

2.6 Baltimore in perspective: benchmarking our numbers

A popular strategy used by private sector organizations to find out “how they are doing” is *benchmarking*, or comparison of their own organization’s performance with that of a peer group in their industry.

The *theory* behind benchmarking is that while there may be no single definitive “best” way of producing a good or delivering a service -- thereby making it inherently difficult to measure “performance” -- important insights and perspective can nevertheless still be gained through comparison with groups of peers, and with individual “best-in-class” examples. Only by such observations can any one organization’s own results be put in perspective.

Benchmarking *in practice* involves the organization agreeing to contribute its performance data as the “price of admission” to a “club” where it gets to see every other member’s analogous data. Yet obtaining the numbers is never the end of benchmarking, but instead is the starting point for asking reasoned questions about the observed differences. With data from other individual members and the whole group, an organization can ask key questions about its own performance, such as: “How do we stack up against the group average?”, “How do we look against the industry leaders?”, “Are we the same or different?”, “How different are we?”, “Are we different for the right reasons?”, and “Are the others doing something we are not, in order to get their different results?”. Through examination of the group data, it is also possible to spot and keep track of important industry developments and trends that might go unnoticed if the focus was exclusively on only one organization.

Several non-profit and commercial benchmarking organizations exist, catering to different types of enterprise (see sidebar). Typically, these agencies also offer a range of additional services on top of comparative data collection and analysis, such as: peer networking meetings, expert presenters, member-hosted site visits, member-requested group online surveys on specialist topics, industry alerts, and specialty research. The mix of services on offer varies, and most charge an annual subscription fee of \$5,000 to \$50,000 per member, for a total membership of between 50 and 5,000 organizations.

Although public sector organizations have often sought out “model programs” and “best practice” case studies, and shared their information through professional associations, they have historically *not* been heavily

Benchmarking services:

American Society for Training and Development (ASTD) online “Benchmarking Service” measurement kit, at:

http://www.astd.org/virtual_community/research/measure/bnch_socs.html

ASTD’s “Benchmarking Forum” at:

http://www.astd.org/virtual_community/research/bench/BMFmembers.html

The Corporate Executive Board’s “Corporate Leadership Council,” at:

<http://www.corporateleadershipcouncil.com/CLC/1,1283,,00.html>

The Masie Center’s “e-learning consortium”, at:

<http://www.masie.com/masie/default.cfm?page=consortium>

American Productivity and Quality Center (APQC), at:

<http://www.apqc.org/portal/apqc/site?path=root>

The “Council on Competitiveness,” at:

<http://www.compete.org/et>

The “Global Benchmarking Council,” at:

<http://www.globalbenchmarking.com>

“LearnShare,” at: <http://www.learnshare.com>

“The Benchmarking Exchange” (TBE), at:

<http://www.benchnet.com/datgen.htm>

involved with the more formal aspects of such benchmarking. Until recently, government agencies' prime interest was in increasing services and reaching the populations they were mandated to serve. There was little emphasis on process efficiency comparisons, and little data routinely available to support them. Moreover, many public services were governed by federal and state regulations that, by design, specifically did not *allow* many creative local variations. At best, these rules did not reward superior performance or cost savings or innovative approaches, and at worst they strait-jacketed potentially innovative operations and penalized efficiency by taking back unspent funds.

More recently, with the shift to a stronger performance-and-accountability basis for government services, with new technological abilities to measure and track customers and outcomes through electronic databases, and with fiscal pressures to do "more with less," this "compliance culture" is changing. Agencies are becoming more interested in process and outcome efficiency, and hence in benchmarking. Baltimore has been in the vanguard of this shift, by actively seeking information on other comparable local public workforce systems to put its own results into perspective.

The Baltimore Workforce Investment Board's Workforce System Effectiveness Committee began an early benchmarking process in 2003, by selecting a list of 16 other cities on which to collect Local Workforce Investment Board (LWIB) information for a report (*see sidebar*). These LWIBs were deemed "comparable" to Baltimore, in terms of any of the following criteria: (1) they are in older, northeastern or midwestern urban-industrial areas whose local economies were formerly dominated by manufacturing; or (2) they are in states surrounding, or near to, Maryland, and are typically viewed as close competitors for economic development; or (3) they are cities known for being innovative and for attempting interesting workforce initiatives.

"Comparable Cities" for benchmarking Baltimore:

BOSTON, MA
 BUFFALO/ERIE COUNTY, NY
 CLEVELAND, OH
 DETROIT, MI
 LOUISVILLE CITY/
 JEFFERSON COUNTY, KY
 MEMPHIS, TN
 MILWAUKEE, WI
 PHILADELPHIA, PA
 PITTSBURGH, PA
 RALEIGH, NC
 RICHMOND, VA
 SEATTLE/KING COUNTY, WA
 ST. LOUIS, MO
 TRENTON/MERCER COUNTY, NJ
 WASHINGTON, DC
 WILMINGTON, DE

The online "FutureWorks"™ system now allows retrieval of the data originally submitted by states for all their LWIBs to the U.S. Dept. of Labor's national "WIA Service Record Database" (WIASRD, or "wizard") system. As a result, the data presented refer only to the customers for Workforce Investment Act (WIA) funded services offered through One-Stop Career Center Networks. Statistics for the WSEC's chosen comparable LWIBs are taken from this system and presented in the charts below, with the following caveats.

Comparisons are most useful if they are standardized for the different population sizes. Local Workforce Investment Board areas are supposed to represent functional local labor market and work commuting areas, and to be made up of whole counties. Unfortunately, because of the grand-fathering of many old JTPA Service Delivery Areas (SDAs) across the country into LWIB areas, many individual LWIBs today still do not align with discrete geographical labor market areas. Furthermore, not all LWIBs have submitted data on all variables for the WIASRD, and so not all are to be found in the FutureWorks system that is built from the WIASRD. Finally, while the Bureau of the Census "Local Area Unemployment Statistics" (LAUS) program shows civilian labor force data for all "Primary Metropolitan Statistical Areas" (PMSAs – usually groups of counties or entire functional metropolitan areas), it does *not* do so for all the smaller components

of the PMSAs, known as the “Metropolitan Statistical Areas” (MSAs – usually individual counties and city jurisdictions). In the case of Baltimore, the city is an MSA and *is* exactly the LWIB area. However, LAUS data are shown only for the Baltimore PMSA, which includes Baltimore City and County. Fortunately, city-specific labor force data are available from the Maryland Dept. of Labor, Licensing, and Regulation’s (DLLR) “Office of Labor Market Analysis and Information”. For many of the rest of the comparative LWIB cases, however, labor force data is available from the U.S. Bureau of Labor Statistics for only the larger PMSA of which the LWIB’s MSA is one part. The PMSA can include both central city and suburban areas, thereby averaging very different socio-economic settings.

For these reasons, the findings in some of these charts must be taken as *broad-brush indicators of comparative performance*, rather than as definitive statistical comparisons. Nevertheless, it is still instructive to apply the benchmarking questions listed above to statistics from this group on:

- the latest *unemployment rates* (Chart 2.6.1);
- the total number of customers *exiting* from WIA services (Chart 2.6.2);
- the share of exiters leaving *from each service tier* (Chart 2.6.3);
- the total number of *days customers spent*, on average, in the program (Chart 2.6.4);
- the number of *days customers spent*, on average, in *each of the three service tiers*; (Chart 2.6.4);
- the *credential attainment rate* (Chart 2.6.5);
- the *expense per exiter* (at the state level) (Chart 2.6.6);
- the adult, dislocated, and older youth *entered employment rates* (Charts 2.6.7 through 2.6.9);
- the adult *earnings change rate*; (Chart 2.6.10);
- the dislocated worker *earnings replacement rate*; (Chart 2.6.11);
- the older youth *earnings change rate*; (Chart 2.6.12);
- the adult, dislocated worker, and older and younger youth *employment retention rates*; (Chart 2.6.13);

These results are given and interpreted below, aligned according to the questions about system achievement that this information helps us answer.

2.6.1 What is the unemployment backdrop against which these local workforce systems work?

Chart 2.6.1 shows the latest available *unemployment rates* (for November 2003) for the closest-fitting Census-defined area for each of the above comparative LWIBs with data available. It thus contains rates for both MSAs (LWIBs) and PMSAs (LWIBs and their nearby areas). The City of Baltimore’s rate is 8.2%, which leads in a group of “high” comparable cases for which city-specific information is available, such as DC (6.7%), and Detroit and Buffalo (at 6.5% each). The

next, "medium", unemployment rate group of comparable cities (MSAs) includes St. Louis (5.3% unemployment), Louisville (5.0%), Pittsburgh (4.8%), Raleigh (4.3%) and Richmond (3.6%).

The unemployment rate for the whole Baltimore PMSA (which includes both Baltimore City and Baltimore County) is 4.7%. This is lower than rates for Seattle (6.3%), and Milwaukee and Philadelphia PMSAs (5.2% each). It is close to rates for PMSAs like Boston (4.6%) and Trenton (4.4%), but not as low as rates for Wilmington-Delaware (3.9%) and the Greater Washington metro area (3.1%).

2.6.2 How many people did Baltimore serve, compared to the other LWIBs?

Chart 2.6.2 shows the total number of Program Year 2001 (i.e. July 2001 through June 2002) "exitors" from WIA-funded programs (customers who have been formally been closed out). The number of exitors has been standardized per 100,000 of the population in each case, and for this chart, the population numbers used *do* apply to the actual LWIB areas, rather than to the larger PMSAs.

Baltimore exited 498 customers per 100,000 of its population, and along with Milwaukee, DC, and St. Louis, is in a distinct group of "high performing" LWIBs in the 498 to 624 range, on this indicator. Behind this group is a pair of "moderate" performers, Trenton and Detroit, which managed less than half of the level of exitors than did the first group. The remaining nine LWIBs all operated at the sub-160 exitors level, and six of these LWIBs exited fewer than one hundred customers per 100,000 of their populations.

2.6.3 What service tier did the customers reach?

Chart 2.6.3 shows the *percent of all customers who exit from a given service tier* in PY '01. Of all Baltimore's exiting customers, 51% do so from the core stage, 33% from intensive, and 16% from training. Baltimore's *core* exit percentage of its total is the second highest in the group of 11 LWIBs that have any data on core exits -- after St. Louis with the most at 88%, and ahead of Memphis with 31%. For exitors at the *intensive* stage, Baltimore's 33% is nearer the group's average of 30%. With regards to exitors at the *training* stage, Baltimore's 16% is lower than the 56% average for the 15 LWIBs with such data, and second lowest of the LWIBs to St. Louis with 3%. When the numbers form a complete spectrum (in this case from 0% to 100%), there are clearly multiple different service models, strategies, and objectives at work. Yet the finding that Baltimore is close to one end of the spectrum for share of customers exiting at training would make it interesting to explore further why this is the case.

2.6.4 How long did service take?

Chart 2.6.4 shows the average number of *days customers spend in each tier of service* – core, intensive, and training – along with the average *days in the program in total* before exit, in PY '01. Baltimore records an average of 220 total days-in-program per customer. This is similar to Cleveland with 210 days and Milwaukee with 233. Of the fifteen LWIBs, there is an extreme pair – Trenton and Raleigh – which have customers in their programs for over 560 days. Then there is a second group of four – Delaware, DC, Memphis, and Seattle – which have customers in for 343 to 416 days. A third group of seven LWIBs – Pittsburgh, Buffalo, Detroit, Cleveland, Baltimore, Milwaukee, and Boston – have customers on average for a total of between 160 and 264 days. Philadelphia and St. Louis is the final pair with the lowest number of total days in the program, at 73 and 87 respectively.

The actual distribution for this group of LWIBs ranges from a low of 73 days in program in Philadelphia, to a high of 587 in Raleigh. Baltimore is close to the center of this group, but when the range of days-in-program is from 10 weeks to almost two years, again it is likely there are widely different service models and strategies at work across the group.

Clues to the different service models being used can be found in the different lengths of time spent in the individual tiers. For example, seven of the fifteen LWIBs follow a “progressively increasing time by tier” model, with core being the shortest, followed by a longer time in intensive, and then an even longer time in training. This group is thus having customers spend longer time on the “deeper” services. Also, in five of these seven LWIBs, the number of days spent in core is negligible (at 3 days or less), compared to Baltimore’s 73 days. This brevity in core does not seem to be just a device to feed into a longer period in only the next stage of intensive services, but is also associated with longer times in training overall.

A second service model at work might be “predominance of the intensive tier” model. A pattern of longer times in intensive than in either of the other two tiers is exhibited by four of the remaining eight LWIBs (Detroit, Baltimore, Milwaukee, and Raleigh). Only four LWIBs have a longer average time in intensive than Baltimore’s 89 days.

A third service model might be “predominance of core” (shown as the longest of the three tiers in St. Louis and Memphis).

Of the fifteen LWIBs, nine have their customers in *training* for longer than they have them in *each* of the other two tiers. In Baltimore it is the converse, with less time spent in training than in the other two tiers -- an average of 58 days in training, compared to 73 in core and 89 in intensive tiers. In Trenton, Delaware, and Seattle, the number of days in training far outweighs the days in the other two stages. In Trenton, for example, customers spend, on average, 534 days in training. Some of these differences might merit even closer inspection: for example, while Cleveland and Milwaukee are roughly similar to Baltimore in terms of the *total* number of days a customer spends in their program, both of the other two LWIBs have their customers in the *intensive* stage for a shorter period (39 and 58 days, respectively) than does Baltimore (73 days). Cleveland also records 149 days of training on average per customer, compared to Baltimore’s 58. Is the longer time in training elsewhere simply a function of greater resources being available than in Baltimore, or are different types of training in demand in Baltimore, that simply take less time?

It is useful at this point to step back and examine how the number of training days is *counted*, how individual LWIBs may *differ* in their protocols for recording it, and what the number of days may really “mean”. In the FutureWorks system, the length of time spent in the training tier is the number of days between the customer’s start of training activity and exit from the program. However, not all those calendar days may have been days on which training occurred: weekends will account for two out of every seven days, and some customers may have been attending a training activity for only one, two, or three days each week, while others may attend every day for a shorter overall period of time. Furthermore, different LWIBs may use different practices for “exiting” a customer, within the same federal guidelines. Some may exit them at the end of training, while others may wait until the customer is actually placed in employment before closing them out. In the case of customers *with* an ITA but dropping *out* of a course prematurely after just a couple of classes, some LWIBs may exit them from the program straight away, while others may not hear about that event until the course is over many weeks later, or may even keep the customer on the books after dropout in the hope that they will re-enrol. For all these reasons “number of days” is probably not a very good descriptor of training services.

2.6.5 What did customers get for their time spent in training?

One way around the shortcomings of “training days” is to look instead at the *credentials* earned, since credentials are real “output” measures, and not “inputs” or “activity” measures like training days. The “credential rate” is calculated by taking the number of customers who received training services and then calculating the percentage of that number who attained state-recognized educational/occupational certificates, credentials, diplomas, or degrees, within three quarters after their exit quarter.

Chart 2.6.5 shows the “credential attainment rate” for all funding sources. The range here is from 73% at the top for Detroit, down to 6% for Trenton at the lower end. Baltimore, with 70%, is second equal in the 13 LWIBs with these data, and is very close to Detroit, at the top with 73%. However, Baltimore exits *more* customers – 505 -- than the other LWIBs in its close grouping: Milwaukee exited only 376, Seattle 427, and Detroit 435.

2.6.6 How much did we spend?

Chart 2.6.6 shows the total WIA *expense per exiter* for PY '01. (These data are only available at the *state* level, and are shown for those states that could be matched with the available comparative LWIB cities). The distribution of expense per exiter values shows three groups of LWIBs. At the “high” end there is a group of three states (Ohio, Virginia, and West Virginia) that spends over \$12,000 per exiter. In the middle is a group of seven states spending between \$5,400 and \$8,300. At the other end is a third group of states spending between \$2,500 and \$4,300 per exiter: Maryland is in this third group, spending just under \$4,000 per exiter.

There are several caveats to add to this spending picture before approaching any interpretations. The amount of money spent largely reflects the amount of money originally allocated by the federal government to these states for carrying out their WIA activities. These federal allocations are made by formulae largely reflecting state population size and unemployment numbers – factors that are not under a state’s direct control. Spending less per exiter is not necessarily a “bad” result, if the exits are in line with program goals or are the best that can be achieved given the individual exiter’s potential and career goals, or if the numbers indicate a greater efficiency of service provision in achieving the same level of outcome. Finally, there can be significant differences in how the state’s total allocation gets divided between all the LWIBs within the same state: this is again usually by formulae over which the LWIB has no direct control. In sum, the differences shown between these expense per exiter figures for different states, does not necessarily mean the same differences hold for the 15 LWIBs.

Nevertheless, in spite of these caveats, it is still interesting to note that some of the states with higher spending per exiter are also those in which the respective LWIB in that state has a higher number of days that customers spend in training: Seattle has the fourth highest number of training days, and is in the fourth highest spending state per exiter. Similarly Cleveland has a relatively high number of training days and is also in one of the highest spending states. Having more money overall obviously makes it easier to spend more money on training, and training is typically the most expensive service tier per customer. However, other cases show that mediocre *state* spending levels overall do not necessarily *have* to mean *lower* training: Trenton and Boston achieve relatively high numbers of training days compared to the rest of the group, but they are in states that are only in the “middle” group of spenders. Detroit has a *higher* number of days in training than does Baltimore, even though it is in a state that spends *less* per exiter than Maryland does.

2.6.7 After customers received services and exited, did they get a job?

Charts 2.6.7 through 2.6.9 show the “entered employment rate” for adult, dislocated worker, and youth customer categories, respectively. The entered employment rate is one of the 17 federal performance indicators for local public workforce systems¹, and is calculated by taking those adults who were *not* employed at the time of registration, and then dividing the number of adults who entered employment by the end of the first quarter after their exit, by the total number of adults who exited during the quarter. The resulting percentage thus shows us the share of adult customers getting a job within 13 weeks after leaving the system.

Of the 14 comparable LWIBs with data on this measure in Chart 2.6.7, Baltimore records the *highest* adult entered employment rate, at 98%. Since there was a large number of “adult exiter” customers in this calculation – 1,364 in Baltimore -- this high number is clearly *not* just a spurious statistical result based on small numbers. Nor does it appear to be the result of this indicator being an “easy” one on which to achieve high numbers: the range of achievement on this indicator is from 98% down to 58%. Nor does it appear to have been achieved because of fortuitous labor demand in the host environment: Baltimore had an 8.2% unemployment rate, while DC, in the same metropolitan region and to some extent in the same geographical labor market and with a *lower* unemployment rate of 6.7%, against which it should have been easier to place customers, achieved only 58%.

Baltimore scores similarly high on the entered employment rate for *dislocated* workers, shown in Chart 2.6.8. Its rate is 98%, at the top of a range down to 63% for 14 LWIBs. Baltimore’s three nearest metropolitan neighbors in this group – DC, Trenton, and Philadelphia – achieved only 68%, 78%, and 79% respectively.

On the entered employment rate for “older youth”, shown in Chart 2.6.9, Baltimore’s rate is lower than most of the group at 53%, in a range from 100% down to 40%. DC’s rate is higher, at 87%, but Philadelphia’s lower than Baltimore’s, at 40%. However, it should be noted that these percentages are calculated off far lower customer numbers than for the adult and dislocated workers. Trenton achieves its 100% rate “perfect score” by finding employment for *both* of its youth customers, for example. In fact, four LWIBs in this group had fewer than 10 youth customer exiters each, while Baltimore had 265.

2.6.8 What did customers earn in their new jobs?

Chart 2.6.10 through 2.6.12 shows customer earnings change comparisons across LWIBs. “Adult earnings change” is another federal indicator, but with a more complicated formula than entered employment (*see sidebar*). It compares pre and post earnings for only those employed in the first quarter after exit.

“Adult earnings change” is	
Total Post-Program Earnings (i.e. earnings in quarter 2 + quarter 3 after exit)	– Pre-Program Earnings (i.e. earnings in quarters 2 + 3 prior to registration)
<hr style="width: 80%; margin: 0 auto;"/> Total number of adults who exit during the quarter	

¹ “Guide for calculating core measures”, Attachment C, TEGL7/99, U.S. Dept. of Labor, Employment and Training Administration, Wash DC, 1999.

On this indicator in *Chart 2.6.10*, Baltimore is above the group median for the 14 LWIBs with these data. Trenton and Cleveland are at the high end, with over \$4,700 in adult earnings gain. Baltimore's \$3,566 is in the next highest group of four LWIBs with \$3,300 to \$4,100 earnings gain. Below these is a third group of LWIBs with earnings gain between \$1,000 and \$2,200. Buffalo and Boston complete the spectrum at the low end with only \$165 and minus \$4,200 respectively. Again, some of the higher numbers were achieved on only a few customers. Raleigh was the next highest LWIB above Baltimore, but achieved its score with only 10 customers, for example. Trenton achieved its top rank with just 174. By contrast, Baltimore had 945 customers entering this measure – over double the group average of 426.

For *dislocated workers*, the “earnings replacement rate” by LWIB is shown in *Chart 2.6.11*. Baltimore's 115% is fourth of the 13 LWIBs with data, but is third if we ignore Memphis's 554% figure which, at almost three times the value of the second, is highly questionable.

For “*older*” youth, the “earnings change” is shown in *Chart 2.6.12*, where the 14 LWIBs with data fall into four groups. At the upper extreme are Trenton and DC, with \$12,000 and \$5,300 gain respectively (except Trenton's was based on just *two* customers). Next comes a group of five LWIBs achieving between \$2,000 and \$3,200 of earnings gain, including Baltimore with \$2,063. Third is a group of four LWIBs with \$1,400 to \$1,700, and finally comes Pittsburgh with \$175 and Boston with *minus* \$3,700.

2.6.9 Did customers keep their new jobs?

Chart 2.6.13 shows the “employment retention rate” for adults, for dislocated workers, and for youth in one chart, with LWIBs ranked by their retention rates for adults. The employment retention rate is calculated on those customers employed in the first quarter after exit. It divides the number of these employed in the third quarter after exit, by the number of adults who exit during the quarter.

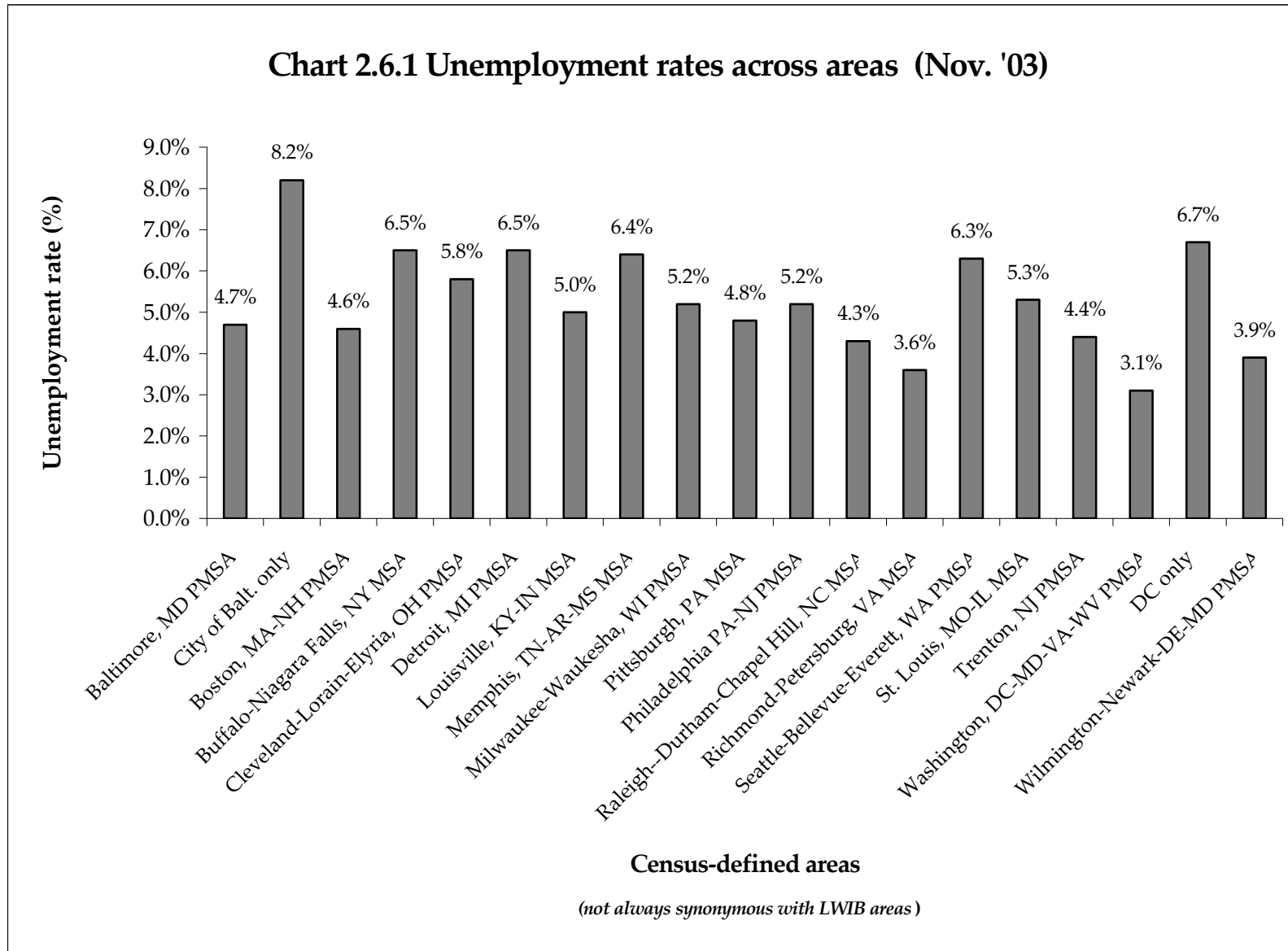
Baltimore, at 96%, achieves the highest *adult* employment retention rate of all the 14 LWIBs with data. Baltimore also has the second highest *dislocated worker* employment retention rate, at 97%, behind Buffalo's at 100% -- except that Buffalo's rate was achieved on just 15 customers, compared to Baltimore's 214. On the *youth* employment retention rate, Baltimore ranks fourth with 67%, exceeded only by Buffalo (78%), Cleveland (73%), Detroit and Memphis (71% each). Rates on this measure go all the way down to 38%. Baltimore's rate is based on serving 339 youth customers, which is *double* that of Detroit and almost *three times the group average* of 125. Buffalo, Cleveland, and Memphis, which all had higher youth rates than Baltimore on this indicator, but only served 9, 11, and 28 youth customers, respectively, compared to Baltimore's 214.

What have we learned from benchmarking, and what policy implications do findings support?

1. Benchmarking against a group of peer LWIBs can yield perspective for our own case and insights to other models.
2. Baltimore is a relatively high performing area within this group of comparable LWIBs, in terms of its “reach”, i.e. exiters relative to population. This appears to be achieved through exiting a greater share of customers through core, the least-assisted service stage.
3. Training does not appear to have the same degree of prominence among the three service tiers in Baltimore, as it does in many of the other comparable LWIBs, *if* the share of all

customers leaving the program at that tier compared to other tiers, and the length of time the average customer spends there, can be taken as indicators of emphasis. On the more outcome-oriented training indicator, the credential attainment rate, Baltimore is in the high performing group.

4. Maryland has a relatively low ability to receive and spend federal training dollars because it is relatively better off than many other states in terms of the socio-economic variables taken account of by the federal allocation formulae. Given this state context, the high "reach" Baltimore achieves is even more impressive, but it also means that supplementary non-federal funds would be needed to reach the levels of training days offered by other states. Nevertheless, total spending constraints at the state level do not appear to be a barrier to emphasizing training relative to other tiers *within* the same budget at the LWIB level. With additional funds for training, Baltimore may be able to build out beyond its present model.



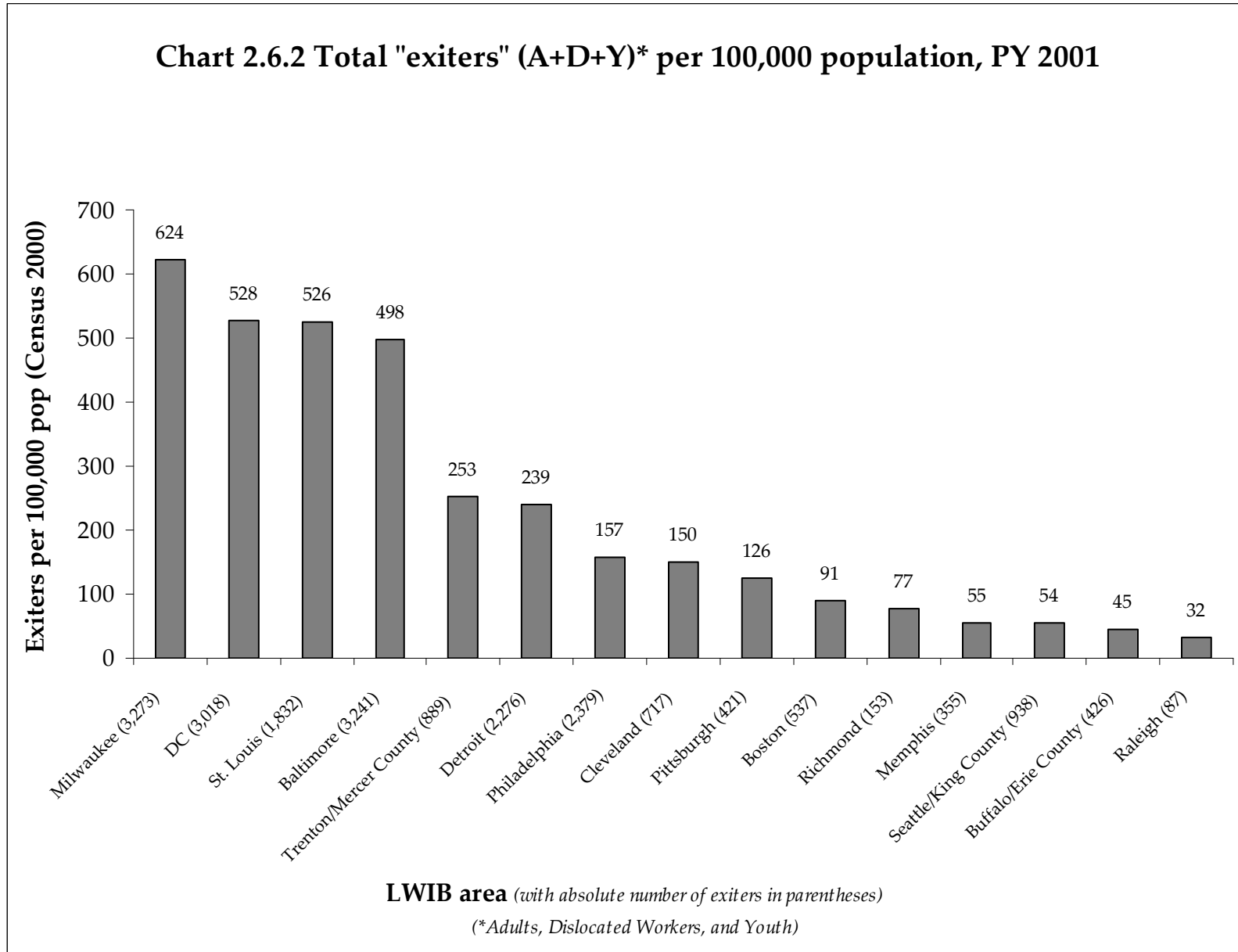


Chart 2.6.3 Percent of total exiters leaving from each tier of service, in different LWIBs

