

ATTACHMENT VII: ECONOMIC AND DEMOGRAPHIC VARIABLES

Table 1: Relationship between Performance Outcomes and Unemployment Rates and Customer Characteristics

	Effect on Performance of a One Percentage Point Increase in:					
	Unemploy- ment Rate	Percent Female	Percent Age 55 or Older	Percent Not High School Graduate	Percent Low Income	Percent with Disabilities
Adults						
Entered Employment Rate (%)	-2.3	.015	-.063	-.108	-.056	-.106
Employment Retention (%)	-1.3	.042	-.010	-.069	-.054	-.068
Average Earnings (\$)	-720	-24	10	-22	-38	-15
Credential rate (%)	-0.3	.020	--	-.132	-.100	-.168
Dislocated Workers						
Entered Employment Rate (%)	-2.8	--	-.100	-.056	--	-.072
Employment Retention (%)	-1.7	.008	-.031	-.037	--	-.041
Average Earnings (\$)	-1035	-44	-3	-29	--	-14
Credential rate (%)	-0.4	.011	-.066	-.032	--	-.042
Older Youth						
	Unemploy- ment Rate	Percent Female	Percent Age 19	Percent Not High School Graduate	Percent Basic Skills Deficient	Percent with Disabilities
Entered Employment Rate (%)	--	-.020	-.021	-.129	-.040	-.045
Employment Retention (%)	--	--	--	-.122	-.033	--
Earnings change (\$)	--	-5	--	-25	-6	---
Credential rate (%)	--	--	--	-.111	-.070	--
Younger Youth						
	Unemploy- ment Rate	Percent Female	Percent Age 14 or 15	Percent Not High School Dropout	Percent Basic Skills Deficient	Percent with Disabilities
Skill attainment rate (%)	-0.1	--	-.006	-.026	-.004	.014
Diploma attainment rate (%)	1.6	.036	-.125	-.203	--	.139
	Unemploy- ment Rate	Percent Female	Percent Age 14 or 15	Percent Not High School Graduate	Percent Basic Skills Deficient	Percent with Disabilities
Retention (%)	-1.2	.015	-.134	-.129	--	--

Note: Almost all adjustments shown are statistically significant at the 1% level; the remainder are statistically significant at the 5% level.

Table 1: Relationship between Performance Outcomes and Unemployment Rates and Customer Characteristics

This table shows estimates of how performance outcomes are affected by changes in unemployment rates and selected customer characteristics. The analysis was conducted on PY 2005 Workforce Investment Act Standardized Record Data (WIASRD) submissions. Each number in the table represents the effect on performance of a one percentage point change in the unemployment rate or in the percentage of customers with a specific characteristic. This type of information can be used during negotiations to inform discussions of the impact of changes in the economic environment and customer characteristics on state performance. States are encouraged to conduct similar analyses using their own state data when proposing performance levels.

Performance measures shown in the table were determined as follows:

- Adults and dislocated workers
 - Entered employment uses the common measures definition and reflects the use of supplemental data.
 - Retention uses the common measures definition and reflects the use of supplemental data.
 - Average earnings uses the common measures definition.
 - Credential uses the TEGL 17-05 definition and uses supplemental data to determine employment.

- Older and Younger Youth
 - All measures are based on TEGL 17-05 definitions and use supplemental data where appropriate.

Table 1 provides estimated relationships between unemployment rates and performance outcomes. These relationships were estimated using the WIASRD outcomes for exiters in the most recent year available for each measure¹ and CY 2005 state unemployment rates in a simple bivariate regression analysis. The results indicate, for example, that an increase of the national unemployment rate by one percentage point (say from 4% to 5%) decreases the national adult entered employment rate by 2.3 percentage points (say from 70.0% to 67.7%). This information may be used in conjunction with the information in Table 2 to determine the expected influence of changes in unemployment rates on entered employment rates.

Table 1 also provides estimated relationships between selected customer characteristics and performance outcomes. These estimates were developed in the same way as the estimates for the unemployment rate, using bivariate regressions based on the WIASRD. These estimates indicate, for example, that if the percentage of older youth who are not high school graduates increases by 10 percentage points, then the employment retention rate is expected to decrease by 1.22 percentage points (10 x -0.122). **It should be noted, that the estimated relationships between performance outcomes and customer characteristics are generally small enough**

¹ Estimates for entered employment and credential attainment were based on exiters between October 2004 and September 2005. Estimates for retention and earnings change were based on exiters from April 2004 to March 2005. Estimates for younger youth skill attainment and younger youth diploma attainment were based on exiters between April 2005 and March 2006.

that only very large changes in customer characteristics will have a material impact on outcomes. However, modest changes in the age categories or education status of youth, especially younger youth, can have a noticeable effect on outcomes.

States should note that the following parameters and definitions were used to create the estimates for customer characteristics:

- The percentage with disabilities includes both disabilities that are a substantial barrier to employment and other disabilities.
- The percentage female, the percentage in an age group, and the percentage with disabilities were based on all WIA exiters (except as noted below for the adult and dislocated worker credential and employment rates and the younger youth diploma rate).
- The percentage who are low income or not high school graduates were calculated for all younger or older youth and for adults and dislocated workers who received intensive or training services (except as noted below for the adult and dislocated worker credential and employment rates and the younger youth diploma rate).
- When adjusting the adult and dislocated worker credential and employment rates, the customer characteristics were based on those who receive training (e.g., the relationship between the adult employment rate and the percent low-income variable is based on the percentage of low-income individuals receiving training services).
- When adjusting the younger youth diploma rate, the customer characteristics were based on younger youth who were not high school graduates, or the equivalent, at registration.
- For younger youth, “not a high school graduate” includes school dropouts and those attending high school.

The estimated adjustments were designed to make adjustments only for a single characteristic. However, simultaneous adjustments for several characteristics are reasonably accurate.

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Table 2: Recent and Projected Unemployment Rates

Nation	Projected Unemployment Rates (%)				
	CY 2007	CY 2008	CY 2009	CY 2010	
	5.0	5.0	5.0	5.0	
Actual Unemployment Rates (%)					
	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
Nation	5.8	6.0	5.5	5.1	4.6
Alabama	5.9	5.8	5.2	4.0	3.6
Alaska	7.7	8.0	7.4	6.8	6.7
Arizona	6.2	5.6	5	4.7	4.1
Arkansas	5.4	6.2	5.6	4.9	5.3
California	6.7	6.7	6.2	5.4	4.9
Colorado	5.7	6.0	5.6	5.0	4.3
Connecticut	4.3	5.5	4.9	4.9	4.3
Delaware	4.2	4.4	4	4.2	3.6
District of Columbia	6.4	7.0	7.5	6.5	6.0
Florida	5.5	5.1	4.7	3.8	3.3
Georgia	5.1	4.7	4.8	5.3	4.6
Hawaii	4.2	4.3	3.3	2.8	2.4
Idaho	5.8	5.4	4.7	3.8	3.4
Illinois	6.5	6.7	6.2	5.7	4.5
Indiana	5.1	5.1	5.3	5.4	5.0
Iowa	4.0	4.5	4.7	4.6	3.7
Kansas	5.1	5.4	5.6	5.1	4.5
Kentucky	5.6	6.2	5.5	6.1	5.7
Louisiana	6.1	6.6	5.7	7.1	4.0
Maine	4.4	5.1	4.6	4.8	4.6
Maryland	4.4	4.5	4.3	4.1	3.9
Massachusetts	5.3	5.8	5.2	4.8	5.0
Michigan	6.2	7.3	7	6.7	6.9
Minnesota	4.4	5.0	4.6	4.0	4.0
Mississippi	6.8	6.3	6.3	7.9	6.8
Missouri	5.5	5.6	5.8	5.4	4.8

Actual Unemployment Rates (%)

	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
Montana	4.6	4.7	4.3	4.0	3.2
Nebraska	3.6	4.0	3.9	3.8	3.0
Nevada	5.5	5.2	4.6	4.1	4.2
New Hampshire	4.7	4.3	3.9	3.6	3.4
New Jersey	5.8	5.9	4.9	4.4	4.6
New Mexico	5.4	6.4	5.7	5.3	4.2
New York	6.1	6.3	5.8	5.0	4.5
North Carolina	6.7	6.5	5.5	5.2	4.8
North Dakota	4.0	4.0	3.5	3.4	3.2
Ohio	5.7	6.1	6.2	5.9	5.5
Oklahoma	4.5	5.7	4.9	4.4	4.0
Oregon	7.5	8.2	7.3	6.1	5.4
Pennsylvania	5.7	5.6	5.4	5.0	4.7
Puerto Rico	12.3	12.0	10.6	11.3	10.4
Rhode Island	5.1	5.3	5.2	5.0	5.1
South Carolina	6.0	6.8	6.8	6.8	6.5
South Dakota	3.1	3.6	3.8	3.9	3.2
Tennessee	5.1	5.8	5.5	5.6	5.2
Texas	6.3	6.8	6.0	5.3	4.9
Utah	6.1	5.6	5.5	5.1	2.9
Vermont	3.7	4.6	5.0	4.3	3.6
Virginia	4.1	4.1	3.7	3.5	3.0
Washington	7.3	7.5	3.7	3.5	5.0
West Virginia	6.1	6.1	6.3	5.5	4.9
Wisconsin	5.5	5.6	5.3	5.0	4.7
Wyoming	4.2	4.4	5.0	4.7	3.2

Table 2: Recent and Projected Unemployment Rates

Table 2 shows recent and projected unemployment rates for the nation and each state. The values for CY 2005 are representative of when the PY 2005 employment and earnings outcomes occurred. For example, both entered employment for exiters from October 2004 to September 2005 and retention for exiters from April 2004 to March 2005 occurred during CY 2005.

The December 2006 numbers are provided as an indication of where states are today. The national projections are provided to help extrapolate state values to the future. The projections were developed by the Administration to support the FY 2007 budget. These projections are now somewhat out of date. However, the implication of these projections is that unemployment rates can be expected to be relatively stable over the next few years. Therefore, one might use the December 2006 unemployment rates as a projection of future unemployment rates.

(When using Table 2 to inform the negotiation process, please note that the unemployment rates shown are calendar years, not program years.)