U.S. GOVERNMENT ACCOUNTABILITY OFFICE

September 23, 2015

The Honorable Lamar Alexander
Chairman

The Honorable Patty Murray
Ranking Member

Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable John P. Kline
Chairman

The Honorable Robert C. "Bobby" Scott
Ranking Member

Committee on Education and the Workforce
United States House of Representatives

Workforce Innovation and Opportunity Act: Performance Reporting and Related Challenges

In July 2014, the Workforce Innovation and Opportunity Act (WIOA), Pub. L. No. 113-128, brought changes to the programs that create a foundation for the nation's employment and job training system. WIOA requires that the Department of Labor (DOL) and the Department of Education (Education) collaborate to implement a common performance accountability system for six core programs, which the agencies note is an historic opportunity to align definitions, streamline performance indicators, and integrate reporting across programs. These core programs, which DOL and Education administer through grants to state agencies, are: Title I Adult, Title I Dislocated Worker, Title I Youth, Wagner-Peyser Employment Services, Adult Education and Family Literacy Act, and State Vocational Rehabilitation Services (VR) programs.[1]WIOA establishes six performance indicators on which states must report for the core programs, such as those related to employment status, earnings, and skills gains in education or training programs, starting in July 2016.[2] This represents a noticeable change from the prior law, the Workforce Investment Act of 1998 (WIA), under which performance indicators varied considerably across several of the core programs.[3] However, under WIA, all of the six programs have already been reporting on performance related to employment and most have been reporting on performance related to earnings.

Section 505 of WIOA includes a provision for GAO to issue an interim and final report on federal and state databases and data exchange agreements containing job training information relevant

[1] DOL's Employment and Training Administration administers the Title I programs and Wagner-Peyser Employment Services and oversees their implementation, which is carried out by state workforce agencies and local workforce development boards or state grantees in the case of Wagner-Peyser. Education's Office of Career, Technical and Adult Education provides grants to states for the Adult Education and Family Literacy Act program, which in turn are mostly distributed to local adult education providers such as community colleges, community-based organizations, and volunteer literacy organizations. Education's Rehabilitation Services Administration provides grants to states to administer the VR program. Many states have separate agencies serving blind or visually impaired individuals in addition to agencies that serve all other individuals with disabilities. In addition, states vary in terms of the organizational positioning of the program, with the program being housed in education, workforce, social service, disability program agencies, or elsewhere.

[2] Pub. L. No. 113-128, §§ 116(b), 506(b), 128 Stat. 1425, 1471, 1703 (2014). For descriptions of each performance indicator and related exceptions, see Enclosure I

[3] Throughout the report, we refer to WIA performance indicators as those that the core programs use until WIOA performance reporting requirements take effect, regardless of the source of the indicator.

to WIOA. [4]The law also specifies that GAO explore opportunities to enhance the quality of these data. This interim report focuses on the current state of performance reporting for the core programs and the data systems and exchange agreements in place at the federal level.

Specifically, we address the following issues in this report:

1. How federal and state agencies currently report on WIA performance measures for core job training programs; and
2. challenges to performance reporting previously identified by federal auditors and anticipated challenges.

On July 22, 2015 we briefed your office on our preliminary findings. This letter formally transmits the final updated slides. In a subsequent review, we will examine databases and exchanges in selected states, any opportunities to enhance the quality of data in federal and state databases, and protection of personal data shared across agencies. We expect to issue the final report for our subsequent review in 2016.

To address our objectives, we reviewed DOL and Education documentation regarding performance indicators, relevant data systems and data exchange agreements and interviewed officials from these agencies who oversee performance reporting for the core programs. Our focus was on current performance indicators related to employment and earnings as they will be especially relevant under WIOA performance reporting requirements. We reviewed past GAO and federal inspector general (IG) reports and interviewed IG officials about challenges with performance reporting and data systems. We also interviewed officials from five national associations representing state agencies to obtain information on states' experiences with performance reporting, including current and anticipated challenges. We purposefully selected these national associations to gain perspectives on each of the employment and training programs WIOA designated as core. In addition, we interviewed officials from two organizations that are contracted to manage federally-funded data exchange systems, as well as those from one organization with expertise in workforce data quality issues (see enclosure for a list of organizations we interviewed). Finally, we reviewed relevant federal laws and regulations.

We conducted this performance audit from February 2015 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for

our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following summarizes our findings (see enclosure I for details):

Federal agencies rely on state data sources for performance reporting, and generally do not obtain personally identifiable information (PII) in the process.[5] Specifically, state agencies provide data to federal agencies for performance reporting. To do so, state agencies collect the necessary data from local agencies and other sources, including state Unemployment Insurance (UI) agencies that hold wage records.[6] Many states access these wage records

[4] For the purposes of this report, we generally use the term data systems instead of databases, as it more broadly captures the tools federal agencies use to collect, verify, aggregate, and store data. Data exchange agreements, which allow the comparison and/or sharing of data maintained by different organizations, may be documented through Memoranda of Agreement or Understanding or other types of agreements. In this report, we will use the term data exchange agreement when referring specifically to such a memorandum, or we will use the term data exchange system when referring to a system that implements this type of agreement

[5] PII may include information such as names or Social Security numbers (SSNs).

[6] Wage records may include an individual's wage amount, an employee identifier (name or SSN), and an employer identifier (name or account number).

through federally-funded data exchange systems using PII to match records. For example, all states participate in the data exchange system used for the core programs administered by DOL (the Wage Record Interchange System—WRIS) and 36 states participate in the one used for the core programs administered by Education (the Wage Record Interchange System – 2—WRIS2). States then submit outcome data to federal data systems for performance reporting.

Four of the five federal systems used for performance reporting on core programs do not contain PII and therefore have been designated by DOL and Education as low risk in terms of the potential harm that could result from improper PII disclosure, based on federal standards, whereas the system used for the VR program does contain PII and has therefore been designated as moderate risk.

Federal auditors have previously identified various challenges with performance reporting for employment and training programs, such as those related to data consistency and validation, and IG officials and representatives of state agencies said these issues could continue under WIOA. For example, along with the DOL IG, we reported in December 2013 that flexibility in DOL's guidance for defining program participants and key dates, such as program exit, had led to inconsistent and incomplete data reporting by states.[7] Moreover, federal officials and representatives of state agencies we spoke with anticipate additional changes and challenges to performance reporting for states. For example, some states currently collect wage and employment data for Education programs in various ways, including follow-up surveys of participants, but WIOA will require all core programs to use quarterly wage record data for reporting, in a manner consistent with state law.[8] This change presents a challenge for education programs not party to a data sharing agreement. Several federal officials and representatives of state agencies we interviewed noted that sharing data may be difficult because of (1) lack of working relationships with other agencies, such as in cases where education programs have used methods other than data matching to obtain information on outcomes , (2) limited resources, such as in the case of state UI agencies needing to respond to data requests from a larger group,[9] and (3) privacy laws in some states that may restrict sharing confidential data. Meanwhile, federal agencies are developing guidance to help state and local agencies implement WIOA performance reporting.[10] Education and DOL jointly issued proposed regulations in April 2015 that are intended in part to address some of the challenges with performance reporting, although final rules may differ as they incorporate changes based on input from the public comment process.[11]

We provided a draft of this product to the Secretary of Education and the Secretary of Labor for comment. The agencies provided technical comments, which we incorporated as appropriate. We are sending copies of this report to the appropriate congressional committees, the Secretary of the Department of Education, and the Secretary of the Department of Labor. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

---

[7] We recommended that DOL provide additional guidance to improve the consistency of the data reported by states and DOL indicated it planned to work on clarifying guidance. See GAO, Workforce Investment Act: DOL Should Do More to Improve the Quality of Participant Data, GAO-14-4 (Washington, D.C.: Dec. 2, 2013).

[8] Pub. L. No. 113-128, § 116(i)(2), 128 Stat. 1425, 1481 (2014).

[9] For example, according to DOL officials, the state agency holding wage data is not permitted to use the state's unemployment compensation grant toward the costs of disclosing wage data for purposes that do not benefit the unemployment compensation program, such as workforce program performance reporting.

[10] For example, see U.S. Department of Labor, Training and Employment Notice No. 31-14, Early Operating Guidance for Implementation of the Workforce Innovation and Opportunity Act (Washington, D.C.: April 30, 2015) and U.S. Department of Labor, Training and Employment Guidance Letter WIOA No. 01-15, Operations Guidance Regarding the Impact of Workforce Innovation and Opportunity Act Implementation on Waivers Approved Under the Workforce Investment Act (Washington, D.C.: July 1, 2015).

[11] See 80 Fed. Reg. 20,574 (Apr. 16, 2015).

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or sherrilla@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. In addition to the contact named above, Bill MacBlane (Assistant Director), James Bennett, Kurt Burgeson, Marisol Cruz, John de Ferrari, Alexander Galuten, Danielle Giese, Farrah Graham, Laura Heald, Michael Kniss, Kelsey Kreider, Amy Moran Lowe, Sheila McCoy, Ada Nwadugbo, Walter Vance, and Charles Willson made key contributions to this report.

Andrew Sherrill
Director

Education, Workforce,

and Income Security Issues

Enclosure(s) – 2

Enclosure I: Powerpoint Presenation (see attached PDF in pdf portfolio)

Enclosure II: List of Organizations Interviewed

Council of State Administrators of Vocational Rehabilitation – represents chief administrators of the public rehabilitation agencies serving individuals with physical and mental disabilities in the states, District of Columbia, and the territories.

Data Quality Campaign – a nonpartisan nonprofit agency that collaborates with organizations at the national, state, and local levels to translate lessons learned into policy actions that support effective data use from early education to the workforce.

Jacob France Institute – housed at the University of Baltimore, the institute is sub-contracted by the State of Maryland Department of Labor, Licensing and Regulation to manage the information technology aspects of the Federal Employment Data Exchange System.

National Association of State Workforce Agencies – represents state administrators of unemployment insurance laws, employment services, training programs, employment statistics and labor market information.
National Association of Workforce Boards – represents state and local workforce development boards in an effort to ensure that workforce development and job training programs meet the needs of employers.
National Council of State Agencies for the Blind – represents state administrators of rehabilitation services for the blind and serves as an advisory body to federal agencies as they develop related policies.
National Council of State Directors of Adult Education – represents state directors of adult education on relevant legislative and policy issues.

Xerox Corporation -- provides information technology support services for processing the unemployment insurance claims for interstate benefits through the Interstate Connection Network contract administered by the State of Maryland Department of Labor, Licensing and Regulation. This network supports the Wage Record Interchange System (WRIS) and WRIS2.

(131327)