

National Skills Coalition Comments on Workforce Innovation and Opportunity Act Common Performance Requirements ICR

May 2016

National Skills Coalition (NSC) — a broad-based coalition of business leaders, union affiliates, education and training providers, community-based organizations, and public workforce agencies advocating for policies that invest in the skills of U.S. workers — submits the following comments in response to the Information Collection Request (ICR) on data collection for performance reporting under the Workforce Innovation and Opportunity Act (WIOA), OMB ICR Reference No: 201604-1205-002.

In September 2015, NSC submitted comments on the initial publication of this ICR. We appreciate that the updated version incorporates some of our recommendations, such as requiring more detailed reporting on attainment of occupational certifications and public assistance receipt by program participants. However, we are submitting further comments because we have a number of concerns with the proposals contained in the revised ICR: the proposed use of supplemental data, the Eligible Training Provider Performance Report, the metric for skill gains for WIOA Title II, and the operational definitions for the primary indicators of credential rate and youth earnings. While we previously expressed our concerns about the two indicators, our other comments are in response to new proposals in the revised ICR.

Supplemental Data for State and Local Performance Reports

In recent years the workforce development system has made great strides in using administrative data for performance reporting. The federal government and the states have invested over \$650 million to establish P-20W longitudinal data systems that link administrative records. Thirty-nine states participate in the Wage Record Interchange System (WRIS) 2. States may also access administrative records through the Federal Employment Data Exchange System (FEDES). Despite this progress, the ICR would take major steps backward from the use of administrative data for performance reporting.

Appendix A, p. 5, states:

“States will be allowed to collect and verify supplemental wage information to demonstrate employment outcomes in the 2nd and 4th quarters after exit in those instances where wage records are not available.” “If a State uses supplemental information to report on the employment rate indicators, the State must also use supplemental information to report on the median earnings indicators. In particular, States that elect not to use supplemental data and follow-up methods are expected to include participants who do not have the necessary data points to complete a wage record match in the denominator of the calculation. Those individuals would be counted as failures on the three employment indicators.”

This proposal would effectively force local areas and states to collect supplemental data (data other than administrative records) on all participants with no reported employment in wage records, and perhaps on all participants, in order to not appear as failures.

According to WIOA SEC. 116(i)(2), “In measuring the progress of the State on State and local performance accountability measures, a State shall utilize quarterly wage records, consistent with State law.” The use of wage and other administrative records to measure employment and earnings has several advantages over other methods in terms of accuracy, consistency, and cost. Administrative data matches are very inexpensive, the methodology can be applied in a consistent manner across programs and providers, and administrative records avoid the tendency of individuals to over-report their employment and earnings.

It makes sense and is important to allow the use of supplemental data from other methods when a participant’s social security number is unavailable, as proposed in the ICR; however, the proposal goes too far in opening up the use of supplemental data whenever a participant has no recorded employment in wage records. Based on state experience in using measures similar to the WIOA common measures, this is likely to be the case for approximately 50 percent of Title II and Title IV participants, 45 percent of Title I youth participants, and 30 percent of Title I adult participants. The proposal would therefore open up measurement for a very substantial number of participants to the downsides associated with supplemental data.

In fact, the proposed rule would probably be more burdensome than these numbers suggest. Because wage records are not available until a substantial period of time after the quarter for which employment is being measured, program staff would likely be forced to seek supplemental data on all participants without waiting to first discover whether or not they have wage records. To delay, would decrease the likelihood of finding supplemental data, and increase the likelihood of being deemed “failures”.

The vast majority of employment not captured by state wage records, WRIS 2, or FEDES is self-employment. A more efficient proposal would target capturing the missing self-employment, which would likely add a few percentage points to the reported employment.

The ICR proposal would be a major step backward from the progress that was made during the Workforce Investment Act in using wage and other administrative records as the standard data source for employment and earnings measures. Additionally, the proposal would step away from the substantial investment the federal government and states have made in linking administrative records.

Eligible Training Provider Performance Reports

The ICR provisions on Eligible Training Provider (ETP) Performance Reports raises additional issues regarding supplemental data, and is inconsistent with the authority granted governors under WIOA.

The ICR stresses that providers need not report individual unit records in order to be eligible providers. Appendix A, p. 28 states, “DOL responds that no individual record layout is necessary: neither WIOA nor the implementing regulations to be promulgated at 20 CFR § 677.230 require the submission of individual level data for the purpose of satisfying the requirements of the ETP Performance Report. On p. 35, the Department indicates, “Neither WIOA sec. 116 nor the implementing regulations to be promulgated at 20 CFR § 677 require ETPs to submit individual level data.”

The ICR suggests that the ETP performance reports required under WIOA sec. 116 will be based upon submissions of aggregated data by providers, and that providers may obtain the data from wage record matches or supplemental data.

The ICR goes on to state, “Although distinct from the list of ETPs, the Department encourages States to leverage the ETP Performance Report for other uses and requires that the publication of the performance reports be coordinated with the dissemination of the State’s list of ETPs.” (p. 34)

In sum, the ICR indicates that the WIOA sec. 116 ETP performance reports may be based on supplemental data collected by providers and that the Department intends to require states to coordinate the dissemination of this performance information along with their ETP lists.

This proposal ignores the authority that WIOA sec. 122 grants governors to determine the requirements for ETP performance reporting and the information to accompany ETP lists. WIOA sec.122 (a) states, “The Governor, after consultation with the State board, shall establish criteria, information requirements, and procedures regarding the eligibility of providers of

training services to receive funds provided under section 133(b) for the provision of training services in local areas in the State.” The section goes on to indicate that the ETP list should be accompanied by appropriate information as determined by the governor.

Requiring publication of performance reports also ignores that some governors have established systems of ETP reporting that are based on administrative records matching, systems that have advantages in terms of cost, reliability, and consistency of performance information. The proposal, moreover, could result in ETP lists being accompanied by conflicting performance information.

Governors may use their authority under WIOA sec. 122 (as they have under WIA sec. 122) to require ETPs to submit individual unit records to the state for matching with wage records and other administrative data in order to measure employment and earnings outcomes. Governors may require that the resulting performance information accompany ETP lists. These requirements enable states to establish public-facing consumer reports, or scorecard systems, on ETP performance based upon a standardized, consistent, cost-effective methodology across providers.

As opposed to the language in the ICR, it would be preferable for the ICR to encourage governors to establish such a reporting system for ETPs and for Sec. 116 ETP Performance Reports to be based upon such a system when it has been established by the governor.

Skill Gains Indicator

For the new primary indicator of skills gains, the ICR outlines five types of skill gains that count, including achievement of a GED, successful completion of an exam that is required for a particular occupation, and completion of on-the-job training. However, it states that: “The title II program will limit the use of the types of gains that may be used in title II reporting to ‘achievement of at least one educational functioning level of a participant in an education that provides instruction below the postsecondary level.’” (Appendix A, p. 19) In practice, this means that Adult Education will measure progress the same way it always has, through skill assessments like CASAS. While those assessments can be useful tools, failing to ask Adult Education to honor the alternative methods of measuring skill gains will significantly inhibit collaboration between Title I and Title II programs, and undermine the principle of the common measures. Providers are particularly concerned that this will make it harder to enroll students in integrated basic education/technical training programs. In particular, preventing title II from using any of the other mechanisms for measuring skill gains may cause participants in blended title I/II programs to be subjected to duplicative and unnecessary assessments, and undercut the ability of program providers to effectively coordinate participant intake, enrollment, and assessment.

Earnings Indicator for Youth

It is commonly recognized that today's economy requires some form of postsecondary education or training in order for an individual to attain self-sustaining earnings. The earnings measure for youth should exclude youth who are enrolled in postsecondary education or training, otherwise, postsecondary enrollment (a good thing) would suppress the earnings outcome by reducing hours of work. Otherwise, as the Departments acknowledge (Appendix A, p. 5), the youth program would have a disincentive to encourage and enable youth to continue on into postsecondary education or training. We believe the Departments have regulatory authority to define "program participants who are in unsubsidized employment" for the purposes of the youth earnings indicator to exclude youth enrolled in postsecondary education or training.

Credential Attainment Indicator

The ICR proposes measuring credential attainment among only program participants enrolled in education or training. Appendix A, p. 7 makes the argument that, "The indicator focuses on participants who are enrolled in an education or training program, because the purpose of the indicator is to measure performance related to attainment of these credentials; therefore, it would not be reasonable to measure credential attainment against a universe that includes other individuals who are seeking critical WIOA services other than a credential." Actually quite the opposite conclusion follows from the premise that the purpose of the indicator is to measure performance related to attainment of credentials.

We agree that the underlying purpose of the indicator is to increase credential attainment, therefore it makes more sense to measure credential attainment among all exiters. To measure credential attainment among only those who enroll in education or training creates a measure of the success rate of enrollees, not a measure of overall credential attainment achieved by the Act. In the past under WIA, some states reported very high rates of credential attainment among participants enrolled in education or training based upon very small numbers in education or training. WIOA should not repeat creation of this disincentive to enroll participants, especially those who are the hardest to serve, in education or training that can build skills for sustainable employment.