

WORKFORCE INNOVATION FUND IMPLEMENTATION EVALUATION ANNUAL REPORT

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Opportunity

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Submitted by:



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Executive Summary

Overview

The statewide Performance Funding Model (PFM), funded by a Workforce Innovation Fund (WIF) grant received in September 2014 by the Florida Department of Economic Opportunity (DEO), is designed to incentivize regional workforce boards to work toward common, identified goals. Ultimately, the vision of the PFM is to improve the effectiveness of the 24 Regional Workforce Boards (RWBs) in the CareerSource Florida (CSF) system. To reward regions for performance, as measured by PFM metrics, the CSF Board of Directors has allocated over \$17 million of Workforce Innovation and Opportunity Act (WIOA) discretionary dollars. Regions will be rewarded based on the Target, Improvement, and Excellence (TIE) model, which awards dollars for meeting established targets; demonstrating improvement relative to peers; and excelling in metrics relative to peers. Ultimately, leadership hopes that the PFM will be used by RWBs as a tool for continuous improvement, including reviewing and enhancing services offered. The overall vision of the PFM is to help RWBs measure their own progress toward common goals, which is designed to result in increased quality and quantity of services to Floridians who are most in need of services; to allow CSF participants to access higher paying job opportunities; and to create a more efficient and effective workforce system.

The PFM is based on performance on seven metrics. These metrics focus on three key areas: Placement, Exit, and Business Service.

| Placement | Exit | Business Service |
|--|---|---|
| <ul style="list-style-type: none">• Unemployed Placement Rate• Time to Earnings | <ul style="list-style-type: none">• Cost Per Employed Exit• Average Earnings• Earnings Per Dollar Spent | <ul style="list-style-type: none">• Business Engagement• Customer Satisfaction |

During Year One of implementation, CSF worked with regional boards, including their Executive Directors, to create and define the seven metrics, as well as to identify the data elements for each metric. An additional goal during Year One of the project was the creation of a web-based data portal to provide regional workforce boards with real-time, participant-level data to assist in measuring progress toward PFM metrics. Further, CSF undertook a number of efforts to allow regions to have a voice in the PFM development, as well as to provide training for regions in the metrics and how to use them.

Program Evaluation

As part of grant requirements, Florida DEO procured an independent contractor, The Policy & Research Group (PRG) to serve as an independent, third-party evaluator on the project. The Evaluation Team consists of PRG and Thomas P. Miller & Associates (TPMA). The evaluation's primary purpose is to assess the planning, implementation, and effectiveness of the PFM.

TPMA is leading the implementation and cost evaluation, and PRG is leading the impact evaluation. The implementation evaluation documents progress, monitors outcomes, and provides recommendations for continuous improvement of operations. The Evaluation Team has conducted a number of activities to collect qualitative and quantitative data, including: reviewing regional data profiles; conducting focus

groups and interviews with RWB Executive Directors and leadership from DEO and CSF; and participating in ongoing communication efforts with DEO and CSF. The impact evaluation will assess the overall effect of the PFM. Overall, the evaluation will provide Florida DEO, CareerSource Florida, its partners, its funders, and other stakeholders with information regarding the effectiveness of the PFM. The Evaluation Team is tracking program implementation through September 30, 2018 and will present a final report of the program in September 2019.

Key Evaluation Findings

This Annual Implementation Evaluation Report examines the progress of the program during the first year of implementation, as well as the underlying accelerators and potential barriers thus far. It concludes with recommendations for DEO and CSF grant staff to consider as the PFM progresses.

Strengths and Accelerators:

Several factors contributed to project progress in Year One. These include:

Incentivized Participation

The more that regions participate in the PFM, the more likely it is that the model may affect change. Participation in the PFM is voluntary, and there are monetary incentives for performance. Because the system is set up in this manner, many Executive Directors elected to participate, seeing no downside to joining and only the possibility of receiving additional funding if they met targets and showed improvement. In Year One, 100 percent of regions participated in the system, and as Year Two began, 22 of 24 boards had opted in to participating again.

Measuring Success with Real Data

The PFM is designed to measure regional performance using data that is collected and maintained by each of the regions. PFM metrics look at multiple aspects of services offered by RWBs, including measuring how well regions are placing unemployed participants; the relative efficiency of the regions in placing participants (the return on investment for efforts expended by regions in serving their constituents); and the extent to which regions are engaging with businesses and providing satisfactory services to their participants. Because the metrics are based on common goals and were designed through comprehensive input from the regions, they may be more likely to drive continuous improvement among the regions and help improve efficiency and effectiveness of services.

Ongoing Regional Dialogue for PFM Planning and Implementation

A best practice in creating and implementing performance funding measures is to ensure that stakeholders are engaged in the planning process, especially in the creation of metrics. CSF staff engaged regional Executive Directors in PFM planning, and most felt that they had a voice in creation of the metrics. Further, CSF provided training to each region on the PFM, its metrics, and the ways in which performance would be monetarily incentivized, in an effort to increase regional understanding of the purpose and potential uses of the PFM. CSF has indicated that it is committed to continuing to provide training and open dialogue about the PFM throughout the project.

Challenges and Barriers

It is natural for any new project or initiative to experience challenges and barriers to progress. In Year One, the Evaluation Team identified the following challenges and barriers:

Complexity of PFM Metrics

Many Executive Directors expressed that, despite the efforts of CSF to provide training on the PFM metrics, they still do not understand them. Executive Directors feel that many of the metrics are complex, and they are unsure of the specific ways in which results are being calculated. As such, they struggle to use the metrics for strategic decision making and continuous improvement.

Further, a number of Executive Directors expressed frustration in particular with the Business Service metric, which is designed to measure customer satisfaction and business engagement. Executive Directors feel that the data elements used to inform the metric focus more on quantity than quality and are not a true measure of the levels of service that they are providing.

CareerSource Florida Staff Turnover

CSF is essential to the success of the PFM, as they are primarily responsible for staffing its rollout and ongoing existence. Unfortunately, during Year One, CSF saw turnover in some key staff which led to delays in implementation, including the implementation of the web application that was envisioned to provide data to the regions. In Year One, CSF lost its project manager, office manager, software engineer, and web developer. Normal hiring processes created some delays in replacing these positions, and the time necessary to train new staff hired further exacerbated these delays. In particular, the delayed rollout of the web application has resulted in some frustrations for the Executive Directors, who have expressed that lack of access to data has decreased their buy-in to the PFM, as described in the next section.

Lack of Data Access and Transparency

In part due to delayed rollout of the web application, described above, a number of Executive Directors indicated that data points are not readily available to them. This has resulted in concerns among Executive Directors about the accuracy of metric calculations, as well as a lack of ability to use the data for any important or impactful decision making. Further, some Executive Directors feel that due to the lack of data transparency and access, some regions may “game the system” in order to inflate their own performance. They are also concerned that the system may result in competition instead of collaboration.

Lack of Impact on Regional Operations

Ultimately, it is envisioned that the PFM will affect regional operations by incentivizing the regions to improve efficiency and effectiveness of services. However, after Year One of implementation, a number of regional Executive Directors indicated that this has not yet happened. Most expressed that they were not using PFM metrics to inform operational decision making, in part because they did not feel they had the necessary data to do so. Further, a number of Executive Directors indicated that because the PFM held no negative consequences for poor performance, they were focused more on WIOA indicators than PFM indicators, and that WIOA indicators had more impact on decision making.

Opportunities and Recommendations

The Evaluation Team has identified several steps that DEO and CSF could consider in order to mitigate or address challenges and barriers, as well as to build on successes. The recommendations are based on feedback from Executive Directors and from a best practices literature review. The literature review examines best practices in the planning and implementation of performance funding formulas in other, similar sectors including higher education and healthcare.

Modify the Business Service Metrics

Many Executive Directors feel that the Business Service metrics are not an accurate representation of the level of services that they are offering. As such, CSF should consider changing this metric to more

accurately reflect engagement and satisfaction. CSF could consider measuring the number of businesses engaged with the region, and the number of repeat business customers. Engagement could be measured by identifying “meaningful services” and measuring the number of these services provided.

Better Incorporate or Relate WIOA Indicators to PFM

Because many regional Directors feel that PFM metrics do not relate to WIOA, they have not integrated PFM metrics into their operational decision making. To mitigate this, the PFM could look to integrate WIOA measures into the model. Alternately, CSF could create a crosswalk for regions that identify how the PFM metrics affect WIOA indicators, which may help regions better understand the desired complementary nature of WIOA indicators and PFM metrics.

Assist Regions in Utilizing PFM for Strategic and Operational Decision Making

To achieve its ultimate goal of impacting regional services, the PFM must be used by regions for making decisions about services that are offered. CSF could provide examples and best practices to demonstrate how strategic decisions can affect PFM metrics. Real world cases could help regions better understand the ways in which the PFM could be used as a tool for continuous improvement.

Revise Metrics or Incentives to Directly Promote Collaboration

Some Executive Directors expressed concern that because only the top eight regions receive incentives, the PFM could promote competition instead of collaboration among regions, creating a disincentive for regions to share best practices. CSF may consider revising or adding to the metrics to specifically promote regional collaboration.

Integrate Metrics into Annual Funding Allotment

Best practices in performance funding models suggest that integrating performance funding with regular funding can not only impact the sustainability of performance funding, but can also impact the ways in which performance funding metrics are used to impact decision making. To further incentivize regions to participate in the PFM, as well as to actively use the PFM for service improvement, it may be useful to consider ways in which PFM funding could be tied to annual funding allotments.

Next Steps

The Evaluation Team will continue the implementation study for Year Two of the project, which will run from October 2016 through September 2017. The Year Two evaluation will include updating regional profiles; interviews and focus groups with Executive Directors of RWBs; focus groups with RWB staff and CSF staff; preparing feedback for quarterly reports; and, ongoing quarterly calls with CSF and DEO.

Organization of the Report

This implementation evaluation report begins with an overview of the Florida Workforce System Performance Funding Model (PFM) intervention, funded by a Workforce Innovation Fund (Round II) grant, including goals and desired outcomes. This is followed by an overview of the process evaluation methodology utilized to gather data to support evaluation findings and recommendations.

The evaluation findings section of the report focuses on two major initiatives undertaken during Year One: the development of the PFM itself, including objectives and metrics, as well as efforts undertaken to ensure regional buy-in. This section discusses the implementation processes for each. Further, the evaluation findings include strengths and accelerators, as well as challenges and barriers. In conducting implementation evaluation, it is important to recognize strengths and challenges throughout implementation, both to provide context for grant outcomes at the end of the period of performance, and to allow for program adjustment throughout. Identification of strengths, or components that have led to positive progress, can be capitalized upon to further accelerate progress toward meeting goals. Recognizing challenges and barriers can be used to make adjustments for ongoing program improvement. Subsequent to the evaluation findings section are recommendations for next steps, which are, where applicable, based on best practices identified through a literature review.

Introduction

Florida Workforce System Performance Funding Model (PFM)

In September of 2014, the Florida Department of Economic Opportunity (DEO) was awarded a Workforce Innovation Fund (Round II) grant to plan and implement a statewide Performance Funding Model (PFM) within the workforce system. The PFM was developed by the Analytics Unit of CareerSource Florida (CSF) and seeks to improve the effectiveness of the 24 Regional Workforce Boards (RWBs) in the CareerSource Florida system. In support of the PFM, the CareerSource Florida Board of Directors has allocated approximately \$17.15 million of Workforce Innovation and Opportunity Act (WIOA) discretionary dollars as a pool of incentive funds for the first two years of PFM implementation.¹ These funds will be used to reward regions based on the Target, Improvement, and Excellence (TIE) model. The incentives are based on an individual workforce region:



Target: meeting established targets within the PFM;



Improvement: demonstrating that they are improving relative to their peers (top eight regions receive funding); and



Excellence: rewarding those regions that excel in the metrics relative to their peers (top eight regions receive funding).

To be eligible for the PFM incentives, regions must be determined by DEO to be in compliance with the United States Department of Labor (USDOL) performance indicators (common measures) and meet or

¹ CSF received permission to begin the PFM on July 1, 2015 to correspond with WIOA program year (WIOA PY). However, in terms of this report and the third party WIF evaluation, the first year of implementation is October 1, 2015 through September 30, 2016, which corresponds with the WIF grant cycle.

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exceed the agreed minimum thresholds of PFM metrics.² The baseline for each metric is 75% of the target; however, regions may negotiate thresholds down by increasing others as long as the average of the thresholds is 75% and no threshold is set below 50%.

The PFM as described in the WIF application has three goals:

- The creation of a PFM, which correctly incentivizes regional workforce boards to work towards common, identified goals.
- The expansion of current data collection systems and the integration of new data collection tools which capture the data necessary to measure progress towards the incentivized goals and the integration of these tools into a web-based PFM status monitor.
- The creation of a comprehensive, easy to understand web-based data portal to provide regional workforce boards with the data necessary to inform their decision making processes. This allows them to benchmark and track their performance, which encourages collaboration to maximize the potential of shared resources and ensures clear and effective communication.

Ultimately, CSF hypothesizes that by realizing these goals, the PFM will serve as a change agent to enhance the Florida Workforce system by achieving the following objectives at the regional and state levels:

- Increase quality and quantity of services to Floridians most at risk and in need of services;
- Place CSF participants in higher paying employment opportunities; and
- Produce a more efficient and cost effective workforce system.

The PFM is voluntary, which means that each workforce region must “opt in” to the program annually to be eligible for the incentive dollars. There is no disincentive or penalty for regions choosing not to participate in the PFM. All 24 workforce regions chose to participate in the first year of implementation. The incentive dollars are considered discretionary dollars for local boards, and DEO and CSF do not place any additional restrictions on the funds outside of normal fiscal policies.

The first year of implementation has resulted in a few minor changes to the PFM in response to regional feedback. Changes include:

- The addition of three Long Horizon Metrics;
- Changes to the calculation for the Time to Earnings Metric;
- Changes to the way Business Engagement Targets are set;
- Changes to the source of data used by the PFM;
- The implementation of a minimum threshold negotiation process; and
- The addition of meeting Common Measures goals as a gateway to eligibility in the PFM.

[Appendix A](#) provides a detailed account of the changes that took effect on July 1, 2016 during the first year of implementation.

² The addition of the qualifier that regions need to be in compliance with WIOA performance indicators was done to ensure that the PFM and WIOA measures are complementary, and that boards are not receiving incentive dollars if they are not meeting their federal performance standards.

Summary of Implementation Evaluation Methodology

This evaluation report describes project implementation activities in Year One of the WIF Round II grant-funded operations. The Evaluation Team used qualitative and quantitative data from the following sources to understand program implementation successes and challenges:

- Interviews and focus groups with Florida DEO staff, CareerSource Florida staff, and Regional Workforce Board (RWB) Executive Directors during the fall of 2016;
- Interviews with each RWB Executive Director during the spring of 2016;
- Regional profiles created by the Evaluation Team for each RWB;
- Outcome data collected by grant staff;
- Monthly PFM webinars and updates presented by CareerSource Florida;
- Observation of Data Analytics Work Group (DAWG) meetings;
- Quarterly reports prepared and submitted to USDOL by grant staff; and
- Monthly and quarterly implementation project update calls with the PFM Project Director and DEO.

[Appendix B](#) includes a detailed description of the methodology employed for this project. [Appendix C](#) is a comprehensive list of focus group and interview questions presented on-site during the Year One site visit. The following section contains summary findings from the data collection led by the Evaluation Team.

Implementation Evaluation Findings

This section focuses on key processes undertaken during Year One of implementation, which include development of the PFM metrics and buy-in efforts. The section begins with a detailed description of PFM objectives and metrics, and the steps that CSF took to build regional support for the PFM. In addition, it provides information on strengths and accelerators that may have supported or enhanced those efforts, and barriers and challenges that may have hindered them.

PFM Structure and Components

The PFM was created to incentivize regional workforce boards to accomplish key objectives in the most efficient manner. These key objectives include developing a suite of measures to establish how well the regional workforce boards assist Floridians in entering, remaining, and advancing in the workforce; and strategically aligning all workforce boards towards common, statewide goals. To this end, the design of the model is to make it easy for regions to participate, offering incentives and rewards, while minimizing risk. Because of the TIE (Target, Improvement, Excellence) structure of the incentives, regions are able to receive Target funds regardless of their performance in comparison to other regions, leaving a portion of their outcomes under their own control. Though some of the available funds are competitive and therefore not guaranteed, there is no risk to pursuing them. Those regions whose performance does not put them in a position to receive the dollars do not lose any funding or receive any other sanctions or disadvantages.

In addition to development of PFM metrics, a goal of PFM implementation in Year One was the creation of an online application where regions could access all the data in real-time that made up the PFM metrics. According to CSF, the intent was that the data would allow regions to make strategic decisions that would improve their PFM performance, thereby resulting in an increase in service to those at risk and most in need.

PFM Metrics

According to CSF, the PFM metrics are designed to supplement WIOA performance indicators, not to replace them. As such, the PFM complements WIOA and is designed to align with the themes of the legislation. The model has a total of seven metrics in three categories: Placement, Exit, and Business Service.

- **Placement metrics** focus on the long-term unemployed (90 days or more with no wage record) and consist of Unemployed Placement Rate and Time to Earnings. Active participants still engaged in the workforce system can be counted in these two Placement Metrics.
- **Exit metrics** focus on participants who have exited the workforce system program(s), and include Cost Per Employed Exit, Average Earnings, and Earnings Per Dollar Spent.
- **Business Service metrics** provide “bonus” points for serving targeted populations. The Business Service metrics include Business Engagement and Customer Satisfaction.

PLACEMENT METRICS³

UNEMPLOYED PLACEMENT RATE – The Unemployed Placement Rate metric measures the level of success of participants at finding employment in a given quarter, for a particular region. The metric might be thought of as the region’s employment rate of participants. The denominator consists of participants that entered the system in the previous quarter or before, are still in the system, and did not have any earnings last quarter. The numerator is the number of participants in the denominator who earned a wage (i.e., gained employment) in the previous quarter.

TIME TO EARNINGS – The Time to Earnings metric measures the average length of time a participant goes without any wage earnings. It does this by averaging the number of zero wage quarters that lapse from entry into the system. The participant pool for this measure is identical to the Placement Rate metric.

EXIT METRICS

COST PER EMPLOYED EXIT – The Cost Per Employed Exit metric measures how much money (on average) the region spends per individual that exits the program employed (employed exit) in a fiscal year (FY). A participant is counted as an employed exit in a FY if they both exited the system within that FY and showed a positive earning the quarter of their exit.

AVERAGE EARNINGS – The Average Earnings metric measures the average earnings of all system exiters. To create this metric, the sum of the wages earned by ALL exiters for the two quarters following exit is divided by the total number of exits for the region in that same FY.

EARNINGS PER DOLLAR SPENT – The Earnings Per Dollar Spent metric measures how successful the region is at turning its expenditures into earnings for its participants. Specifically, the metric is the total earnings of all exiters in the two quarters following their exit, divided by the amount of money spent by a region during that same program year. This could be considered a return on investment.

BUSINESS SERVICE METRICS

BUSINESS ENGAGEMENT – The Business Engagement metric measures any service that regions provide to businesses.⁴ Specifically, the metric measures the number of customer satisfaction surveys a region sends

³ CSF and DEO updated the Placement Metrics from the original PFM design by removing the qualifier “entered the system either unemployed or with notice of separation.” This change allowed regions to include those participants who may have been employed at the time of enrollment, but had since lost their jobs.

to businesses in a particular quarter via Salesforce, the Florida Workforce System’s customer relationship management (CRM) solution.

CUSTOMER SATISFACTION – The Customer Satisfaction metric measures business customers’ level of satisfaction with the intensive services that they receive from the region. Customer satisfaction data is based upon the survey that the region distributes through Salesforce. It is based upon two scaled score questions:

- How likely are you to refer the services of this local workforce development board to others?
- How satisfied are you with the service you received from this local workforce development board?

[Appendix D](#) provides a detailed explanation of the Business Service Metrics.

PFM Buy-in Efforts

The PFM is designed to improve the effectiveness of the Florida Regional Workforce Boards by serving as a change agent. In order to accomplish this, regions must have buy-in to the metrics used for the system, as well as use the data and metrics to improve services and outcomes. To support buy-in and effective use of the PFM, CSF has provided opportunities for communication, input, and feedback with the regions. These opportunities were designed to promote transparency throughout the process and garner statewide support for the initiative. Regions were directly involved with the creation of the metrics in an effort to create buy-in before the model was finalized and the program was implemented. CSF staff visited each region for two days to gather input into defining the final metrics. Trainings were provided for all regional leadership, with the intent of educating each region on details of the PFM metrics, how the region would be measured, the incentive structure, and the online system that would accompany the initiative. CSF staff members were available for phone calls and emails; to answer questions and schedule ad hoc trainings; and to provide visits to regions for further clarification.

During the planning year of the PFM leading up to the launch of the model, CSF staff conducted regional site visits to communicate with leadership about the PFM. In addition, CSF drafted two documents which completely outlined the PFM in both a technical and non-technical format (PFM Whitepapers).

Strengths and Accelerators

Throughout implementation, situations and circumstances create accelerators or strengths that promote a program’s successful implementation. Accelerators are conditions that help a program move forward. During the first year of implementation of the PFM, several factors strengthened the PFM efforts, including the fact that participation was voluntary and incentivized; that success will be measured using actual data collected by the regions and is based on common goals; and that there were initial and ongoing communication efforts to engage regional staff in the development process.

Incentivized Participation

The decision to make participation voluntary, as well as providing monetary incentives for participation and success, contributed to regional participation in the PFM. According to a number of Executive Directors, they chose to participate because there was no downside, and only the potential of receiving additional funding. During the first year of implementation, all 24 regions participated in the PFM; moving

⁴ The term “intensive service” was removed from the PFM language because it has a different meaning in other workforce programs than what is intended by the PFM.

into the second year, each region was required to opt in again, and 22 out of 24 regions elected to participate again.

Measuring Success with Real Data

The PFM allows for measurement of success in the areas of Placement, Exit, and Business Service by using data collected and maintained by the regions. This supports one of the primary goals of the PFM, to create metrics that correctly incentivize regional workforce boards to work toward common identified goals. The metrics created for the PFM were designed through comprehensive input and are consistent throughout the regions. These metrics are intentional to meet identified statewide goals, including:

- Placement – measures the success a region has on placing long term unemployed participants and includes active participants.
- Exit – measures the cost efficiency of placing participants in jobs and focuses on those participants that have exited the workforce system.
- Business Service – measures business engagement and customer satisfaction.

The identified metrics for these three goal areas go above and beyond the performance indicators measures in WIOA and have allowed CSF to identify additional elements that they believe will drive forward the efficiency and effectiveness of the workforce system with real data to capture progress and monitor impact.

Ongoing Regional Dialogue for PFM Planning and Implementation

As the Executive Director interviews indicated, the regions appreciated the efforts of CSF to engage in ongoing dialogue. Executive Directors believed, with few exceptions, that they did have open and effective communication during the planning of the PFM. A number of Executive Directors indicated that the process of developing the metrics was a positive experience. Most felt that they were part of the process and were able to provide input in the design of the metrics.

According to Executive Directors, CSF staff provided training to each of the regions that included information on the metrics, the components making up the metrics, and incentive dollars. In general, the Executive Directors felt the training was done well and would be helpful in better understanding the PFM. Per CSF, they are committed to continuing conversations and training about the metrics, especially with regards to building additional clarity around the data components used for the metrics.

The efforts to engage stakeholders early in the planning process, and ongoing efforts for communication and training, are supported as a best practice in the Literature Review included in [Appendix E](#).

Challenges and Barriers

During the course of implementation of a new program or initiative, it is natural that challenges and barriers may occur. Barriers are conditions that result in slowdowns in progress or unanticipated changes in program progress. The PFM project has experienced some challenges that may have resulted in diminished buy-in and barriers in progress toward achieving desired goals. While the PFM is intended to impact regional workforce board actions, Executive Directors indicate that their regions lack a clear understanding of how to utilize the PFM to improve or serve those in need; how the PFM relates to WIOA performance indicators and other measures of progress; and how strategic or operational changes affect the PFM measures. The lack of understanding may be a result of the following factors.

Complexity and Relevance of PFM Metrics

Despite a number of communication efforts, regional staff still struggle to understand the complexity of the PFM. This has resulted in barriers to regions using the PFM metrics for strategic decision making to improve services. Executive Directors indicated that the challenge has not been a lack of communication by CSF, but that sometimes the communication has lacked the necessary substance to help them develop deep understandings of the metrics.

The DAWG meeting in February 2016 offered insight from regional leadership voicing their concerns that they did not fully comprehend how the PFM worked or how measures were actually calculated. This sentiment was further expressed during the Executive Director’s focus group, where several Executive Directors agreed that a year into the PFM, they did not fully understand how the metrics were being calculated, what participants were included in the scores, or how the performance of these participants could affect the data.

CSF has recognized these challenges and has implemented a number of strategies, including monthly webinars, an online tool, and open communication with CSF leadership. Beginning in April 2016, CSF began hosting webinars to provide the regions with updates, clarifications, and explanations of the PFM. Prior to the webinars, CSF distributed an agenda that included supporting documents, and followed-up the webinars with a question and answer document based on feedback from participants. The webinars have been well-attended by regional staff.

In an effort to make the details of the PFM more accessible, CSF launched a web-based solution to replace the original PFM Whitepapers. The PFM and all its components including metrics, targets, and definitions can be found at <http://pfm.careersourceflorida.com> under “Documentation” (PFM Web Application). CSF has also actively solicited feedback, questions, and comments via webinars, phone, and emails.

In addition to general concerns about the complexity of the metrics, some Executive Directors question the value of the Business Service metric. Because it is based in part on the number of surveys a region sends, they feel that it focuses on quantity rather than quality—in other words, it is task-based rather than outcomes-based. In addition, some felt that this metric does not truly measure them on the value of the work that they conduct, because it is based on things they are unable to control, such as their organization’s capacity to send surveys. In addition, Executive Directors worried about the unintended consequence of incentivizing regions to send more and more surveys to business customers, as it may result in survey fatigue and weaken the relationship between the region and the businesses.

CareerSource Florida Staff Turnover

CSF staff has spearheaded the PFM from inception to implementation, and they are essential to the success of the model. Throughout the first year of implementation, the CSF team has seen the departure of several staff including the project manager, office manager, software engineer, and web developer. Typical hiring processes including applicant screening and interviewing delayed these vacancies from being filled. This contributed to the delay in the PFM web portal development and launch. Another challenge with staffing was the training required by new staff to understand the workforce system and data. This exacerbated the amount of time it took to replace the vacancies and get staff up to speed and fully functional. The original project manager was replaced by an internal candidate who assumed all of the duties of the project manager while maintaining the previous position’s duties, creating a time and capacity challenge. These conditions have contributed to the communication and buy-in challenges as outlined above.

Lack of Data Access and Transparency

Executive Directors indicated a lack of data transparency as one reason for dissatisfaction with the PFM—they do not get individual participant-level or real-time data, which means they are not able to check the calculations associated with the metrics. As previously noted, the original intent was to provide data through a web application with real-time access to participant-level data. However, there has been a delay in the rollout of the web application. The delay was caused by a number of reasons, including a need for increased complexity in design of the PFM access point; CSF staffing challenges; and workforce data availability and system integration.

CSF has attempted to mitigate challenges associated with this delay by emailing the regions a Microsoft Excel file with the data rolled-up for regions to view their PFM performance numbers. However, according to Executive Directors, the data roll-ups are not consistently disseminated; are not in real-time; and do not allow the region to drill down to the individual participant level. As such, they are concerned that some metrics, especially the Business Service components, are not accurate. In addition, Executive Directors were concerned that if they could not review the data at a micro level, they could not identify potential errors in data entry.

Further, some expressed apprehension that regions may “game the system” or inflate data to increase their likelihood of obtaining incentive funding. Lack of data access and transparency further exacerbates this concern. Per CSF, while they believe that “gaming” is unlikely, they are committed to investigating if issues surface. In addition to challenges with data access, some Executive Directors worry that the PFM could create competition among regions and could be counterproductive to collaboration, because only the top eight performing regions are eligible for incentive dollars. Grant leadership express different views, indicating that regions have their own goals, so they are only competing against themselves.

Lack of Impact on Regional Operations

Based on feedback from Executive Directors, through the first year it is clear that the majority of regions have not adjusted their operations or service delivery to jobseeker participants as a direct result of the PFM. In fact, the majority of the regions have taken a “wait and see” strategy with the PFM. At the beginning of implementation, most Executive Directors felt that there was little risk to participating in the PFM. The dominant response by regions during the initial interviews was they would continue “business as usual” through the first year and observe where they ended in the PFM metrics. As such, use of the PFM was not necessarily institutionalized in the regions or promoted as a key component in driving continuous improvement for services offered. For example, few regions communicated the PFM to front line staff and when it was communicated, little more than an overview of the PFM was shared.

Most Executive Directors indicated that operational decisions were not being based on the PFM because they did not have the necessary data; they felt their region was already operating at an optimal level and the PFM was a bonus if they received funding; and they were focused on WIOA performance indicators and not the PFM. The Executive Directors further clarified that outside of potential bad publicity, the PFM has no negative net effect for missing the targets. In a sense, there remains little risk with the PFM, as opposed to the WIOA indicators. Not meeting WIOA performance indicators not only disqualifies the region from the PFM incentives, but more importantly to the regions, it has negative implications for operational funding and board sustainability. To this end, Executive Directors indicate that the WIOA performance indicators have taken priority when it comes to operational and service delivery decisions.

Recommendations and Best Practices

This section provides recommendations on ways in which successes may be enhanced and challenges may be mitigated or addressed. The recommendations are based on feedback from participants as well as, where relevant, on a literature review of best practices in other states and sectors that are using performance funding models. Because the PFM is the first funding model of its kind in the workforce arena, best practices were collected from other industries, where lessons learned about use of funding models may be beneficial to the implementation of the PFM. The literature review upon which some of the best practices are based is included in [Appendix E](#).

Revise Business Service Metrics

The Business Service metrics were the component of the PFM that was most commonly cited by regional Executive Directors as a challenge or cause of confusion. The metrics are intended to measure business engagement and satisfaction; however, Executive Directors do not feel that the current data elements are appropriately capturing this.

Engagement is measured by the number of surveys that have been sent, regardless of whether there is a response. The response rate does, however, affect the goal for the following year, meaning that the more responses a region receives to its surveys, the more surveys it will have to send in the following year. The satisfaction measure is currently based on a scaled score and response rate to two questions in the survey.

According to the best practices literature review, it is important to review performance funding models and make periodic adjustments, as necessary. CSF should consider changing the Business Service metric to more accurately reflect engagement and satisfaction. This could be done by measuring two things: 1) the number of businesses engaged and 2) the number of repeat business customers.

Engagement could be measured by services provided. This can be done by identifying “meaningful” services provided to a business by CSF – e.g., job placement, applicant screening and assessment, job postings, human resources services, etc. The target would represent the number of business customers that receive at least one meaningful service and/or the total number of meaningful services provided. New businesses engaged could also be measured in this way, identifying those businesses who received their first meaningful service as new customers. Customer satisfaction can be measured by identifying the number of repeat customers who receive multiple meaningful services over a quarter or year.

Better Incorporate or Relate WIOA Indicators to PFM

One of the challenges regions are facing is that the PFM metrics do not relate to the WIOA performance indicators. Because they do not relate and because meeting WIOA indicators is a requirement for receiving PFM incentive dollars, many regions are putting the PFM on the “back burner” and focusing only on the WIOA performance indicators.

To overcome this challenge, CSF should determine how these two sets of measures can relate to each other or be coordinated. This could be done by including the WIOA performance indicators within the PFM, rather than simply a gateway requirement to the model. A step further, and likely more valuable to the regions, would be a crosswalk showing how the inputs to the PFM metrics affect WIOA indicators. If regions have to first focus on the WIOA indicators to fully participate in the PFM, then the PFM will continue to remain an afterthought. If there can be a correlation of how their work toward improving on the PFM metrics will also meet their WIOA indicators, then they may have more incentive to focus on the PFM.

Assist Regions in Utilizing PFM for Strategic and Operational Decision Making

CSF should play a role in assisting the regions with how to utilize the data for strategic and operational decision making. While CSF does not need to mandate regional operation policy, CSF staff can provide operational examples and best practices that illustrate how certain decisions affect PFM performance. These operational examples may also help regions better understand the metrics themselves, as it may improve their ability to identify how data elements interact with each other.

As described in the literature review, one of the best practices identified for quality improvement includes providing educational resources and opportunities for inter-professional communication to share practices and tools, and increase collaboration. In this role, CSF is a disseminator of information, rather than a strategist who suggests a specific course of action. These examples can be hypothetical or real cases as the model moves forward, but any examples can help illustrate and provide real world evidence for how the numbers can be impacted by decisions, especially for regions that do not have any internal data analytics staff. As the Evaluation Team learns of best practices through ongoing evaluation activities, they will be shared with CSF. These examples or best practices could be added to the online web application for easy access by all regions. They could also be shared as topics for monthly webinars. Eventually, these best practices and other strategic discussions could be included in an annual convening, whether regional or statewide, to promote progress and discussion around the PFM.

Revise Metrics or Incentives to Directly Promote Collaboration

A best practice in performance funding model implementation is ensuring collaboration and cooperation to support quality improvement. Further, best practices literature indicates the importance of being aware of the potential for unintended consequences and putting strategies in place to address those. While one of the goals of the PFM is to spur collaboration and promote resource sharing, some of the Executive Directors expressed that the PFM instead promotes competition. They felt that because only the top eight performers receive Improvement and Excellence funds, there is no incentive to share successful strategies.

To address this concern, CSF could consider more directly incentivizing collaboration to overcome this obstacle. Potential strategies include:

- Offer bonus points within metrics for regions who collaborate on service delivery or implement cost-sharing measures for efficiency.
- Offer incentive dollars to regions to partner in business services to engage more businesses and increase capacity for meaningful services.
- Reconsider the structure of the top eight requirement, and tie Improvement and Excellence dollars to individual region performance, as they are for the Target funds.
- Consider a metric directly tied to collaboration

Integrate Metrics into Annual Funding Allotment

As many regions expressed that the PFM is seen as a side project and not a strong focus of their efforts at this time, regions have not necessarily integrated PFM into their decision making processes. One way to incentivize regions to pay closer attention to the PFM metrics may be to tie PFM funding to the annual funding allotment, rather than including it as a potential add-on or reward. Although some Executive Directors indicated that they initially elected to participate in the PFM because it carried no penalties, over time this may become a deterrent for participation. As referenced in the literature review, integrating the funding with regular annual funding also makes it more durable should the state be faced with budget cuts. This would also create a disincentive for regions if they do not hit their targets, creating a greater reason for focus on these identified goals.

Implementation Study Year Two

The Evaluation Team will continue the implementation study for grant program Year Two (PY2) – October 1, 2016 – September 30, 2017 – including the following planned evaluation activities:

- Updating Regional Profiles (throughout PY2)
- Interviews with Executive Directors (November-December, 2016)
- Quarterly calls with CSF and DEO (December 2016, and March, June, and September 2017)
- Preparing feedback for quarterly reports submitted to DEO (throughout PY2)
- RWB Executive Director Focus Group (September 2017)
- RWB Staff Virtual Focus Groups (August-September 2017)
- RWB CareerSource Center Staff Focus Groups (August-September 2017)

The Evaluation Team will continue to submit quarterly activity reports to DEO. In PY2, included in these reports will be a literature review section, highlighting a topic related to a challenge or opportunity that has been identified in this annual report or through ongoing evaluation activities. The Evaluation Team will research these topics to provide best practices and evidence from previous studies related to performance-based funding models or more focused topics that can provide insights to Florida's model. Potential topics will be discussed with DEO and CSF and may include creating buy-in to incentive programs, measuring and incentivizing collaboration, integrating additional metrics with WIOA common measures, and other topics of interest to DEO and CSF. The next annual implementation evaluation report will be completed in October 2017, examining the second program year's implementation.

Appendix A – CSF May Update - PFM Changes

PFM 2.0 – Updates to the Performance Funding Model for Fiscal Year 2016- 17

Performance Funding Model Monthly Update: May 2016

Analytics Unit, CareerSource Florida April 25, 2016

Introduction

We have discussed at length the updates to the Performance Funding Model that will take effect at the start of fiscal year 2016-17 – in the PFM rollout webinars that were held in June 2015, at the Data Analytics Working Group meetings held at the October 2015 and January 2016 CareerSource Florida Board meetings, through the PFM White Paper and non-technical summary, and in conversations with you individually. This document outlines those updates in specific detail. The notable updates to the PFM include:

- The addition of three Long Horizon Metrics;
- Changes to the calculation for the Time to Earnings Metric;
- Changes to the way Business Engagement Targets are set;
- Changes to the source of data used by the PFM;
- The implementation of a minimum threshold negotiation process; and,
- The addition of meeting Common Measures goals as a gateway to eligibility in the PFM.

We look forward to further consultation with each local workforce development board as the coming fiscal year approaches. A few things to note:

- **Local workforce development boards wishing to participate in the PFM for FY 2016-17 must send a short email expressing their interest to Scott Fennell, Chief Operating and Financial Officer at CareerSource Florida, at sfennell@careersourceflorida.com no later than June 15, 2016.**
- **We expect performance dollars for fiscal year 2015-16 to be awarded shortly after the start of the 2017 calendar year.**
- **The June Performance Funding Model monthly update and webinar will cover the statistical model used to generate performance targets for FY 2016-17, minimum threshold negotiations, and amounts of additional credit for FY 2016-17.**

Addition of Long Horizon Performance Metrics

As discussed at the launch of the PFM, the performance period for the Average Earnings and Earnings per Dollar Spent metrics is lagged by one year. For FY 2016-17, local boards will be evaluated on these two metrics based on the exiters and expenditures from FY 2015-16. This is done so that performance dollars can be awarded at the beginning of each calendar year, rather than the start of the fiscal year on July 1. For example, FY 2016-17 dollars will be awarded on or shortly thereafter Jan. 1, 2018, instead of July 1, 2018. As the PFM plug-in to the Florida Workforce Integrated Performance System (FWIPRS) comes online, the implications of this lag will be small. Local boards will manage the exiters this year for the Cost per Employed Exit metric with the understanding that these same exiters will affect their performance score next year.

Addition: Average Earnings

The Average Earnings metric measures the average post-exit earnings of all system exiters. For this metric, we average the quarterly wage across all exiters in the two quarters following their exit. Put another way, the total earnings by all exiters in the two quarters following their exit is the numerator and the number of exiters is the denominator.

This metric is similar in nature to the Median Earnings metrics in Common Measures. Note that we will report an “average quarterly wage” rather than an “average two-quarter wage” as in the original white paper. That is, if average earnings the first quarter after exit is \$4,000 and the second quarter after exit is \$6,000 we report the average quarterly wage of \$5,000 rather than the average two-quarter wage of \$10,000. We made this change so that preliminary performance numbers where the average is over one quarter of data rather than two are easier to understand. Targets for this metric will be set using the statistical model that will be presented in the June webinar.

Addition: Earnings per Dollar Spent

The Earnings per Dollar Spent metric measures how successful the local board is at turning its expenditures into earnings for its participants. Specifically, the metric is the total earnings of all exiters during a fiscal year in the two quarters following their exit (the “numerator” from the average earnings metric) divided by the amount of formula expenditures (WP, WIOA, WT) during the fiscal year. Targets for this metric will be set using the statistical model that will be included in the June webinar.

Addition: Customer Satisfaction

One of the goals of the PFM is to help you develop close, productive relationships with the businesses you serve. To that end, the Customer Satisfaction metric measures how satisfied business customers are with the services that they receive from the local boards. Customer satisfaction data will be based upon the survey that the boards distribute through Salesforce. Performance scores are determined by the responses to the first two questions on the survey and the survey response rate.

The two survey questions that count towards performance are responded to on a 10-point scale. They are:

1. How likely are you to refer the services of this local workforce development board to others?
2. How satisfied are you with the service you received from this local workforce development board?

We set a baseline (target) of 7 out of 10 for both of these two questions and the response rate. In the calculation that follows, A_1 represents the average response to question 1 and A_2 represents the average response to question 2. R represents the response rate in percentage terms.

$$S = \frac{A_1}{7} \times \frac{A_2}{7} \times \frac{R}{70} \times 100$$

Note that a region with an average score of 7 out of 10 on the first question, an average score of 7 out of 10 on the second question and a response rate of 70 percent would have a performance score of 100 – meaning they met their target. [Updates to Short Horizon Metrics.](#)

Update: Time to Earnings

During FY 2015-16, the Time to Earnings metric measured how long it took a specific set of job seekers to find a job. As we said in June of 2015, we are updating this metric to answer “How long have people been without a job?” for a similar specific set of job seekers. The difference here is subtle but meaningful. In the first case, we only look at participants who found a job when considering how long they had been without employment. In the second case, we do not limit ourselves to those who found a job. That is, the only difference between this metric in FY 2015-16 and FY 2016-17 is that 2016-17 we will compute time to earnings (as described in the PFM Non-Technical Summary) regardless of whether or not the participant secured employment this quarter.

Update: Unemployed Placement Rate and Time to Earnings

Both the Unemployed Placement Rate and Time to Earnings metrics consider a limited set of participants, with a focus on job seekers who have gone long periods of time without a wage and are particularly in need of finding employment. Please refer to the PFM Non-Technical Summary for extensive examples of the participants considered by these metrics.

Starting with FY 2016-17, we will make a minor change to the population considered by these two metrics. With the change to Time to Earnings mentioned above, these two metrics will have the same denominator. Specifically, for a given board and quarter, the participants who:

- Entered the system last quarter or before
- Exited the system this quarter or later
- Went all of last quarter without earning a wage
- Removed: Entered the system either unemployed or with a notice of separation**

This change (removing the criteria in red above) adds back to the denominator for those participants who were excluded solely because they entered the system with a job. This is of minor practical consequence.

Update: Business Engagement

The business engagement metric measures any service that boards provide to businesses. During FY 2015-16, we referred to the services provided as “intensive services.” This term has specific meaning in applications outside of the PFM; thus we will avoid using it in the future.

The Business Engagement metric was the focus of the April PFM monthly update and webinar. For additional information about this metric, please refer to last month’s update document and webinar PowerPoint. Note that starting with FY2016-17 we will impose that local boards may only send one survey to a given account (rather than contact) once every 90 days.

The targets for FY2016-17 will use the method used to set targets from FY2015-16 as a baseline. The only change in methodology is that the targets are scaled by the board’s response rate during FY 2015-16.

In the calculation that follows, T_{1617} represents the board’s target for FY 2016-17. B_{1617} represents the number of businesses located in Florida with five or more employees in FY 2016-17 and F_{1617} represents the fraction of the state’s WIOA funds allocated to the board in FY 2016-17. Finally, R_{1516} represents the board’s business engagement response rate in FY 201516.

$$T_{1617} = \frac{40}{R_{1516}} \times (.15) \times F_{1617} \times B_{1617}$$

Note that the baseline response rate for setting business engagement targets has been set to 40 percent. This is not the same as the baseline response rate used in the customer satisfaction metric. We expect this baseline to be more like 70 percent in future years. We set it low this year to accommodate the challenges boards had with sending surveys during FY 2015-16.

Note that a board with a 40 percent response rate has a very similar target this year to the one they had last year. Furthermore, a board with a 30 percent response rate has a higher target than they would have had if they had a 50 percent response rate. The table below gives an example of how targets for this metric are calculated.

Table 1: Hypothetical business engagement targets. Note that the values for baseline response rate and statewide engagement target are for demonstration purposes only and likely will not be the values used in the future.

| | Year 1 | Year 2 | Year 3 | Year 4 |
|--|--------|--------|--------|--------|
| Statewide engagement target | 0.15 | 0.16 | 0.17 | 0.18 |
| No. of businesses with 5 or more employees | 10,000 | 10,500 | 11,000 | 11,500 |
| Share of WIOA funding | 0.05 | 0.052 | 0.05 | 0.051 |
| Baseline response rate | 40% | 50% | 60% | 70% |
| Response rate | 50% | 70% | 80% | 75% |
| Target | 75 | 70 | 67 | 79 |

Data Sources

For FY 2015-16, we used data from the quarterly reports compiled by the Florida Department of Economic Opportunity for submission to the Employment and Training Administration of the Department of Labor – specifically ETA Tables 9090 and 9002 – for the participant-focused metrics. Starting with FY 2016-17, we will be switching data sources from these quarterly reports to nightly data

extracts from the Employ Florida Marketplace (EFM, employflorida.com). There are two reasons for the switch: 1) this allows us to give local boards access to data as it is gathered, rather than 60 days after the close of each quarter; and, 2) this is less cumbersome than weaving all of the quarterly reports together. It will be one data source compared to four each year for seven years.

This update to the Performance Funding Model has a more meaningful effect on case management than any other and is directly in response to requests from local boards who want to have access to data and have it sooner. In the short term, the change will not be very noticeable; however, these nightly data extracts will be used extensively in the PFM plug-in to the Florida Workforce Integrated Performance Reporting System.

In pursuit of constantly improving our methodology we have made minor changes to our data quality requirements, how we correct data quality issues, how we account for participants who are co-enrolled in Wagner-Peyser and WIOA programs, and the source of the demographic data used by our statistical model. We plan to have a portion of the FWIPRS application dedicated to showing local boards which cases included in our analysis have data quality problems. This will be done for two reasons: 1) for the sake of transparency in how we handle data quality issues; and, 2) to increase awareness of data quality issues for both the CareerSource Florida Analytics Team and local boards.

Common Measures Gateway

Starting with FY 2016-17, boards must meet their Common Measures Goals to be eligible to receive funding through the PFM. If a board does not meet its Common Measures goals it will not receive any PFM incentive dollars. As CareerSource Florida has said from the beginning, the PFM is a supplement to, rather than a substitute for, Common Measures.

Florida Workforce Integrated Performance Reporting System

We plan to discuss the PFM plug-in to the Florida Workforce Integrated Performance Reporting System (FWIPRS) during the July PFM update and webinar. The plug-in will have three facets: performance, strategic and policy, each of which is described separately below. What we present during the July webinar will be a work in progress and will not yet have all of the features described below. The performance and strategic facets will likely be in skeleton form with some features operational. The policy facet is unlikely to be visible at that point. The aggregated numbers in this PFM plug-in to FWIPRS will eventually be mirrored over to a public facing website.

Performance

The performance facet will serve two roles. First, it will explain how the PFM works – including how each metric measures performance with examples, the TIE model and additional credit. Metric names, board names and subject names (“additional credit”) will be clickable so that the user can find comprehensive information about the PFM. This feature will replace the PFM white paper circulated last year. Second, this facet will display the historical annual performance information used to award the incentive funding. FY 2014-15 will be available when the plug-in launches. Performance information will be added annually thereafter.

Strategy

The goal of the strategic facet is to enable regional partners to make data-driven case management decisions. Every rolled-up number in this facet will be clickable so that regional partners can see how performance is measured, devise informed strategy and provide feedback to the CareerSource Florida Analytics Team on data quality and accuracy. We approach our goal from two directions.

First, we provide historical performance outcomes back to FY 2008-09 and estimates of recent performance outcomes for each metric. To the extent possible, we identify the cases that are likely to affect performance on the metrics (be in the denominator) where it is still possible for local boards to take action. Local boards will be able to click on historical performance measurements to see case-level data, learn from previous strategy and apply lessons learned to current performance management decisions.

Second, we focus on cases that are of particular interest for performance management –cases approaching soft exit; cases that would receive significant additional credit; and cases that are particularly worth serving, given the board’s historical performance. We provide this case-level data so that local boards can make strategic decisions more broadly than with any specific metric. This portion of the PFM plug-in to FWIPRS will be dependent on feedback from local boards – **we will need local boards to tell us what is of value to you and how it needs to be presented.**

Policy

The policy facet of the PFM plug-in to FWIPRS will be developed last. The focus of the policy facet is on the CareerSource Florida network as a whole. It will include both statewide measurement of performance as well as a comparison of performance between local boards. The purpose of the policy facet is to allow CareerSource Florida to analyze statewide performance and set data-driven policy. Note that “policy” here does not refer to the structure of the PFM. CareerSource Florida is committed to continuity in how boards are evaluated (the metrics and TIE model) so that boards can make substantial, long-term changes in service provision without fear of having to change direction in future years.

The following are hypothetical examples of data-driven policy:

- CareerSource Florida may decide that it wants to see a higher placement rate for unemployed veterans and may therefore increase the additional credit for serving them accordingly.
- CareerSource Florida may decide that expecting a 70 percent response rate on the intensive engagement surveys is unreasonable and may therefore adjust the baseline for business engagement and customer satisfaction.

Minimum Threshold Negotiation

Starting with FY 2016-17, we will implement performance expectations negotiations in the Performance Funding Model. Boards will receive performance targets and minimum thresholds for FY 2016-17 on Monday, May 30, 2016. Negotiations will take the form of boards choosing to decrease some minimum thresholds at the expense of increasing others. Specifically, reducing a minimum threshold on a particular metric from 75 percent of the target to 65 percent requires the board to increase the minimum thresholds on other metrics by a total of 10 percent of the target. Put another way, a board's minimum thresholds must total 525. The table below gives specific examples. Aside from imposing that minimum thresholds must total 525, the only restriction is that no minimum threshold is less than 50 percent of the target. Each board has until June 30, 2016, to submit to the CareerSource Florida Analytics Team a set of minimum thresholds that meet these criteria. If you do not submit minimum thresholds, you will be defaulted to 75 percent of the target on all metrics.

Table 2: Hypothetical Minimum Threshold Levels. Note that Example 2 is invalid as the thresholds do not sum to 525 and Example 3 is invalid as the Minimum Threshold on each metric must be at least 50.

| | Unemployed Placement Rate | Time to Earnings | Cost per Employed Exit | Business Engagement | Average Earnings | Earnings per Dollar Spent | Business Customer Satisfaction | Threshold Total |
|-----------|---------------------------|------------------|------------------------|---------------------|------------------|---------------------------|--------------------------------|-----------------|
| Baseline | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 525 |
| Example 1 | 60 | 75 | 85 | 75 | 75 | 90 | 65 | 525 |
| Example 2 | 50 | 70 | 75 | 85 | 65 | 70 | 75 | 490 |
| Example 3 | 45 | 80 | 75 | 85 | 80 | 85 | 75 | 525 |

Final targets as well as the methodology used to generate them will be the focus of the June PFM monthly update and webinar.

Performance Funding Model Survey

In the pursuit of continuous improvement we ask for your feedback about the first year of the Performance Funding Model. Your comments will guide our priorities for future improvement and empower us to best help you serve Floridians and Florida businesses.

The link below takes you to the survey. The question is open ended and should not take long to complete. Your responses are anonymous. No one at CareerSource Florida will be able to identify who sent any particular survey response.

<https://form.jotform.com/61044610572952>

Appendix B – Detailed Evaluation Methodology

Introduction

This report presents the results of the Implementation Evaluation of the PFM during its first year of implementation. The purpose of the Implementation Evaluation is to document:

- Implementation of the project model and individual program elements;
- Changes incorporated into the original design and why the changes were necessary;
- Experiences of grant staff, regional directors, and key stakeholders in grant-funded activities;
- Potential connections between program implementation, service innovations and program outcomes; and
- Lessons learned from the program and resultant best practices.

Since April 2015, the Evaluation Team has tracked progress; recorded lessons learned; measured perceived program strengths, weaknesses, and value to participants, partners, and staff through the following measurement strategies:

- Interviews and focus groups with Florida DEO staff, CareerSource Florida staff, and Regional Workforce Board (RWB) Executive Directors during the fall of 2016;
- Interviews with each RWB Executive Director during the spring of 2016;
- Regional profiles created by the Evaluation Team for each RWB;
- Outcome data collected by grant staff;
- Monthly PFM webinars presented by CareerSource Florida.
- Quarterly reports prepared and submitted to USDOL by grant staff; and
- Monthly and quarterly implementation project update calls with the PFM Project Director and DEO.

Data Collection

Monthly and quarterly teleconference calls and review of documents and artifacts provided evaluators with an introduction to the PFM and an understanding, in nearly real-time, of how the PFM was implemented, what challenges staff encountered, what successes staff experienced, and what changes were made to the program and why.

Interviews with each RWB Executive Director were conducted to garner an understanding of how each region was initiating the implementation of the PFM locally as it related to operation and strategy. Regional Profiles were developed for each local region to provide the Evaluation Team with a baseline understanding of each area including demographic information, labor market data, board structure, and workforce funding allocations.

The on-site visit began with a focus group with regional Executive Directors facilitated by members of the Evaluation Team. After this initial session concluded, interviews were held with CSF staff and Florida DEO grant leadership and concluded with participation in two PFM-based presentations in conjunction with the workforce summit being held. For more details related to the focus groups conducted during the on-site visits, a list of questions is presented in [Appendix C](#).

Interviews were semi-structured with a majority of open-ended questions and probing, conversational inquiry. In line with principles of applied thematic research (Guest, MacQueen, and Namey, 2011), this interview approach allowed research participants to speak about experiences in their own words, free of the constraints imposed by fixed-response questions. Inductive probing allowed the Evaluation Team to clarify statements, meaning, and the feelings associated with experiences, to promote accuracy in detailed observational notes. This interview framework also provided the means to “[learn] from the participants’ talk and dynamically [seek] to guide the inquiry in response to what is being learned” (Guest, MacQueen, and Namey, 2011).

A focus group format for the RWB Executive Directors data collection was chosen for reasons including: (1) Focus groups allow participants to interact, asking questions of one another, and allowing them to re-evaluate and reconsider their own understanding of specific experiences (Kitzinger, 1994); (2) Focus groups allow researchers to explore the degree to which there is consensus around a particular topic (Morgan and Krueger, 1993); and (3) Focus groups have been shown to serve as a forum for change, especially in collaborative environments (Morgan and Krueger, 1993). Because the data collected during the on-site visits are intended to be formative in nature, identifying promising practices and planning for change (when needed), focus groups were a particularly relevant data collection strategy.

The content of the interviews and focus groups were determined by the evaluation questions developed by the Evaluation Team at the beginning of the grant cycle. Because many of the overarching questions in the evaluation plan applied to some, but not all, of the prospective members of the PFM team, the Evaluation Team sought to convene focus groups and interview sessions of grant staff and leadership around topics of common expertise or relevance. The evaluation questions that served to guide the development of the interview and focus group protocols included:

| | Primary Research Questions |
|----------|---|
| 1 | What was the fidelity to the model as originally envisioned? How were program elements changed throughout the life of the grant? |
| 2 | To what extent did RWBs participate in the voluntary PFM? How do RWB characteristics differ for those that participate and those that do not participate? What changes did Florida’s RWBs make to regional operations to adapt to the new model? How did frontline staff of participating RWBs change their service delivery in response to the PFM? Were front line staff aware of the PFM and what was their perception of PFM? |
| 3 | Did overall cost-per-participant change under the PFM? Did cost-per-participant change for certain services under the PFM? |
| 4 | Were RWBs able to utilize the new data interface? Where there any barriers to the use of the interface and did it vary across regions? |
| 5 | At what points, if any, and to what extent were various stakeholder groups involved in performance metric development? |
| 6 | What was the process of developing data systems for metrics that required data creation? Did this process of creation impact rollout? |
| | Secondary Research Questions |
| 7 | What cost reduction tactics were used by RWBs who were successful in becoming more cost efficient? |

| | |
|-----------|---|
| 8 | To what extent did participating RWBs meet the metrics targets? How do RWB characteristics differ for those participating RWBs that meet the metric targets and those that do not meet the metrics? What lesson can be learned from RWBs that met the metric targets? What lesson can be learned from RWBs that did not meet the metric targets? What are the RWB leadership’s perceptions about the metrics and how they are calculated? |
| 9 | Did the rollout of the PFM preserve the RWBs ability to interact in a tailored fashion with Florida’s diverse local economies? |
| 10 | How did the shift to a PFM change the level of collaboration: among Florida’s RWBs? Between Florida’s RWBs and its economic development organizations? |
| 11 | Did any of the following RWB factors seem to influence the success of the PFM: administrative and staffing structure; regional economies; regional demographics; and/or historical cost of delivering services? |
| 12 | What would Florida’s RWBs recommend adjusting for new program implementation in another state? Why? What should be changed if Florida chooses to continue the model beyond the life of the grant? |

From this list of research questions, the Evaluation Team developed a list of relevant focus group and interview questions for each group of PFM stakeholders. The interim nature of the data collection activities made it necessary to differentiate between past, present, and future changes in order to accurately understand the impact of the PFM grant.

In order to increase the validity of the interviews and focus groups conducted during the on-site visits, the Evaluation Team included several design features consistent with previous research. First, at least two members of the Evaluation Team were present for each interview and focus group. This methodology is consistent with recommendations made by focus group practitioners, and allows a member of the Evaluation Team to focus on facilitation, and a second member to take detailed notes and add follow-up questions for discussion when necessary.

Second, the Evaluation Team utilized multiple opportunities to present the primary findings of the focus groups and interviews and seek confirmation and clarification from members of the PFM leadership. While on-site, and before concluding each of the interviews and focus groups, the Evaluation Team presented a summary of key issues revealed through the data collection efforts and asked participants to confirm the accuracy of and/or provide clarification.

Finally, because the role of the focus group and interview moderator is critical to the validity of the data collected, the Evaluation Team ensured that experienced facilitators moderated each focus group and interview. The lead Evaluation Team staff member on site had years of experience conducting focus groups in a variety of education and workforce development settings. The two facilitators had well developed interpersonal and communication skills, drew out differences of opinion, probed for details to uncover meaning, and established trust among participants. In order to draw upon the strengths of the interactive environments of focus groups, these moderator skills are essential.

Data Analysis

A general inductive approach was used to analyze the qualitative data generated from the focus groups and interviews. This approach was selected because it is particularly useful in drawing clear links between research questions or objectives and data collection results. The coding frame used for the analysis included both a time-dependent gradient and a sector-related gradient.

Emerging themes were then developed through a review of the notes taken during the on-site visits according to the coding frame. Following this initial development of these themes, additional Evaluation

Team members reviewed the results, adding contextual details and examples. These themes were divided into the following three categories:

- **Strengths and Accelerators** - factors that have enhanced grant progress and improved the ability of grant staff to carry out grant initiatives, including both internal factors (program design, modification, implementation, and application) and external factors, beyond the control of those implementing the program.
- **Challenges** - persistent difficulties grant staff have faced in accomplishing grant initiatives and external factors beyond the control of those implementing the program.
- **Opportunities, Recommendations, and Lessons Learned** - opportunities the Evaluation Team sees for improving progress toward grant outcomes.

The Evaluation Team employed several key tactics to solidify and strengthen the accuracy and credibility of implementation study findings.

- *Researcher effect.* By using dynamic debriefing and inter-rater reliability, the Evaluation Team regularly monitored for potential researcher bias (McDavid & Hawthorn, 2006).
- *Triangulation.* By comparing findings based on different data sources and using approaches that incorporate both evidence and negative evidence (i.e., data that do not support findings), the Evaluation Team created a robust and dynamic depiction of implementation (Brewer & Hunter, 2006).
- *Collaborative inquiry.* By presenting findings to PFM stakeholders for elaboration, corroboration, and modification (Harry, Sturges, & Klingner, 2005), the Evaluation Team confirmed and updated analyses. Additionally, by sharing findings with intended users as they emerge, the Evaluation Team built the collaborative relationship with stakeholders by presenting higher quality findings and increasing the likelihood of timely, user-relevant findings (Sturges, 2013).

Limitations

Partial and biased findings. Qualitative and perceptual research methods offer good insights, but are, by nature, partial and biased. To attempt to address this limitation, the Evaluation Team took advantage of an opportunity embedded in mixed-methods evaluation, the triangulation of data (Brewer & Hunter, 2006; Denzin, 1978). Triangulating results from multiple sources, such as comparing findings among stakeholder interviews and with documents reviewed, creates more credible evaluation results and is considered critical to the validity and reliability of findings (LeCompte & Schensul, 1999). Findings that have been corroborated through triangulation tend to be sufficiently robust and credible (Harry, Sturges, & Klingner, 2005).

Selection bias in employer data. Two types of selection bias are inherent in the sampling methods deployed for focus groups. First, to address the threat of non-response, the Evaluation Team relied on PFM program staff to recruit RWB Executive Directors for focus groups and other key stakeholders for interviews. This approach introduces the potential for research participants to be selected based on their willingness to speak favorably about the program. Neutral and critical feedback from participants and stakeholders, however, supports the notion that these research participants were chosen primarily for their willingness to participate rather than the likelihood that they would cast the program in a favorable light.

Researcher extrapolation. Analysis conducted with an interpretive analytical framework, influenced by phenomenology, suffers from the threat that researcher extrapolation and interpretation may go too far beyond what is present in, and supported by, data (Guest et al, 2011). Indeed, the recommendations provided in this report are based on a combination of what was learned and supported by PFM-specific data and the experiences and findings of the evaluators' previous evaluation and workforce development projects. As a result, recommendations may not be suitable for all states seeking to replicate PFM programs.

Non-consent response and non-response. Although many participants who were recruited for feedback were already actively involved in the PFM efforts, creating enthusiasm for and participation in evaluation activities can be challenging (Rogers, 2010). To address this limitation, the Evaluation Team built rapport and trust with PFM leadership over the course of five months prior to site visits and through a utilization-focused evaluation session designed to engage the evaluation's users in its process, priorities, and deliverables design. The Evaluation Team leveraged existing partnerships with local RWBs and partners and reached out to key stakeholders already familiar with the PFM. Finally, the Evaluation Team used convenience samples for RWB Executive Director focus groups to address the challenges of recruiting participants for focus groups, by leveraging an already existing meeting of the RWB Executive Directors and conducting focus groups with those in attendance.

Appendix C – September 2016 Focus Group and Interview Questions

PFM Implementation Study Executive Director Focus Groups Year II

Logistics:

Date: September 27, 2016

Location: Orlando, FL at the Hyatt Regency Grand Cypress: Room Regency 9

Time: 9:00am – 10:00am (60 Minutes)

Facilitators: Tony Waterson and Kristen Barry

Number of Participants: up to 24

Agenda:

- I. Welcome and Introduction (10 min)
 - a. TPMA Staff –
 - i. Importance of Focus Group
 - ii. Goal of Session
 - b. Participants
 - i. Name, Region, and Title
- II. Questions and Discussion (45 min)
- III. Wrap-up (5 min)
 - a. Next Steps (1-on-1 Interviews)

Questions:

1. How would you define success for the PFM?
 - a. Do the current metrics used in the PFM accurately depict your region's performance?
2. Please describe how the changes or updates in the PFM have affected the implementation in your Region? Changes include (as described in July CSF update):
 - The addition of three Long Horizon Metrics;
 - Changes to the calculation for the Time to Earnings Metric;
 - Changes to the way Business Engagement Targets are set;
 - Changes to the source of data used by the PFM;
 - The implementation of a minimum threshold negotiation process; and,
 - The addition of meeting Common Measures goals as a gateway to eligibility in the PFM
 - a. What other changes would you want to see in the PFM? And why?
 - b. Have you expressed the need for these changes?

3. Is the reality of the PFM in operation different than what you expected?
 - a. What challenges, if any, have you faced as a result of the PFM?
 - b. How did you respond to these challenges?
4. Describe how the PFM has changed the way you operate or provide services to Jobseekers or Businesses?
 - a. In what ways does the PFM allow regional autonomy? How are you able to customize service delivery and operations based on the needs of your regional dynamics?
 - b. What future changes do you anticipate as a result of the PFM? How do you anticipate using the online tool?
 - c. To what extent have you collaborated or shared resources with any other region(s) or partner(s) in an effort to improve/increase the calculated outcomes of the PFM?
5. How has the delay of the online data tool impacted the PFM for your region?
 - a. What information/data do you plan to utilize and how?
 - b. What is your impression of the version of the tool you have seen?
 - c. What is missing from the online tool?
 - d. Have you had an opportunity to provide feedback on the online tool?
6. What recommendations do you have for other regions or states on implementation of a similar PFM?
7. What type of Technical Assistance are you receiving from CareerSource FL, and do you believe it is meeting your needs to implement the PFM?
8. What recommendations do you have to improve the PFM going forward?

PFM Implementation Study

Interview: DEO and CareerSource FL

Goal of PFM as outlined in WIF Grant Application

1. The creation of a performance funding model which correctly incentivizes regional workforce boards to work towards common, identified goals.
2. The expansion of current data collection systems and the integration of new data collection tools which capture the data necessary to measure progress towards the incentivized goals and the integration of these tools into a web-based PFM status monitor.
3. The creation of a comprehensive, easy to understand web-based data portal to provide regional workforce boards with the data necessary to inform their decision making processes. This allows them to benchmark and track their performance, which encourages collaboration to maximize the potential of shared resources and ensures clear and effective communication.

Questions:

1. Considering the original goals of the PFM as described in the WIF Grant Application.
 - a. How would you define success for the PFM in year one, year two, and beyond?
 - b. How has success changed from planning through year one of the implementation?
 - c. Do you see these goals being realized? If not, why?
 - d. Describe if your expectations for the PFM. Are they different than the reality of the PFM?
2. What challenges have you faced during this first year?
 - a. Were these expected or unexpected?
 - b. What solutions have you implemented to overcome the barriers/challenges?
 - c. In your opinion, have you identified and designed a system that eliminates regions' ability to manipulate outcomes – in other words is the data an accurate depiction of the region and state's performance?
 - d. What caused the delay in the web based tool's launch? How has the delay in the online data tool effected the implementation of the PFM? What could have been done differently to avoid the delay?
3. Who is the champion of the PFM?
 - a. What outside influences and dynamics exist that influence the implementation of the PFM?
 - b. What feedback are you receiving from either Directors or outside stakeholders on the PFM?
4. What changes have you made in operation or administration at the state level as a result of the PFM?
 - a. Have you issued any guidance, policy, or best practices for PFM implementation locally?
5. What are your goals for year two?
 - a. Does this lineup with your original timeline? If not how has it changed and why?

Appendix D – CSF April Update – Business Service Metrics

Business Engagement in the Performance Funding Model

Performance Funding Model Monthly Update: April 2016

Analytics Unit, CareerSource Florida

April 4, 2016

Introduction

The business engagement metric of the Performance Funding Model measures how many businesses that local workforce development boards engage with intensive services (how many intensive services were provided by each board to businesses). Specifically, the metric measures the number of customer satisfaction surveys a board sent to businesses in a particular quarter via email through Salesforce. The survey asks three questions of the recipient and does not take long to complete. Each business contact may only be sent one survey every 90 days.

Note that a board receives credit this year simply by sending the survey---regardless of whether the survey is completed to or the response is favorable. When we introduced the metric we clearly stated that even though response rates had no effect this year, they would be used to generate targets for next year---the lower a board's response rate this year, the higher its target will be next year.

This document outlines the specifics of how targets are set and how performance is measured for this metric.

Targets

The CareerSource Florida Analytics team set the targets for boards based on 1) the share of Florida businesses with more than five employees that are located within the service area for that board; 2) the share of the state’s WIOA funds received by the board; and 3) a statewide intensive service target of 15 percent of all businesses with five or more employees.

Specifically, the formula below is used to generate targets (T). E is the number of businesses with five or more employees in the local area, F is the share of WIOA funding received by the board, and B is the share of Florida businesses with more than five employees that are located within the service area of the board.

$$T = (.15) \times E \times \left(\frac{F}{B}\right)$$

Table 1 displays the calculations for each local board as well as the targets and minimum thresholds for each board. Note that the results of these calculations are the “original targets” for the business engagement metric that was presented to boards when the Performance Funding Model was first introduced. However, each board’s target has been reduced by two-twelfths to account for the issues with the PFM in Salesforce during July and August---one-twelfth for each month of issues. We call this reduced target the “adjusted target.”

Florida DEO – WIF Implementation Annual Report Year 1

TABLE 1: SUMMARY OF DATA USED TO GENERATE ORIGINAL TARGETS FOR THE BUSINESS ENGAGEMENT METRIC OF THE PERFORMANCE FUNDING MODEL.

| Local Workforce Development Board | No. Businesses with Five or More Employees | 2015 WIOA Allocation | Share of Businesses | Share of Funding | Share of Funding/ Share of Businesses | Original Target | Minimum Threshold |
|-----------------------------------|--|----------------------|---------------------|------------------|---------------------------------------|-----------------|-------------------|
| 1 | 3,994 | \$2,768,426 | 2.05% | 2.36% | 1.1506 | 689 | 517 |
| 2 | 2,868 | \$990,966 | 1.47% | 0.85% | 0.5736 | 247 | 185 |
| 3 | 744 | \$919,169 | 0.38% | 0.78% | 2.0509 | 229 | 172 |
| 4 | 2,328 | \$1,273,614 | 1.20% | 1.09% | 0.9082 | 317 | 238 |
| 5 | 3,894 | \$2,984,257 | 2.00% | 2.55% | 1.2722 | 743 | 557 |
| 6 | 792 | \$930,171 | 0.41% | 0.79% | 1.9496 | 232 | 174 |
| 7 | 830 | \$848,327 | 0.43% | 0.72% | 1.6967 | 211 | 158 |
| 8 | 15,507 | \$8,971,391 | 7.97% | 7.66% | 0.9604 | 2,234 | 1,676 |
| 9 | 2,858 | \$2,186,942 | 1.47% | 1.87% | 1.2702 | 545 | 409 |
| 10 | 3,935 | \$3,141,583 | 2.02% | 2.68% | 1.3253 | 782 | 587 |
| 11 | 5,269 | \$3,639,105 | 2.71% | 3.11% | 1.1465 | 906 | 680 |
| 12 | 24,395 | \$13,407,936 | 12.54% | 11.44% | 0.9124 | 3,339 | 2,504 |
| 13 | 5,286 | \$3,212,531 | 2.72% | 2.74% | 1.0089 | 800 | 600 |
| 14 | 10,053 | \$4,755,044 | 5.17% | 4.06% | 0.7852 | 1,184 | 888 |
| 15 | 13,929 | \$7,770,075 | 7.16% | 6.63% | 0.9260 | 1,935 | 1,451 |
| 16 | 4,414 | \$3,625,243 | 2.27% | 3.09% | 1.3634 | 903 | 677 |
| 17 | 4,723 | \$4,114,573 | 2.43% | 3.51% | 1.4462 | 1,025 | 769 |
| 18 | 7,665 | \$3,277,729 | 3.94% | 2.80% | 0.7099 | 816 | 612 |
| 19 | 1,152 | \$1,221,120 | 0.59% | 1.04% | 1.7596 | 304 | 228 |
| 20 | 5,586 | \$4,148,180 | 2.87% | 3.54% | 1.2327 | 1,033 | 775 |
| 21 | 15,048 | \$7,340,732 | 7.74% | 6.26% | 0.8098 | 1,828 | 1,371 |
| 22 | 19,120 | \$9,821,563 | 9.83% | 8.38% | 0.8527 | 2,446 | 1,835 |
| 23 | 28,123 | \$19,641,704 | 14.46% | 16.76% | 1.1594 | 4,891 | 3,668 |
| 24 | 12,003 | \$6,186,471 | 6.17% | 5.28% | 0.8556 | 1,540 | 1,155 |

Performance Measurement

Many of you have asked: “What counts as an intensive service in the Performance Funding Model?” Simply put, we count any survey you send towards your performance on the business engagement metric. Salesforce should prevent you from sending more than one survey within a 90 day period to each business contact.

The targets for this metric are lower than the numbers you have seen in the past for business engagement. Since this is a new system for business engagement, we wanted the goals to be reasonable and we wanted to give boards a way to meet their global performance target (to receive their “target” funding if they meet their minimum threshold on each of the other metrics). These are also the reasons why we will not account for response rates this year. Again, note that this year’s response rate will affect your target for next year.

Results

Table 2 below presents the number of surveys that counted towards the performance metric for each board in each quarter of the 2015-16 fiscal year through March 15, 2016. The far right column features each board's (fiscal) year-to-date performance relative to its adjusted performance target. One board has already met its minimum threshold for the year and several have already accomplished more than 60 percent of their target.

An important distinction between the numbers presented here and the summary numbers in Salesforce is that our numbers correct a couple of issues with how Salesforce currently credits local boards for sending surveys. That is, at this point Salesforce does not accurately assess the number of surveys sent by each board for a couple of reasons. First, in Salesforce credit for sending a survey is assigned to the board that the county of the business contact falls into (and not necessarily to the board of the staff member that sent the survey). Second, Salesforce does allow for boards to send multiple surveys to the same business contact twice within the same 90 day period. Our numbers correct both of these issues.

The CareerSource Florida Analytics team collects all of the surveys sent by a particular board, as identified by the staff member who sent it, to a particular contact email. We set the date of the first survey sent as a reference date and then remove from consideration all additional surveys sent to that same contact email within 90 days of the reference date. We then update the reference date to be the date of the first survey sent after 90 days of the original reference date. We continue this process for all of the surveys sent to the contact email. Then, we repeat this process for all boards and all contact emails.

For questions about the Performance Funding Model, please contact Rob White. For questions regarding Salesforce, please contact the designated Salesforce expert user at your local board or submit a CRM request through our Salesforce instance for resolution.

TABLE 2: LOCAL WORKFORCE DEVELOPMENT BOARD PERFORMANCE ON THE BUSINESS ENGAGEMENT METRIC OF THE PERFORMANCE FUNDING MODEL AS OF MARCH 15, 2016.

| Local Workforce Development Board | Quarter 1: July-Sept. | Quarter 2: Oct.-Dec. | Quarter 3: Jan.-Mar. | Quarter 4: Apr.-June | PY2015-2016 Total | Adjusted Target | Minimum Threshold | Performance Score |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|-------------------|-----------------|-------------------|-------------------|
| 1 | 0 | 56 | 316 | 0 | 372 | 574 | 430 | 65 |
| 2 | 40 | 54 | 98 | 0 | 192 | 206 | 154 | 93 |
| 3 | 0 | 0 | 0 | 0 | 0 | 191 | 143 | 0 |
| 4 | 0 | 0 | 86 | 0 | 86 | 264 | 198 | 33 |
| 5 | 2 | 0 | 51 | 0 | 53 | 619 | 464 | 9 |
| 6 | 13 | 13 | 3 | 0 | 29 | 193 | 145 | 15 |
| 7 | 0 | 0 | 0 | 0 | 0 | 176 | 132 | 0 |
| 8 | 0 | 0 | 269 | 0 | 269 | 1,862 | 1,396 | 14 |
| 9 | 0 | 0 | 0 | 0 | 0 | 454 | 340 | 0 |
| 10 | 103 | 118 | 200 | 0 | 421 | 652 | 489 | 65 |
| 11 | 37 | 30 | 48 | 0 | 115 | 755 | 566 | 15 |
| 12 | 106 | 330 | 491 | 0 | 927 | 2,782 | 2,086 | 33 |
| 13 | 27 | 187 | 257 | 0 | 471 | 667 | 500 | 71 |
| 14 | 19 | 29 | 257 | 0 | 305 | 987 | 740 | 31 |
| 15 | 0 | 0 | 1,129 | 0 | 1,129 | 1,612 | 1,209 | 70 |
| 16 | 66 | 212 | 110 | 0 | 388 | 752 | 564 | 52 |
| 17 | 0 | 81 | 194 | 0 | 275 | 854 | 640 | 32 |
| 18 | 0 | 0 | 0 | 0 | 0 | 680 | 510 | 0 |
| 19 | 75 | 70 | 57 | 0 | 202 | 287 | 215 | 70 |
| 20 | 1 | 106 | 217 | 0 | 324 | 795 | 596 | 41 |
| 21 | 1 | 27 | 99 | 0 | 127 | 1,523 | 1,142 | 8 |
| 22 | 0 | 0 | 568 | 0 | 568 | 2,038 | 1,528 | 28 |
| 23 | 0 | 0 | 0 | 0 | 0 | 4,076 | 3,057 | 0 |
| 24 | 1 | 17 | 15 | 0 | 33 | 1,283 | 962 | 3 |

Appendix E – Best Practices Literature Review

The PFM is a strategy designed to incentivize regions to change their organizational behavior in an effort to produce positive gains on performance indicators. The goals of providing financial rewards to regions who meet or exceed performance targets are improved outcomes, accountability, and effectiveness. Similar performance-based funding models have been employed in the healthcare and education sectors, and while they have thus far culminated in mixed results, the identification of best practices has emerged.

Leaders in education have been involved in implementing performance-based strategies, and in the process created a list of eight recommendations or best practices (Miao, 2012.) The following recommendations are based on the experiences of a host of states who have implemented performance-based funding models in order to increase performance:

- Gain the support and involvement of key stakeholders early on in the process.
 - Widespread support from educational leaders who ensured metrics were a fair representation of performance contributed to the success of newer programs in several states.
- Ensure that enough money is apportioned for performance to create incentives that are sufficiently strong to change institutional behavior.
 - Models that generate performance dollars from the base budget as opposed to supplemental funding sources have resulted in stronger incentives.
- Develop different funding formulas for community colleges and universities or use the same formula, but weight it differently depending on the type of institution and characteristics of the student population.
 - Separate funding formulas or differently weighted metrics should be used when evaluating community colleges and universities due to unique differences in student population, mission, and goals.
- Integrate all metrics and provisions into the state higher-education-funding formula, as this makes it more durable when states are faced with budget cuts.
 - In order to create a durable state system that can withstand budget cuts, rather than incorporating performance funding as a set of add-on provisions, incorporate performance funding into the state’s higher education funding formula.
- Use indicators that measure both progress (course completion, momentum, credit attainment) and completion (degrees conferred, program completion), with an emphasis on progress.
 - Stress the importance of progress indicators that allow institutions to exhibit performance through incremental measures and utilize completion indicators to measure improvement over time.
- Incorporate stop-loss provisions that prevent institutions from losing more than a certain level of funding each year. Stop-loss provisions provide institutions with greater leeway to adjust to new policy.
- Implement a year of learning during the first year that the policy is in effect - a period in which state spending does not change but colleges receive reports detailing how their funding would have been impacted under the new measures; and/or gradually phase in over a multiyear period the percentage of total funding allocated based on performance.

- Help colleges understand and adjust to new performance measures by gradually increasing the percentage of the total funding allocated based on performance.
- Subject the system to frequent evaluation and make adjustments where needed.
 - In order to achieve progress over time, allow for the evaluation and frequent review of the performance-funding strategy so that adjustments can be made.

In response to the challenge of providing cost-effective, accessible, and high quality patient care, healthcare providers have employed the pay-for-performance (P4P) funding model. The P4P, like the performance-based strategy used in education and the PFM, focuses on achieving outcomes. The outcomes it seeks are based on quality and non-quality performance metrics and ties financial incentives to quality and/or safety measures (Baxter, et al). The measures are comprised of two main categories: (1) process and (2) outcome. As evidenced by Baxter et al, the benefits the model has provided thus far are “inconclusive and extremely disparate” (1097). The goal of the study was to gain a better understanding of the experiences and perceptions of leaders who had implemented the P4P and activity-based funding models in in-patient hospital settings.

The barriers and challenges identified in the study associated with the implementation of the P4P include: “(1) a lack of resources available for increased costs associated with the hiring of additional staff, staff training, and resources to support clinical education; (2) data-related challenges including the gathering of accurate outcome data, the burden of data collection, and ability to retrieve accurate medical information; and (3) a lack of leadership commitment related to leaders’ skepticism or suspicion about the funding model and its potential to: improve health care quality; contain costs; produce business benefits; generate accurate and valid data; increase efficiency.”⁷

The study provides recommendations for leaders charged with implementing funding change. Their recommendations include the following:

- Garner support for the funding change from administrators, physicians, clinicians, and staff from the beginning of the transition to ensure they are completely engaged throughout the implementation process.
- For successful implementation, ensure that infrastructure is present, ongoing, and responsive.
- Provide the necessary financial support to enable hospitals to achieve the outcomes associated with the models.
- At a program level, support quality improvement by (1) providing educational resources for hospitals and training programs for staff to improve the frequency and quality of documentation; (2) increasing collaboration and cooperation with other units and project groups/committees in an attempt to be more efficient; (3) increasing inter-professional communication and interaction; and (4) sharing data collection personnel, protocols and shortcut tools.
- Be mindful of the potential for unintended consequences and put strategies in place to curtail them.

The literature provides strong evidence that successfully implementing and maintaining a performance funding model requires organizational commitment; the support and involvement of key stakeholders; adequate infrastructure; sufficient financial support that is generated from base funding; evaluation

activities designed to increase performance; the inclusion of formulas that account for institutions' characteristics and contextual difference; and indicators that measure both progress and outcomes.

Appendix F – Summary of Primary Data Collection

Data were collected through a combination of ongoing update calls, interviews, and focus groups from February 2016 to September 2016. This section provides summary reports of implementation data collected from each group.

Regional Board Executive Director Interviews – February-April 2016

The Executive Director interviews were conducted between February and April 2016. 21 of the 24 regions participated in the calls and offered feedback on their experiences with the rollout and early implementation of the PFM. Three Executive Directors declined to be interviewed. The interviews were conducted by two members of the Evaluation Team.

The agenda for the interviews included the following components:

- Regional Background Information
 - Discussion of regional makeup and the unique challenges/opportunities in the area
- Performance Funding Model
 - Discussion of the PFM and how it is affecting day-to-day operations
 - Discussion of how PFM metrics were created
 - Discussion of priorities moving forward
- New Data Interface
 - Discussion of new Florida Workforce Integrated Performance Reporting System (FWIPRS) interface

Regional Background Information

Executive Directors represent diverse regions, including those small and large; rural and urban; sparsely and densely populated; isolated and integrated; economically challenged and competitive; and declining and growing. Regions represent a wide variety of racial and ethnic makeup, geographic size, population, industry, education, opportunities and challenges. Where some regions may enjoy stability through a growing business industry and workforce, others are becoming less stable and struggling with high unemployment and diminishing business sectors.

Performance Funding Model

Most Executive Directors elected to participate in PFM for similar reasons, including added financial incentives, the model's ability to improve services, and it being low-risk. In other words, since opting into the PFM carried no penalties or disincentives, there was little risk to participate.

For many regions, the process of developing the metrics and outcomes was a positive experience. The majority of respondents reported they felt part of the process and were able to offer input. Moreover, the majority of participants felt the feedback they provided was well-received. A small minority, however, reported that they did not have the opportunity to help develop the metrics and that the process could be improved by allowing for more input.

While most regions stated that overall the implementation of the PFM was not affecting their day-to-day operations, many said the one area in which they had to adjust was related to the Business Service metrics. Many regions reported that the metrics had affected the operations of business services staff and the way the regions conduct business. Participants described how it increased the amount of

responsibility on these staff members by requiring the use of both Salesforce and Employ Florida Marketplace (EFM) for data entry. Additionally, it changed the way regions do business with employers due to its increased emphasis on quantity rather than value of services offered. Further, it changed the survey processes for many of the regions due to the added use of Salesforce and increased amount of solicitation it requires.

CSF staff provided training to each of the regions and included information on the measures, the meaning of the measures, and incentive dollars. Overall, the training provided was well-received by the regions. The individuals who had received training varied by region. In many instances, respondents reported the training was helpful and had allowed them to better understand their goals. However, there were numerous indications that the information presented was complicated and difficult to understand.

The interviews uncovered many concerns regions had in implementing the PFM. Respondents reported a general concern involving potential problems that could occur if regions engage in “gaming” the system, which would create an unfair advantage to regions in regards to the incentives. Also, there is a general concern over the number of times data is entered in multiple databases, and the increased potential for data entry errors. Several respondents reported they are concerned with the relevancy of the measures for their particular region, how regions are measured, and their ability to track progress. Other respondents reported they were dissatisfied with their lack of access to real-time data and the accuracy of data. In addition, some described the business survey process as unfair because they felt they will not be judged on some of the work they conduct and because they will be measured on things they are unable to control.

New Data Interface

The majority of respondents reported they will use the data that the new Florida Workforce Integrated Performance Reporting System (FWIPRS) interface the PFM provides. Several respondents reported how it will be a reliable dashboard indicator that will help them analyze data and increase their understanding. Other respondents reported how they would use the interface to track performance in real-time and identify necessary changes.

Regional Board Executive Director Focus Group – September 2016

The Executive Director focus group was conducted on September 27, 2016. 18 Executive Directors participated in the group discussion. The focus group was facilitated by a member of the Evaluation Team. Those in attendance provided valuable information on their regions’ experiences with the PFM and offered recommendations on ways to improve it, as well as recommendations for those who are considering implementing similar models.

PFM Experiences

When asked to define success for the PFM, in general, Executive Directors agreed that success meant having timely and relevant metrics, the ability to measure things that are relevant to an operation’s day-to-day activities, and the ability to show a correlation between the common measures and the PFM metrics. In addition, the group reported that data validation is necessary to ensure regions are not “gaming” the system. The majority of respondents noted that the PFM metrics that are in place on top of the WIOA performance indicators are inappropriate because they are task-based as opposed to outcome-based. Also, the majority of respondents expressed concern that the number of surveys issued

to employers will cause employers to grow tired of the process and have the unintended consequence of poor customer service. The majority of respondents agreed that the survey process presents a problem because it does not accurately measure business engagement or satisfaction. Respondents stated that instead, it simply counts the number of surveys sent which has minimal relation to meaningful engagement. Participants expressed that many businesses do not want to or are unwilling to fill out surveys whether they are satisfied or not, therefore measuring satisfaction based on survey responses also leads to an inaccurate analysis.

The group was divided regarding the changes made to the PFM between Year One and Year Two of implementation. Several Executive Directors stated they were happy with the changes made, while others maintained that their perceptions had not changed because they feel that the PFM metrics do not reflect a true representation of how regions are performing. Many individuals held a general concern about the State deciding what is important at the local level, and making program decisions through the PFM. Further, a majority of the respondents indicated the PFM stimulated competition rather than collaboration between regions and agreed that incentivizing collaboration was a better alternative.

When asked to assess the PFM in Year One, respondents agreed that the formulas used are difficult to understand and attaining clarity was difficult. Most participants agreed that the assistance they were receiving from CareerSource Florida and the DEO was lacking in substance. They felt there was not a sufficient level of clarity occurring and that their needs were not being met. Overall, the majority of the Executive Directors held a negative view of the PFM and reported it to have minimum value. The majority of respondents reported that the PFM has not and will not change regional operations or the way they conduct business, but welcomed the incentive money if they met the requirements.

Recommendations for Improved Implementation and Replicability

The majority of respondents felt that more work should have been performed on the data system prior to implementation. Respondents agreed that having a prebuilt data portal and example scenarios would have helped them better understand how they were performing as a state and by region, and determine if the work they are doing is creating the desired impact.

In making recommendations for other regions or states considering implementing models similar to the PFM, a resounding majority of Executive Directors agreed with a statement made by one director who stated, “Run away, don’t walk.” To this end the majority of respondents indicated minimal support of the PFM for several reasons, including: the online web application was not fully developed upon launching the PFM; the participants did not fully understand how the metrics were calculated, specifically what participants were included in each calculation; they believed state resources could be utilized in other manners; the PFM did not deliver real time data that would allow for operational decisions as was originally indicated; and they placed a higher priority on WIOA performance indicators.

CareerSource Florida Interviews – January and September 2016

January 2016 Interview

On January 13, 2016, members of the Evaluation Team visited with members of the Career Source Florida Analytics Team to discuss the development process and current state of the PFM. The meeting included a discussion of the timeline of the PFM from its development, the communication process, and the changes that have been made to the model prior to its approval by the CareerSource Florida Board.

Representatives from CareerSource Florida provided the Evaluation Team a tour of the web interface to be integrated into FWIPRS. During the meeting, they reported that this function within the FWIPRS was not yet publicly available, but would feature a public-facing component that explains the PFM and provides details on the process and metrics, and an inward-facing dashboard for the regions that allows them access to their performance on the metrics, and to identify the individual cases that are contributing to the calculations.⁵

September 2016 Interview

A second CSF interview was conducted on September 27, 2016. A representative from CSF participated in the interview and offered feedback on his experiences with the implementation of the PFM. The interview was conducted by members of the Evaluation Team.

The agenda for the interview included discussion of the PFM goals as outlined in the WIF Grant Application, the experiences with the PFM and online web application, challenges that emerged during the first year of implementation and lessons learned to overcome those challenges, feedback, and goals for Year Two.

PFM Experiences

Speaking on his experiences with the implementation of the PFM, the representative reported that an incredible amount of progress had been made (i.e., the online web application, updates to the PFM, and the collection and formatting different workforce datasets), but some of the work was more difficult than anticipated. The difficulty, he explained, was due to the time constraint created by an expanded work load (i.e., web application and loss of staff) and not from miscalculating the time required to complete what had been previously planned. It was stated he was satisfied with what had been accomplished on the PFM online web application, despite the obstacles involving staffing. The staffing challenges included the loss of key staff such as the original project manager and software developer. In addition to finding new staff, the challenge of integrating them into the workforce system required more time than anticipated.

He reported that the PFM and WIOA are moving in the same direction and expectations of the PFM had not changed, but recognized implementation progress had taken longer than expected. He explained this was due to the complexity and availability of data, data quality, and the difficulty of determining how data matches actual service provisions. Overall, the respondent is happy with the work that has been accomplished.

Overcoming Challenges

The representative recognized that both staffing issues and determining effective ways to communicate complex information in a way that is easily understandable were unforeseen challenges. The solutions he created to overcome these challenges included working harder and for longer hours, involving the DEO in explaining the meaning of data, creating a monthly webinar series that engages regions in discussions involving changes, and a technical document that provides details on how the PFM works on a broad level.

⁵ The FWIPRS site was later changed to the PFM online web application and has one version that is publicly available.

On the issue of “gaming” the system, the representative reported that it is likely not possible, but stated that he would address the issue if it surfaced. Regarding the metrics in the PFM, he recognized that he had not explained them in a way that would be useful for regions to make decisions, but is committed and actively working to do so. He reported that having a better understanding of the scope of the project before starting would have been quite helpful in the first year.

On the topic of the original project manager’s departure, it was reported that the biggest side effect of losing the project manager was time. He explained the project manager’s departure did not cause communication issues because they existed from the beginning but did cause time constraints because of adding the responsibility of communicating with each participating board. Because the Director had to take on the project manager’s duties, a delay in other activities such as data sets being delivered to the boards or other reports occurred.

Feedback

The representative indicated that he had received positive support from DEO leadership and the CareerSource Florida Board of Directors and critical feedback from Executive Directors concerning the PFM. One example of the criticism was the lag in performance reporting which made it difficult for regions to identify their current position in the measures.

Goals

In Year Two, the CSF staff anticipate providing training to boards during the months of May, June, and July, and it being a continuous process. The staff member reported that February 2017 is the target date for the online web application to be available for use. At this time the PFM application will be “complete looking,” functioning, and usable. Regions will be able to see their metrics and participant level data and the data will also be visible to outside stakeholders. However, the application will continue to be updated with additional functionality, therefore will not be fully complete at this time.

Department of Economic Opportunity Interview – September 2016

The DEO PFM Implementation Study interview was conducted on September 27, 2016. The leadership from DEO participated in the interview and offered feedback on experiences with the implementation of the PFM. The interview was conducted by members of the Evaluation Team.

The agenda for the interview included discussion of the PFM goals as outlined in the WIF Grant Application, the experiences with the PFM and online web application, challenges that emerged during the first year of implementation and lessons learned to overcome those challenges, feedback, and goals for Year Two.

PFM Experiences

Discussing experiences with the PFM, DEO leadership stated that the PFM was successful and is driving and impacting performance and behavior. Leadership recognized the existence of challenges in the first year concerning staff turnover and getting local regions to examine and align with the new measures. It was recognized that staffing issues and some of the changes that occurred were unexpected, and explained that understanding workforce programs requires an understanding of the data, which takes time for people who are new to the position

He reported that success for the PFM has changed slightly with respect to aligning PFM metrics with federal measures. DEO leadership explained that even if regions are meeting their PFM goals, if they are

not achieving their federal measures, they will not be eligible for the PFM incentives. Their vision for the project is to see a larger increase in disadvantaged populations served by regions and that these populations' needs are met, as well as WIOA performance measure increases. Leadership's expectations for the PFM have not changed since inception of the PFM.

Overcoming Challenges

DEO leadership reported that he had not taken any steps to overcome the challenges that were occurring, as CSF assumes responsibility for staffing and supporting the project, and DEO assists when necessary. He reported that he works to ensure regions have access to data, and directs questions that he is unable to answer to CSF. He perceived no consequences from the original program manager's departure and felt the Director at CSF had done a great job moving forward. He stated that the WIOA and PFM measures are becoming more closely aligned, and that the members of the CSF Analytic Team had done a good job at making sure the measures are similar to what is occurring at the federal level.

DEO leadership reported that the system is working as intended and the metrics are accurate to assess the performance of the regions. It was noted that the correct metrics are being incentivized and explained that the jobs most quickly provided to individuals are not always the best paying jobs. DEO leadership stated that taking federal measures into account will cause an increased focus on the income people are earning. They reported that incentivizing collaboration is a good thing, but that they do not think the PFM encourages competition because regions have their own individual goals which cause them to compete against themselves. Rather it was reported that the PFM helps facilitate collaboration. In discussing the delay of the online portal, the respondent stated that staff turnover was partly to blame. In rolling out the PFM during the first year, DEO leadership recognized that one thing that could have been done differently could have been to receive information from the Evaluation Team on trends occurring in other states, as developing a new performance funding system is challenging. However, Florida is the first state in the nation to pursue such a performance funding based model for its workforce system.

Feedback

DEO leadership reported receiving no negative feedback from the Executive Directors or regional boards and indicated the regional boards were in support of the PFM.

Goals

In Year Two, DEO leadership anticipates having all 24 regions participating in the PFM and seeing performance increases. Leadership would like for regions to use the data to more closely manage their cases and believe the model is sustainable. It was reported that if the model is productive and regions see a benefit, then they expect that they will maintain it.

Quarterly Calls with DEO and CSF

The Evaluation Team held quarterly calls with program leadership from DEO and CSF in December 2015, and March, June, and September 2016. The purpose of these calls was to hear updates on progress or changes to the PFM, provide updates on the status of the evaluation and any activities taking place that quarter, and to ask questions of program leadership based on the information that has been gathered since the previous call.

December 2015

The December 2015 update focused on the FWIPRS application and overall communication with the regions. At this point, the FWIPRS application was moving forward more slowly than had been anticipated, which was due in part to the additional functionality that was added in response to feedback from the regions desiring more detail to aid in strategic decision making. CSF anticipated significant progress on this tool to be made during the first quarter of 2016.

CSF also discussed the many communications that were happening with the regions. Many regions were asking questions about interpreting the PFM and how the metrics would be measured. CSF staff were in close communication with many regions through personal phone calls and emails, and scheduled individual visits to the regions for training. The main challenges included explaining the details of the PFM in a way that makes sense to those who are not as intimately familiar with the data and econometrics involved, and helping regional staff to understand how the data could be used to meet their needs.

March 2016

During the first calendar quarter of 2016, CSF was primarily focused on building the PFM plug-in for the FWIPRS application. Significant progress had been made, however, the tool was not yet fully functional and had not yet been made available to the regions. Slower than anticipated progress on the tool was largely due to an expansion of the scope of its functionality as CSF gathered more feedback from regions about their desired uses of the data. The tool, including all of the additional functionality, was expected to be functional by June 2016.

In March, CSF also announced that there would be monthly webinars to promote continuous communication, updates, and training with the regions.

June 2016

In June, the monthly webinars with the regions had begun and provided additional opportunities for CSF to communicate with the regions and solicit and answer questions. These webinars would be stored in a repository so partners and staff who missed the webinars could view them at a later date. CSF also indicated that the performance targets for WIOA PY16-17 would be sent to the regions this month.

Development of the web application was still ongoing, and components of the tool had been prioritized to ensure that portions could be made 'live' for the regions as soon as possible, based on the highest relevance. It was determined that the application be developed as a standalone tool rather than a plug-in to FWIPRS, which required some additional changes. Executive Directors did have a chance to see an updated iteration of the tool and had positive feedback.

September 2016

In September 2016, staff turnover had slowed the progress on the web application, and filling positions had been slower than desired. With limited staff time, work had to be prioritized this quarter. As a contingency measure for any potential losses in the future, CSF is carefully documenting the process of this development stage to create a manual that could ease any future transitions.

A documentation page was added to the application to provide definitions and explanations of the PFM to allow the regions easy access to detailed information about the data. CSF also reported that this quarter the regions received their performance targets for WIOA PY16-17 and were able to adjust

thresholds across the metrics given the parameters. This allowance enabled the regions to overcome weaknesses in some areas of the metrics.

Appendix G – References Cited in this Report

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