



# **An Evaluation Framework for State Sector Strategies**

**May 12, 2008**

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## Acknowledgments

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The Evaluation Framework presented in this paper is a product of the NGA/CSW/NNSP partnership project, Accelerating the Adoption of State Sector Strategies. The partners wish to acknowledge the valuable contribution made by the states that participated in project, particularly those states in the Learning Network track of the project that joined together to develop this evaluation framework for state sector strategies. It was their initiative and commitment that drove this effort. We especially want to recognize the members of the workgroup (see page 8). We also acknowledge the dedicated work of our colleagues from CSW who staffed the effort and wrote this white paper, Gary Yakimov, Lindsey Woolsey, and Tammy Coxen. Other members of our project team contributed editing support. These combined efforts have produced an evaluation framework that can evolve over time as state sector strategies continue to take root and mature across the country.

## Executive Summary

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The National Governors Association, the Corporation for a Skilled Workforce, and the National Network of Sector Partners are partners in a project titled “Accelerating the Adoption of State Sector Strategies.” The project is currently beginning its third year, and by its end will have worked with at least 17 states. As part of the first two years of the project, the partners staffed and teamed with members of eleven states participating in the project to develop a framework for analyzing the results of statewide sector strategies. The result of these efforts is an *Evaluation Framework for State Sector Strategies*, presented in this paper.

This paper provides an overview of the background leading up to the framework and an explanation of the development process. It should be viewed as an evolving conversation among states, as well as a menu of evaluation ideas for states implementing or interested in designing regional, employer-driven partnerships that address skills-based economic development needs (i.e. sector initiatives). At least a dozen states are using state funds and policy tools to promote sector initiatives in their regions. All are experimenting with the best ways to measure their success. Recognizing the value of cross-state sharing and peer learning, the states participating in this project came together to jointly develop this framework as an option for states to use in evaluating their sector initiatives.

The goals of the Evaluation Framework (“Framework”) are:

- ◆ To have a framework for analyzing the results of sector strategies that can be adopted and adapted by states based on their individual needs;
- ◆ To design a benchmarking process that captures continuous improvement by states implementing sector strategies;
- ◆ To transition the system to be employer driven;
- ◆ To develop intra- and inter-state shared learning (and to save individual state time/resources);
- ◆ To provide employers with context and comparisons that lead to employer investment and advocacy; and
- ◆ To tell what happened, to put it into context, to tell the story of that context to multiple audiences, and to make decisions that improve the context.

In addition to establishing a set of goals for the Framework, a set of operating principles were agreed to and guided the work. These principles are: first, acknowledge that every state is at a slightly different phase of implementation of statewide sector strategies, so measurements must be broad enough to apply to states just beginning to design sector policy as well as states in the very mature stages of sector policy. Second, the primary intent of the Framework is to measure aggregate statewide efforts, not local area initiatives, but adaptations of the framework could be used to help guide local initiatives. Third, the measures should be realistic and feasible to collect, and they

should already exist in current systems. This recognizes that performance measurement criteria already exist and often can be burdensome. It was the desire of the state members that the Framework not add to that burden. Finally, the Framework must include both quantitative and qualitative measures, with the latter based on a “preponderance of evidence” criteria.

Over the course of development, three guideposts were kept in mind: (1) What we evaluate will drive behavior; (2) “Measurement should stay close to where the dollars are operationalized,” i.e. measures need relevancy to funding sources; and (3) As the framework evolves, states should think about how data will be collected and aggregated (maintaining the focus on ease of collection and minimizing the extra burden).

After a year of development, yet recognizing that the Framework will greatly benefit from further input and experimental application, presented below are the four groups of measurement in the Framework. Each group has several sub-categories of impact, which will be described in greater detail in the full narrative sections of the report and in Appendix A that follow.

## **The Evaluation Framework: Groups and Measurement Categories**

### **Measuring Outcomes of Workers**

- ◆ Employment
- ◆ Earnings
- ◆ Skill Acquisition and Development

### **Measuring Value to Employers**

- ◆ Human Resource Measures/Stabilization/Yield
- ◆ Business Productivity and Operations

### **Measuring Quality and Effectiveness of Partnerships**

- ◆ Turning Planning, Information, and Data into Consensus and Action
- ◆ Partnership Development, Management, and Capacity
- ◆ Implementing a Worker Pipeline Aligned with Industry Needs
- ◆ Sustainability of Partnership
- ◆ Sustainability of Intent of Work

### **Measuring Systems Change**

- ◆ Education, Training, Social, and Business Supports
- ◆ Public Policy
- ◆ Employer Practices

# Introduction and Overview

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## About our Project

The *Evaluation Framework* is one outcome of the first phase of a project jointly designed and implemented by the National Governor's Association (NGA), the National Network of Sector Partners (NNSP), and the Corporation for a Skilled Workforce (CSW). The project, *Accelerating the Adoption of State Sector Strategies* began in January 2006 and was officially launched in May of that year with a two-day roundtable in Washington, D.C. Seventy-five participants from 33 states attended the meeting, which included a primer on sector strategies, a series of peer-to-peer exchanges between states, and an introduction to the overall goals and structure of the project. Since then, project activities have spanned across three tracks of activity:

- ◆ The **Policy Academy**, a program with five competitively-selected states that provides intensive technical assistance as they work to design and implement a policy framework to support the adoption of sector strategies in their states. In Phase I of the project, Policy Academy states included Georgia, Minnesota, North Carolina, Oklahoma, and Oregon. In Phase II of the project these states will advance to become Learning Network members.
- ◆ The **Learning Network**, a network of six leading states that serve as mentors to less experienced states and work together to deepen their own sector strategies, co-create models and tools, and learn from each other's policies, strategies and practices. Learning Network states included Arkansas, Illinois, Massachusetts, Michigan, Pennsylvania, and Washington.
- ◆ The **Knowledge Exchange**, an informal network open to all states. The Knowledge Exchange provided a forum for ongoing conversations about the field and hosts a growing collection of sector strategy-related resources online.

The project is funded by the Charles Steward Mott Foundation and the Ford Foundation. It is currently entering a second two-year phase in which an additional seven states (Colorado, Maryland, Mississippi, Nevada, New Hampshire, New York, Wisconsin) will be supported in their efforts to design and implement sector strategies. For more information about the project please visit the official website at [www.sectorstrategies.org](http://www.sectorstrategies.org).

## What are State Sector Strategies?

Before understanding state sector strategies, it is important to note the use of two distinct terms in this paper. *Sector initiatives* represent individual, regional sector projects, such as a nursing initiative in Detroit, Michigan or a food manufacturing initiative in Lancaster, Pennsylvania. *Sector strategies* represent state-level efforts to provide strategic direction and resources towards the promotion and development of individual, regional *sector initiatives*.

### ***Characteristics of Sector Initiatives***

Sector initiatives have existed at the local and regional level for at least twenty-five years, but have gained significant popularity in the past five years. Sector initiatives can exist in various forms, but for the purposes of this project, sector initiatives are characterized by the following:

- ◆ They **focus intensively on a specific industry** over a sustained time period, customizing solutions for multiple employers in a region.
- ◆ They **strengthen economic growth and industry competitiveness, benefit workers** by creating new pathways into the industry and to good jobs and careers, and they sustain/increase middle-class jobs overall.
- ◆ They are **led by a strategic partner** with deep industry knowledge.
- ◆ They **promote systemic change** that achieves benefits for the industry, workers, and the community.

### ***Importance of State Sector Strategies:***

Project partners and funders launched the project based on the premise that many regions across the country were engaging in sector initiatives and multiple states were either promoting this field of practice through competitive grants or other mechanisms, or were in need of developing state strategies to help connect existing efforts across multiple regions in their states. In short, state development of sector strategies appeared to be near a tipping point across the nation for a variety of reasons including:

- ◆ **The concept of sector strategies has the attention of states.** As Governors and their workforce and economic development advisors look for solutions to balancing the economic and social challenges of their state, sector strategies provide a viable solution. A sufficient number of states have either launched sector strategies or are now making support for sector initiatives a priority, and there is a body of experience emerging that can be shared among the states.
- ◆ **The speed of global economic change combined with tight state budgets** make Governors much more open to new policy approaches that offer a basis for setting priorities and leveraging multiple funding sources to address the resulting social and economic challenges.
- ◆ **Sector strategies offer a way to combine being “demand-driven” with focusing effectively on how at-risk workers find and move through career pathways.** All states face high costs and much effort to ensure their workers access education and training that will lead to a job or career. Sector initiatives can be an important part of reducing the cost and effort of: transitions both for employers and dislocated workers; “grow our own” workforce strategies that provide industry-relevant skills to existing worker populations; poverty reduction; and strategies that strengthen regional economies.

- ◆ **Federal laws, including workforce, welfare and education, are pending reauthorization.** It is possible that reauthorization of several related laws will create funding streams that can support sector initiatives and create a greater demand for strategies that link lower skilled and middle-class workers to higher quality jobs. States with a solid foundation in the sector model will benefit by being ready for changing laws and potentially new funding requirements.
- ◆ **States are being pushed in this direction both from above and below.** Current federal strategies stress industry-centered approaches. At the same time, many local constituencies, including workforce boards, community based organizations, trade associations, unions and community colleges are engaging in sector initiatives to bridge the needs of at-risk workers and employers in key industries, and they are encouraging states to support these initiatives.
- ◆ **States have funds that sector strategies can leverage and align with other resources** including locally controlled public funding, employer funding, and fees.
- ◆ **States view sector strategies as a complement to their economic development cluster strategies.** Many states have framed their economic development policies within the framework of “industry clusters,” regional networks of similar or related companies that convene to identify common solutions to common challenges. Sector initiatives take a similar approach, with a strong focus on common workforce challenges.
- ◆ **States can provide crucial support and legitimacy to the work of regional intermediaries.** States that have undertaken substantial sector strategies are finding extensive opportunities through these relationships, including alignment and support with a wide array of organizations who are acting as conveners, facilitators, project managers, and other aspects of being intermediaries with key industries in their regions.

### ***Characteristics of State Sector Strategies***

A core intention of the project has been, and remains, to articulate a set of defining characteristics of state sector strategies. Local practitioners and national sector experts have done this for individual sector initiatives (as previously described), but prior to this project, the same has not existed at the state policy level.

After working closely with the eleven states in this project over the past two years, project partners believe that state sector strategies are characterized by the following practices:

1. **Dedicated funding streams** to promote and enhance sector initiatives across the state.
2. **Encouragement and/or incentives** for regional partnerships



3. **State and regional collaboration across systems** (including workforce development, economic development, and education) to help align resources and strategies.
4. **Development and analysis of data**, including labor market information and other sources, to inform strategies and promote planning.
5. **Development of the capacity of sector practitioners** in a variety of areas, including industry knowledge and expertise, employer engagement, and marketing.
6. **Program design flexibility** so programs can meet industry and worker needs
7. **Accountability measures** designed to ensure investments generate intended outcomes
8. **Sustainability strategies** that provide for long-term support of the program including, but not limited to, active state legislative strategies.

Each of these areas has multiple facets and choices associated with them. For example, some states promote sector strategies through competitive grant opportunities; others distribute money to all regions in their states. For more information on the variety of approaches in state sector strategies, please visit the project web site ([www.sectorstrategies.org](http://www.sectorstrategies.org)) and the project Issue Brief that was issued in the early stages of the project by the project partners at <http://www.nga.org/Files/pdf/06STATESECREG.PDF>.

Despite variations in design and implementation of sector strategies across states, the general intent and desired impact is the same: To enhance regional, skills-based economic competitiveness through employer-driven partnerships of key stakeholders. A closer look at efforts to evaluate the achievement of that impact by state sector strategies therefore was a logical activity for the states participating in the project.

## **Existing Efforts at Evaluation and Performance Measures**

For the past decade two leading organizations for the evaluation of sector initiatives have studied numerous initiatives across the country: The Workforce Strategies Initiative at the Aspen Institute and Public-Private Ventures.<sup>1</sup> Their reports range from evaluation of specific sector strategies (such as the garment industry in New York City) or industry-focused strategies in a particular region (such as Central Indiana) to cross-sector studies that evaluate industry-specific approaches to workforce development or demand side outcomes. A number of reports look at worker and employer outcomes across many regional sector initiatives across the country.

These evaluations show consistent and clear benefits of sector initiatives. Employer benefits include reduced turnover, improved operations, upgraded workforce skills,

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<sup>1</sup> For lists of good resources visit our project page at <http://www.sectorstrategies.org/index.php?page=library> and the Aspen Institute at <http://www.sectorstrategies.org/index.php?page=library>

higher quality applicant pool, realized cost savings, increased workforce diversity, and creation of new networking opportunities for employers.<sup>2</sup>

Likewise, there have proven to be substantial benefits to workers and job seekers. These include increased rates of employment; higher salaries, better benefits, and increased hours; increased job satisfaction; improved career advancement prospects; and increased access to education.<sup>3</sup>

These valuable studies have focused on the individual sector initiative level. There has been little effort to date to understand and evaluate the impacts of an entire state sector strategy. This is due in large part to the fact that state sector strategies are an emerging field of practice. Early adopter states (such as Massachusetts, Pennsylvania, and Washington) that have had state sector strategies for a number of years are beginning to evaluate the impact of their state strategies. Other states are concentrating on helping individual regional initiatives measure their impact. Other states are more focused on launching and implementing their strategies, and have yet to identify ways to measure the aggregate impact of their efforts.

Many states involved in this project had examples and suggestions of how to measure the impact of various sector initiatives within their state, but did not have a framework for which to measure impact of the state's sector strategy. This Framework is an effort to build from the existing work but move the conversation to a statewide, strategic level.

## **About This Effort**

During the lifespan of this project, it was the expressed desire of the Learning Network states to collaborate on cross-state tools. Through a series of conversations with state leaders involved in the project, a decision was reached to focus on the issue of "evaluation" in the broadest sense of the word, inclusive of performance measurement and return-on-investment ("ROI") tools and tactics.

Through the course of this effort multiple phone calls were conducted and several in-person discussions convened. As the discussions moved from preliminary thinking to development of a more structured framework, the group was expanded to include representation from the six Policy Academy states. The process was concluded with an intense discussion between the Learning Network and the Policy Academy states at a joint meeting near the end of Phase I of the project.

The release of this paper is the next step along a journey that will see the adoption and adaptation of this model framework, including piloting it to determine its effectiveness and need for continuous improvement.

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<sup>2</sup> Third party evaluation of sector initiatives in Massachusetts

<sup>3</sup> Survey conducted by Aspen Institute of participants in six sector initiatives across the U.S.

SPECIAL THANKS to the core of our workgroup, who participated regularly and intently over a sustained period of time, including:

- Michael Baker (Manager - Planning Unit, Bureau of Workforce Programs, Illinois Department of Commerce and Economic Opportunity)
- Maureen Conway (Deputy Director, Economic Opportunities Program, Aspen Institute)
- Fred Dedrick (Director, Innovation and Technical Assistance, Pennsylvania Department of Labor and Industry)
- Vicki Enright (Director, Field Services Division, Bureau of Workforce Programs, Michigan Department of Labor and Economic Growth)
- Robert Garraty (Executive Director, Pennsylvania Workforce Investment Board)
- Michael Haley (Policy Analyst, North Carolina Department of Commerce)
- Eleni Papadakis (Executive Director, Washington State Workforce Board)
- Navjeet Singh (Vice President, Research and Evaluation, Commonwealth Corporation, Massachusetts)
- Bryan Wilson (Deputy Director, Washington State Workforce Board)

## Evaluation Framework

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This framework is the result of a year-long conversation at multiple levels including phone and in-person working groups. While it is referred to as an “evaluation framework” it is in many ways a hybrid of evaluation, performance measurement, and return on investment indicators.

The Framework represents a combination of quantitative and qualitative measures across a variety of groups and sub-categories, each of which has additional sub-components. To some it may seem too complex. It is not intended to be prescriptive, but should be viewed as a starting point for states that are looking for a measurement framework for their sector approaches, or as a guide for states just beginning to think about sector strategies based on the most valuable elements of sector approaches, as agreed to by leading thinkers in the field. The specific goals of the Framework according to its developers are below.

### Goals

- ◆ To have a performance measurement framework that can be adopted and adapted by states based on their individual needs;
- ◆ To design a benchmarking process that captures continuous improvement by states implementing sector strategies;
- ◆ To transition the system to be employer driven;
- ◆ To develop intra- and inter-state shared learning (and to save individual state time/resources);
- ◆ To provide employers with context and comparisons that lead to employer investment and advocacy; and
- ◆ To tell what happened, to put it into context, to tell the story of that context to multiple audiences, and to make decisions that improve the context.

It is important to note that several early goals were discarded along the way because they were considered beyond the scope of state policy. For example, members discussed and set aside the potential to aggregate data and results across states in order to develop a clear message about the national impact of state sector strategies toward the goal of securing additional national funding. There was a concern among states that cross-state comparisons and conclusions would be made out of context and without consideration of the variations in approaches across the states – no two approaches are exactly alike.

### Operational Assumptions and Principles

Substantial time was given to principles and operating assumptions behind the Framework. They assert the following:

- ◆ The primary audiences for the Framework are the State as an investor, monitor, and facilitator, and the Partnerships themselves (that states invest in).
- ◆ Secondary audiences for the Framework include workers, employers, governors' offices, state general assemblies, the press, the public, Foundations; the larger sector world (initiatives not funded by a state); and national policy makers. (NOTE: It is assumed that some measures within this framework will be of greater interest to certain audiences and less to others.)
- ◆ In order to acknowledge the different phases of state-funded strategies (such as planning or implementation) and the different approaches (such as training-based or non-training based), and any potential variations therein, the core measures shall meet the "flexible-consistent test" (i.e. is the measure usable and relevant to training and non-training based initiatives?).
- ◆ This framework will focus on measuring state strategies, with the assumption that states that adopt the framework will require individual state-funded sector initiatives to align their performance standards with the framework categories. This makes sense because the data will be collected at the individual level, but aggregated at the state level.
- ◆ Measures should be realistic and should exist in current systems in order to lessen the data collection burden on public and private partners and increase the possibility that states will adopt the framework.
- ◆ The framework should balance optimal long-term impact measurement against current capacity to collect and produce such measures.
- ◆ The framework includes both quantitative and qualitative measures.

There were three guideposts that were kept in mind as the framework was developed including: (1) **What we evaluate will drive behavior**; (2) **"Measurement should stay close to where the dollars are operationalized"** – i.e. measures need relevancy to funding; and (3) **As the framework evolves, we should think about how data will be collected** and aggregated in an effort to minimize collection burden.

## The Measures

Four measurement groups are presented in the Framework, including: (1) Outcomes for workers; (2) Value to employers; (3) Quality and effectiveness of partnerships; and (4) Measuring systems change.

Within each of the four groups are measurement categories, core measures and discretionary measures. Originally, the workgroup intended the Framework to be a tool for cross-state aggregation of data and thought it was important to make a distinction between a "core" measure (one that should be measured by all states) and "discretionary" (one that is not required but indicative of impact). But, they discarded this goal for measures in the framework that simply reflect the workgroup's sense of "essential" and "supplemental" measures. All these distinctions can be helpful for

states measuring the impact of their sector strategies, and therefore both are provided in the Framework included in Appendix A.

This section offers a description of each measurement group and their sub-categories. Each description below includes a “While in Development” section reflecting workgroup comments and input during the initial design process. The section offers key insights into where clear consensus either existed or did not on key elements of the Framework.

### ***Measuring Outcomes for Workers***

**Employment** includes retention of incumbent workers over a period of time, rate of participants obtaining employment upon completion, rate of those who advance into higher skills, rate of those who remain in the targeted sector over time, and sub-populations data for each of the measurements where targeted and/or applicable.

**Earnings** includes wage gains for incumbent workers over time, earnings levels of new hires, rates of new hires achieving locally defined self-sufficiency wages, take-up benefit packages, and sub-population data for each of the measurements where targeted and/or applicable.

**Skill Acquisition and Development** includes a formal certificate and/or credential that is recognized within the sector, and/or a certificate that is developed and/or recognized by the partnership, work readiness certificate earned, higher adult basic education and English literacy levels attained, college credit received; accredited higher education; awareness and understanding of career pathways, and sub-population data for each of the measurements where targeted and/or applicable.

#### *While in Development:*

Many considerations were important to the workgroup regarding workers. First was the importance of differentiating between incumbent workers and new hires. Second, because advancement was potentially too labor intensive and complex to measure, earnings were suggested as a proxy for advancement.

A third thread of discussion was around the question of how to benchmark new hire wages. The workgroup elected to benchmark new hire wages against standards of self-sufficiency, acknowledging that such standards vary across states. Fourth, the notion of certification generated tremendous conversation. While no consensus existed on the best approach to measure certification, everyone in the workgroup agreed that it was important to encourage sector initiatives and programs to have participants receive something similar to a certification that is tangible and meaningful in the industry.

Finally, the issue of measuring sub-population groups created extensive discussion, but no consensus was reached. An obstacle to consensus was the realization that individual sector initiatives may target different sub-populations and therefore will have different sets of baseline data, different approaches to implementation, and different target impacts on those populations. The workgroup agreed that the approach to

measurement of sub-populations should be very flexible, and used primarily where sub-population impact was a stated goal of the initiative or strategy being measured.

### ***Measuring Value to Employers***

**Human Resource Measures/ Stabilization / Yield** are similar impact measures intended to ensure that employers have enough workers with the right skills to grow and prosper. Potential measures include retention and/or job vacancy rates; reduction of vacancy rates in the areas of highest need; the time taken to fill a position and the cost of recruitment, and (if measurable) skills gained, output per employee and the increase in the number of quality workers.

**Business Productivity and Operations** are similar impact measures with the intent that employers enjoy improved productivity, efficiency, innovation, and competition. Productivity can be measured by the rate of change of output, revenue, occupancy or something else of importance to the employer or industry over a baseline measure of the same. Improved quality can be measured by the rate of change in the quality of work or service over a baseline (as determined by the specific industry undertaking a sector approach.) Other measures include the rate of reductions in equipment down time, error/scrap rates, safety violations, and satisfaction by the business's customers. If customer satisfaction data does not exist, the workgroup felt that supervisory surveys could suffice.

#### *While in Development:*

A fundamental principle began to emerge during conversations about measuring the impact on employers. Workgroup members agreed that the burden of data collection felt by participating employers should be minimized as much as possible. An employer's willingness to participate in a sector initiative and to provide data must not be outweighed by the opportunity cost of time spent collecting that data and concerns of confidentiality.

Another point of importance during discussion was identifying the appropriate level of analysis. The workgroup believed strongly that the appropriate level was the consortium of employers, not the individual employer, which is particularly important when setting baseline measurements in productivity and operations. By focusing this way, the group felt that participating business constituents would more readily welcome the measures because of the potential to establish or benchmark themselves as "best in class, industry, or geography." While discussing potential measures the workgroup acknowledged the leading accountability work done by Jack Phillips and his Six Levels of Analysis including: reaction, skill gain, application/use; business impact, return on investment, and intangibles.

Members also agreed that definitions of business productivity will vary by industry sector and should therefore be measured as change over an industry baseline. Additional work can be done to further refine this approach industry-by-industry. A

“business profitability” measure was originally included in the Framework (indicators such as increased sales, revenues, and savings) but ultimately was eliminated because of the potential difficulty directly linking such outcomes with the intervention itself.

Finally, the development of this category elicited a valuable discussion about the potentially wide variation in approach across state sector strategies. In particular, work group members asked each other: “Do all sector initiatives promoted by state policy include training as a core activity of a sector partnership?” Members agreed that training is not always an element of a sector initiative. Some sector initiatives discover that marketing of the career potential of their industry is the greatest challenge. Others address human resource policies that are barriers to hiring skilled workers; and others may discover that their workers need non-training related support services to be more productive. The result of this discussion was applying a test for every measure across all groups and categories. The test simply required workgroup members to answer the question: “Does this measure equally apply to sector strategies that include training as a core element *and* those that do not?” If yes, the measurement stayed. If no, the measurement was studied further, and either eliminated or altered.

### ***Measuring Quality and Effectiveness of Partnerships***

**Turning Planning, Information, and Data into Consensus and Action** includes a gap analysis based on primary and secondary data; articulation of specific need(s); and for a mature partnership, analysis of root causes of gap(s). An important measure is having a plan of action to address the specific need including: identification and recruitment of appropriate key partners, clear goals and objectives of the partnership, and a road map to goals with line of sight to outcomes.

**Partnership Development, Management, and Capacity** includes the capacity of the convening entity to convene partners and manage the partnership; and the identification of and response to learning or capacity-building needs of conveners and partners. Critically important is the development of systems to transfer information needed for continuous quality improvement, including: (1) articulated lines of authority; (2) evidence-based decision-making protocols; and (3) articulated roles and responsibilities, including the commitment of partners demonstrated by time, in-kind, cash, and other contributions.

**Implementing a Worker Pipeline Aligned with Industry Needs** includes measures for employers, for the public sector, and for both. For employers, the measures are that the best human resource practices are identified and understood; and that strategies for supporting best human resource practices are developed. For the public sector, barriers to success for individuals entering and advancing are identified and strategies are developed to address them. For both, that career ladders are identified, described, and developed.

**Sustainability of Intent of Work** includes evidence that a sustainability plan has been developed and evidence of on-going or new public and private cash and in-kind



resources. It also is important to have a continuous improvement process in place to learn what works. The process should document what works and what has not worked and overall lessons learned. It also should show progress in expanding to scale. Examples of expanding to scale include continuation of best hiring practices, career ladder promotions, training support policies, support services, curricula revisions, new course development, and expanded accessibility of training, among others.

**Sustainability of Partnership** including evidence that the partnership has self-assessed its impact on specific needs identified in earlier stages. There should also be evidence that the partnership is evolving in order to remain effective and has changed its sustainability plan as appropriate (including the possibility of expansions, mergers, dissolution, or other changes).

*While in Development:*

This group of measurements is where the Framework becomes as much qualitative as quantitative. In approaching the measurement categories, workgroup members debated the difference between “governance” and “continuous quality improvement” of a sector partnership and agreed that the latter better captures the wide range of character that particular partnership conveners might exhibit (i.e. governance may seem too strong a word in many states.)

The workgroup felt it was important to approach sustainability through two distinct lenses. The first lens is the sustainability of the overall partnership (with an emphasis on resources) and the second lens is the sustainability of the intent of the work (with emphasis on if the partnership has considered its impact, its continued role and the evolution of the work).

The workgroup also held significant discussions about the value of the “sustainability of the partnership” itself as a positive outcome, and agreed that this should not be articulated as such. In other words, the continued existence of the partnership is not a valued outcome in itself. It is the approach or process of that partnership that should be analyzed.

The distinction between the two types of sustainability led to a more philosophical discussion which needs further refining as the work moves forward. The workgroup felt it was important to distinguish between early, mid, and later-stage partnerships and that different measures might fit differently within each of those.

For example, the notion of “root cause” analysis seemed to reflect a later-stage partnership, although we know that Illinois’ Critical Skills Shortage Initiative started out with root cause analysis. Gap analysis seemed more appropriate for early-stage partnerships. The group then considered but did not reach consensus on the notion that sustaining the partnership was more appropriate at the early stages while sustaining the intent of the work was something for later-stage partnerships. There remains plenty of discussion to be had on these issues.

## ***Measuring Systems Change***

**Education, Training, Social, and Business Supports** encapsulates state and local government agencies and the non-profit sector and includes a wide variety of measures, including:

- ◆ New, leveraged and/or redeployed resources that improve in-house service delivery;
- ◆ Discovery of previously unrecognized barriers to industry competitiveness and career advancement;
- ◆ Improved responsiveness to employers or increased accessibility by employers to public institutions;
- ◆ Increased capacity of public entity staff to respond to private sector and support partnerships in the state;
- ◆ New, reworked, or realigned curriculum and coursework;
- ◆ Examples of, and premise for, new human resource practices to retain, reward and advance workers, including career ladders;
- ◆ Expanded reach and achievement of scale related to the above measures; and
- ◆ Numbers of individual participants exceed initiative's original goals.

**Public Policy** includes new or leveraged funding from the Legislature; discovery of previously unrecognized barriers to industry competitiveness and career advancement; expanded reach and achievement of scale related to the above measures; and industries request assistance from public sector to start a new sector initiative.

**Employer Practices** includes new or leveraged private resources; discovery of previously unrecognized barriers to industry competitiveness and career advancement; increased utilization of public systems by participating employers; examples of, and premise for, new human resource practices to retain, reward and advance workers, including career ladders; expanded reach and achievement of scale related to the above measures; and additional firms participating beyond immediate or original reach of the initiative.

### *While in Development:*

The workgroup considered several different ways to approach measuring systems change before settling on the three impact categories above. The corresponding discussion included clarifying the levels or areas where systems change can occur including: 1) the local partnership level; 2) the state practices and policies level; 3) the state public institutions level; and 4) the industries and groups of employers level. Ultimately, workgroup members focused on the latter three levels based on the intent for the Framework to measure state-level strategies. The "state practices and policies level" became the Education, Training and Business Supports category; the "state public institutions level" became the Public Policy category; and the "industries and groups of

employers level” became the Employer Practices category.

Members also discussed the Baldrige Criteria for evidence-based practices. Ultimately, the group focused on a “preponderance of evidence” but never felt comfortable with how to identify it except on a “we’ll know it when we see it” criteria.

Other concepts considered as possible measures of systems change include shared learning, awareness of public systems by industry, and innovation. After further discussion members agreed that these were in fact principles to guide the three measurement categories, and not measurements themselves. Finally, workgroup members spent time discussing and defining the intent of each category, and agreed that any discussion of systems change must include a high degree of caution about measuring change simply for change sake.

Highlighted during discussions but not yet elaborated on are three additional areas related to systems change: regionalism, expanded reach and scale, and public policy tools (including procurement, grants, financial incentives, and others). Members hope these can be addressed as the Framework is further developed, tested and changed.

## Ongoing Feedback

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Much feedback on the Framework has already been incorporated into this document, such as the request to remove the goal to use the Framework to aggregate data across states. Other valuable critiques and suggestions worth noting as these moves forward include:

- ◆ The need to further refine terms. For example, states believe that this framework could be applicable to states using both “sector strategy” and “industry cluster” framing for their initiatives, but felt that specific measures and variables might need to be further refined to either distinguish between the approaches, or better connect them.
- ◆ States are not prepared to pilot or implement the model for two reasons. First, states believe its implementation would require a substantial investment if done correctly in terms of collection, analysis, management, as well as other factors. The second reason is general agreement that the work would require a dedicated staff person within each state to drive its implementation.
- ◆ Some believe the framework is overly complex. Others think it is the appropriate scope. This will need to be explored as the framework is refined.
- ◆ A perception and concern still exist that the applicability of the framework will vary widely depending upon the industry of focus.
- ◆ A concern that states are too different in the politics, context, strategies, and approaches to sector work also still exists. Presenting the Framework as a tool, and not an effort to compare states or aggregate information remains a challenge.

Despite the above concerns, the general sense is that the Framework is a very significant start that offers choices and options for going forward. The participating states agree that the effort should move forward, and came to consensus on two decisions: that a small group of states (two or three) should try to pilot the Framework, and that a white paper should be developed documenting the development and intent of the Framework. This document serves as the white paper. The project partners continue to seek funding for a few pilot states from among those participating in the project, preferably at different levels of sector strategy development.

Several concerns have been expressed about piloting the Framework, including the need to build buy-in from partners, the time and effort required, the need to have an “owner” to lead and organize the effort, and the need to clarify what type of initiatives/strategies qualify to be measured using the Framework.

As this phase comes to closure with the release of this paper and the effort moves to the next phase, there are important steps for moving forward:

- ◆ The need to test, solicit and receive additional feedback;
- ◆ The need for funding to support testing or piloting the Framework; and

- ◆ The need to simplify and streamline the Framework.

Two final thoughts to carry the synergy in this effort forward: make the performance measurement framework a web-based tool (which is planned for in Phase II of the project) and keep the Framework a dynamic, living document that evolves as sector theory and strategies evolve across states.

## Call To Action To States

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We present this paper as a “call to action” for states to consider the Framework, regardless of where your state sees its stage of sector strategy development. This Framework is useful at many stages. For states just starting a sector strategy, use the Framework as a checklist of elements to consider at the outset. For states that have already implemented a strategy but seek to expand their efforts, use this Framework to see the full scope of implementation. For advanced states that have experimented with sector strategy evaluation, use this Framework as a point of comparison.

**We are looking for two to three states to pilot the Framework. Is your state ready, willing and interested?** As project partners continue to seek funding, we think we will be better positioned with guidance from interested states to outline a specific proposal. This will mean hearing from states about what they think the appropriate level, depth, and scope of a pilot initiative should be. We want to hear from you.

Beyond our pilot, we want any state interested in the Framework to adopt and adapt, learn and improve, and move it forward. We remain open to any and all feedback regarding clarification of terms and the balance of the framework between evaluation, performance measurement, and return on investment indicators.

We issue this Call to Action and ask in return that states challenge the partners involved in this project to continuously adapt and innovate the Framework so that it meets the multiple audiences and stakeholders where they are at in a way that helps the advancement of sector strategies in serving as a state policy framework to regional economic competitiveness.

## Appendix A: Evaluation Framework

Measuring Outcomes for Workers		
Category	Core Measures	Discretionary Measures
Employment	<ul style="list-style-type: none"> <li>Retention of incumbent worker over time ((need to specify period))</li> <li>Percent participants obtaining employment upon completion</li> </ul>	<ul style="list-style-type: none"> <li>Percent participants who advance to a position of higher skill or responsibility at 6 months and 1 year after completion</li> <li>Percentage of participants who remain in sector at 6 months and 1 year</li> <li>Core and discretionary measures by sub-population where targeted</li> </ul>
Earnings	<ul style="list-style-type: none"> <li>Wage gain for incumbent workers over time (pre and post, looking at 6 months &amp; 1 year post-completion)</li> <li>Earnings level of new hires at 2<sup>nd</sup> and 4<sup>th</sup> quarter after</li> <li>Percent of new hires achieving locally-defined self-sufficiency wage</li> </ul>	<ul style="list-style-type: none"> <li>Take-up of benefits packages</li> <li>Core and discretionary measures by sub-population where targeted</li> </ul>
Skill Acquisition and Development	<ul style="list-style-type: none"> <li>Acquisition of a formal certificate and/or credential that is recognized within the sector</li> <li>Acquisition of partnership-developed certificate and/or credential</li> </ul>	<ul style="list-style-type: none"> <li>Work Readiness or equivalent certificate gained</li> <li>Higher ABE/ESOL level attained (pre- and post- testing on standardized test)</li> <li>College credit received</li> <li>Participation in accredited continuing education</li> <li>Participant gained understanding of career pathway or lattice in industry (received counseling, completed a career plan)</li> <li>Core and discretionary measures by sub-population where targeted</li> </ul>

## Measuring Value to Employers

Category	Core Measures	Discretionary Measures
Human Resource Measures/Stabilization/Yield (Intent: Employers have enough workers with the right skills to grow and prosper)	<ul style="list-style-type: none"> <li>• Retention and/or vacancy rates</li> <li>• Reduction of vacancy rates in areas of highest need</li> <li>• Time taken to fill (or cost of recruitment)</li> </ul>	<ul style="list-style-type: none"> <li>• Skill gain</li> <li>• Output per employee</li> <li>• Increase in # of quality workers</li> </ul>
Business Productivity/Operations (Intent: Employers enjoy improved productivity, efficiency, innovation, and competition)	<ul style="list-style-type: none"> <li>• Productivity measured by % change of (output, revenue, occupancy, etc) over baseline*</li> <li>• Improved quality measured by % change of quality of work/service over baseline (fill in the blank based on sector)</li> </ul>	<ul style="list-style-type: none"> <li>• % change reductions in equipment down time, error/scrap rates, and safety violations</li> <li>• Satisfaction by the business's customer (if data unavailable, use supervisory surveys)</li> </ul>



## Measuring Quality and Effectiveness of Partnership

Category	Core Measures
Turning Planning, Information and Data into Consensus and Action	<ul style="list-style-type: none"> <li>• Gap Analysis based on primary and secondary data;</li> <li>• Articulation of specific need(s);</li> <li>• For mature partnerships, analysis of root cause of gap(s)</li> <li>• Plan of action to address the specific need(s), including:                             <ul style="list-style-type: none"> <li>• Identification/recruitment of appropriate key partners;</li> <li>• Clear goals/objectives of partnership;</li> <li>• Road map to goals with line of sight to outcomes</li> </ul> </li> </ul>
Partnership Development, Management and Capacity	<ul style="list-style-type: none"> <li>• Capacity of convening entity to convene partners and manage partnership;</li> <li>• Development of systems to transfer information needed for continuous quality improvement, including:                             <ul style="list-style-type: none"> <li>• Articulated lines of authority;</li> <li>• Evidence-based decision-making protocols;</li> <li>• Articulated roles and responsibilities, including commitment of partners demonstrated by time, in-kind, cash, other contributions</li> <li>• Identification of, and response to, learning or capacity-building needs of conveners and partners</li> </ul> </li> </ul>
Implementing a Worker Pipeline Aligned with Industry Needs	<ul style="list-style-type: none"> <li>• For employers:                             <ul style="list-style-type: none"> <li>• Best HR practices identified and understood;</li> <li>• Strategies for supporting best HR practices developed.</li> </ul> </li> <li>• For public sector:                             <ul style="list-style-type: none"> <li>• Barriers to success for individuals entering/advancing identified and strategies developed to address them;</li> </ul> </li> <li>• For both:                             <ul style="list-style-type: none"> <li>• Career ladders are identified/described/developed</li> </ul> </li> </ul>
Sustainability of Intent of Work	<ul style="list-style-type: none"> <li>• Evidence that sustainability plan has been developed;</li> <li>• Evidence of on-going or new public and private cash and in-kind resources;</li> <li>• Continuous Improvement process is in place to:                             <ul style="list-style-type: none"> <li>• Learn what works;</li> <li>• Document what works, what does not work (lessons learned);</li> <li>• Expand to scale (for example – continuation of best hiring practices, career ladder promotions, training support policies, support services, curricula revisions, new course development, expanded accessibility of training, etc).</li> </ul> </li> </ul>
Sustainability of Partnership	<ul style="list-style-type: none"> <li>• Evidence that Partnership has self-assessed it's impact on specific need(s) identified in early stages;</li> <li>• Evidence that Partnership is evolving in order to remain effective, and has changed its sustainability plan as appropriate (including the possibility of expansion, merges, dissolution, or other changes)</li> </ul>

## Measuring Systems Change

Category	Core Measures
Education, Training, Social and Business Supports	<ul style="list-style-type: none"> <li>• New, leveraged and/or redeployed resources that improve in-house service delivery</li> <li>• Discovery of previously unrecognized barriers to:</li> <li>• Industry competitiveness</li> <li>• Career advancement</li> <li>• Improved responsiveness to employers (or increased accessibility by employers to public institutions)</li> <li>• Increased capacity of public entity staff to respond to private sector and support partnerships in state</li> <li>• New, re-worked or re-aligned curriculum/coursework</li> <li>• Examples of, and premise for, new HR practices to retain, reward and advance workers (including career ladders)</li> <li>• Expanded reach and achievement of scale related to the above measures Numbers of individual participants exceed initiative's original goals;</li> </ul>
Public Policy	<ul style="list-style-type: none"> <li>• New or leveraged funding from Legislature</li> <li>• Discovery of previously unrecognized barriers to:</li> <li>• Industry competitiveness</li> <li>• Career advancement</li> <li>• Expanded reach and achievement of scale related to the above measures industries request assistance from public sector to start new sector initiative</li> </ul>
Employer Practices	<ul style="list-style-type: none"> <li>• New or leveraged private resources</li> <li>• Discovery of previously unrecognized barriers to:</li> <li>• Industry competitiveness</li> <li>• Career advancement</li> <li>• Increased utilization of public systems by participating employers</li> <li>• Examples of, and premise for, new HR practices to retain, reward and advance workers (including career ladders)</li> <li>• Expanded reach and achievement of scale related to the above measures Additional firms participating beyond immediate or original reach of initiative;</li> </ul>