the model and the execution of its implementation, but also in the interest of identifying ways to improve global workforce system performance. Regions that excel will be those that identify the innovative strategies that lead to success. Spreading those strategies to other regions which are likely to benefit from them not only benefits those regions, but the statewide system as a whole. Regions will hopefully be induced to become even better “laboratories” of innovation raising the bar and the level of performance statewide through advancement.

c) Evaluator Procurement and Deliverable Plan. Upon receipt of the grant, DEO will initiate a process for procuring the services of a third-party evaluator. The evaluator will be chosen utilizing the standard DEO procurement process. The process requires DEO to provide a Request for Proposal (RFP) or Invitation to Negotiation (ITN) detailing the purpose and scope of the project, background as to why the project is being proposed, legal and agency information, timelines for proposed submissions, project length, terms and conditions of contracts, presentation options, etc., and defines the requirements for submittal.

The RFP or ITN associated with this project will outline the specific requirements and qualifications of the third-party evaluator. These qualifications will be utilized in the scoring process. Overall, the evaluator must have knowledge and expertise in qualitative and quantitative social science methods and knowledge in the science of project design and implementation related to evaluating how agencies and programs effectively plan, implement, and evaluate structural/policy changes.

The evaluator must have knowledge and expertise in formative process evaluation and strong statistical/analytics skills. Knowledge of and experience with the workforce system would be particularly helpful as is the ability to engage the various actors without conflict of interest.