

Agency Response

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

SEP 29 2009

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: JANE OATES *Jane Oates*
Assistant Secretary for Employment and Training

SUBJECT: Audit of Data Validation for the Adult and Dislocated Worker Program

We appreciate the opportunity to comment on the Office of Inspector General (OIG) audit of data validation for the Workforce Investment Act (WIA) Adult and Dislocated Worker Programs. Similar to the OIG, the Employment and Training Administration (ETA) recognizes the importance of data validation to the degree of confidence that decision makers and federal tax payers have in WIA program performance and related program reporting.

ETA generally concurs with the recommendations, and has already initiated several steps in the direction of these recommendations. However, we would like to clarify a few items before we discuss the recommendations in more detail. ETA continues to make the validation of WIA and other program data a priority as evidenced by its investment of staff and financial resources, resulting generally in the improved quality and timeliness of state reports. Most importantly, ETA is able to certify that the results included in the Secretary's Performance Annual Report have been calculated and reported by states with a high degree of accuracy. The Government Accountability Office commended ETA in its November 2005 report and February 2009 testimony for implementing the data validation initiative, stating "...almost all state officials we surveyed reported that Labor's data validation requirements have helped increase awareness of data accuracy and reliability."¹

ETA launched its data validation initiative in 2001, responding to a previous Office of Inspector General finding about the inability of ETA to verify the performance outcomes reported by states. Expanding upon its data validation for the Unemployment Insurance Program, ETA issued Training and Employment Notice 14-2, *Data Validation Initiative*, to the State Workforce Agencies (SWAs) in May 2003; this Notice informed the system of ETA's plan to develop a validation process for its employment and training programs. Several states, including Washington, West Virginia, and Texas, participated in the development and eventual pilot of the data validation software and process.

In August 2003, ETA received the Office of Management and Budget (OMB) approval to collect the results of the data validation process from states, and quickly issued Training and Employment Guidance Letter (TEGL) 3-03, *Data Validation Policy for Employment and*

¹ See GAO, Workforce Investment Act: *Labor Has Made Progress in Addressing areas of Concern, but More is Needed on Understanding What Works and What Doesn't*, February, 2009

Training Programs, to State Workforce Agencies (SWAs) – establishing an initial due date for state validation reports results in December 2003. Since that time, ETA has issued a series of TEGs and TENs to SWAs and others about data validation responsibilities and procedures (see attachment).

To assist the OIG in acquiring a complete picture of ETA's investments in data validation – both the development and maintenance of data validation software and technical assistance provided to SWAs, ETA identifies the resources provided to four contractors, including the initial software development by Mathematica Policy Research. ETA will be pleased to provide the detailed back up for expenditures totaling \$5.9 million over seven Program Years (PY), beginning in PY 2002. Additional detail is provided in ETA's response to OIG Recommendation 4.

Recommendations: ETA offers the following comments on the six OIG recommendations contained in the draft report:

Recommendation 1: In conjunction with regional office representatives, revise and finalize the *Data Validation Monitoring Guide*.

ETA continues to refine its *Core Monitoring Guide*, including a Data Validation Monitoring component, and will submit an updated Data Validation Monitoring component to OMB for its clearance by October 2010. In the meantime, ETA Regional Office staff continue to use the draft guide in conducting reviews of the SWAs under their jurisdiction – both on site, and as the OIG report notes, remotely when staff are not able to schedule an onsite data validation monitoring visit.

Recommendation 2: Require the regional offices to develop and implement a monitoring plan of data validation for the SWAs in their respective jurisdiction.

ETA agrees and is putting in place a performance standard for each Regional Administrator that includes an expectation that as part of the Regional Office's annual, scheduled, SWA monitoring efforts, it will include data validation monitoring for WIA Adult and Dislocated Worker and other employment and training programs. Regional monitoring plans will include two SWA onsite data validation monitoring visits each year, with some remote monitoring as necessary. ETA notes that since 2003, Regional staff have conducted data validation reviews of 37 states and territories.

Recommendation 3: Make the changes necessary to the EBSS to allow regional offices access to data validation results that they can use to assist them in monitoring SWAs.

In finalizing its PY 2009 plans for pilots, demonstrations, and research, evaluation, and technical assistance and capacity-building activities, ETA will include funds to make the necessary enhancements to the Enterprise Business Support System that will allow Regional Office staff access to data validation results.

Recommendation 4: Sufficiently fund the DRVS to ensure that the software is maintained and revised as needed to improve its efficiency and address the SWAs’ needs; and ensure it is operating as designed when WISPR is implemented.

ETA will continue to maintain the data validation software system and provide technical assistance to SWAs. The table below provides a summary of the resources beginning in PY 2002 that ETA has invested for the development and maintenance of the system and provision of assistance to help states better their capacity to conduct and report data validation for employment and training programs. As the table below shows, the initial development and testing of the software required substantial resources. As the focus turned to maintenance and SWAs gained experience in using the data validation software, ETA’s investments were reduced. During PY 2007 and PY 2008, every state, with two exceptions, has submitted its data validation report results for its annual performance information as contained in the WIA Annual Report – the two exceptions are Pennsylvania and Texas. Both states use a pilot reporting system designed to meet their needs to report WIA performance information, and both conduct data validation reviews of local area data using systems they have developed.

SUMMARY OF DATA VALIDATION RESOURCES

Program Year	Amount	Technical Assistance	Software
2002	\$363,000	\$363,000 (investment in project design)	
2003	\$1,530,000	\$1,000,000	\$530,000
2004	\$1,140,534	\$640,534	\$500,000
2005	\$974,588	\$624,588	\$350,000
2006	\$875,000	\$625,000	\$250,000
2007	\$461,226	\$265,001	\$196,225
2008	\$585,000	\$425,000	\$160,000
TOTAL	\$5,929,348	\$3,943,123	\$1,986,225

As discussion on WIA reauthorization advances -- including possible new or refined performance measures, the interest grows at all levels for streamlined reporting, and new reporting and associated data validation requirements will be required, ETA plans to tap the expertise of various experts to examine the benefits and costs of options such as a web-based data validation and reporting system. ETA will factor in such benefits and costs in making decisions to invest in the development of a system that would allow ETA to monitor grantee activities and validate data through a range of reports.

Recommendation 5: Develop and disseminate instructions that clearly define how SWAs should report self-service participants and exiters in the WIA Annual Report, Table M.

ETA issued TEGL 17-05, Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues, dated February 17, 2006, that requires SWAs to report both self-service participants and exiters. In response to the OIG recommendation, ETA plans to convene a working group of SWA, local, and federal staff to assess and refine the definition and instruction and welcomes OIG participation in the discussion. ETA also notes that since data validation ensures that the performance outcomes are calculated with the same methodology by all states, and Section 136(B)(2)(a)(i) of WIA excludes self-service participants from performance measures, WIA Adult and Dislocated Worker performance outcomes will not be affected by the numbers of self-service participants. The number of self-service participants and exiters, however, provides an important gauge of the number of individuals served through the One-Stop delivery system.

Recommendation 6: Work with SWAs that are not reporting self-service participants and exiters to develop corrective action plans with planned milestone dates to ensure their compliance with the reporting instructions.

State Program Year 2008 WIA Annual Reports are due to ETA by October 1, 2009. ETA will identify those states that do not report self-service participant counts, and request that appropriate Regional Office staff assist the SWAs so that they implement procedures to count and report self-service participants.

Findings: ETA also takes this opportunity to provide some additional comments on select findings in the OIG EIA data validation report. We hope they prove useful as the OIG finalizes its report.

Finding 1: ETA has not implemented an effective monitoring process to ensure that data validation for the Adult and Dislocated Worker programs is operating as designed.

ETA believes that the monitoring process, including data validation monitoring, can be improved. It will build upon the considerable guidance provided to SWAs on implementing data validation activities – including updates to TEGL 3-03, national data validation training sessions in 2004, regional data validation conferences, national performance conferences in 2006, 2007, and 2009, and technical assistance tailored to specific SWA situations. Since all states have submitted report validation results, ETA believes that SWAs recognize the importance of data validation. Regional Office staff will continue to provide technical assistance and focus monitoring to ensure that decision makers can be assured that the data reported are reliable. ETA also notes that the focus of the OIG audit of data elements that failed validation was based on the data element validation component of the software, which was developed as a technical assistance tool for SWAs to improve the quality of their recordkeeping and reporting.

Finding 2: ETA is not adequately maintaining the data validation software.

ETA made the data validation and reporting software available to SWAs in 2003. It has maintained the system to allow SWAs to use the software and submit their data validation results as required by ETA's policy guidance.

The data validation and reporting software provides states an ancillary benefit -- the ability to generate performance reports. ETA modified the software to provide states the opportunity to generate such reports. The audit report stated that an "ETA official" reported that fewer states used the software to generate its WIA Annual Report. The primary purpose of the data validation software and reporting system is to verify the accuracy of the data calculations. For example, in 2005, 26 states chose to start using the data validation and reporting software to validate and produce quarterly reports (ETA form 9090) and annual reports (ETA form 9091). In addition, 20 states used the system to produce their ETA form 9002 reports for Wagner-Peyser Employment Service activities. Other states choose to use other software to generate their performance reports; ETA does not mandate of any software system for purposes of report generation.

Additionally, ETA provides software and technical assistance to the Migrant and Seasonal Farm Workers Program grantees to validate their performance reports. ETA has also provided software and technical assistance for states to validate their Trade Adjustment Assistance Participant Report.

Finding 3: ETA did not provide clear instructions to ensure that SWAs consistently report the number of self-service participants and exiters served by their One-Stop systems.

ETA believes that reporting guidance always can be improved; however, ETA believes that adequate guidance and assistance were provided to SWAs to enable them to implement the data validation initiative. ETA's reporting instructions for the WIA Annual Report (ETA Form 9091), state how states are to report on self-service only participants and on those participants who received staff-assisted services (i.e., more than self-service). Additionally, ETA continues to conduct periodic technical assistance conferences and webinars on performance issues, including data validation. Forty-two states reported self-service participants and thirty-eight states reported self-service exiters in their PY 2007 annual reports, and ETA expects that number to increase as part of the PY 2008 reports.

ETA notes that page 14 of the OIG audit includes the statement that, "ETA is not meeting the intent for introducing common measures, which was to more accurately reflect the number of individuals who benefit from the public workforce investment system." In other words, until all SWAs are reporting self-service participants and exiters, "Congress, stakeholders, the public and interested parties" cannot have accurate information on the individuals served under the system. The intent of a set of common performance measures is to describe the outcomes of Federally-funded job training programs in a similar manner – for example, how many people found jobs, stayed employed, and what the earnings were. WIA Adult and Dislocated Workers programs exclude self-service participants from performance measures; thus, they are not included in the calculation of current common measures.

Again, we greatly appreciate the opportunity to comment on this important OIG audit. Please contact me should you have any questions.

Attachment

ATTACHMENT

List of ETA-Issued Guidance related to Data Validation:

Training and Employment Notice (TEN) 8-09, *Program Year 2008/Fiscal Year 2009 Performance Reporting and Data Validation Timelines*, dated August 25, 2009.

TEN 9-08, *Program Year 2007/Fiscal Year 2008 Performance Reporting and Data Validation Timelines*, dated September 3, 2008

TEN 6-08, *Extension of the Unemployment Insurance (UI) Data Validation (DV) Program*, dated August 19, 2008

TEN 19-07 *Program Year 2006/Fiscal Year 2007 Performance Reporting and Data Validation Timelines*, dated December 11, 2007.

TEN 9-06, *Timeline for Program Year (PY) 2005 Workforce Investment Act (WIA) Performance Reporting and PY 2005 Data Validation (all programs)*, dated August 15, 2006.

Training and Employment Guidance Letter (TEGL) 3-03, Change 3, *Revision to the Data Validation Policy for Employment and Training Programs for Program Year 2004*, dated July 15, 2005.

TEGL 3-03, Change 2, *Data Validation Submission Instructions*, dated October 20, 2004.

TEGL 1-02, Change 2, *Labor Exchange Performance and Reporting: Corrections to ET Handbook No.406 (ETA 9002 and VETS 200 Reports); Data Validation; Customer Satisfaction; and Program Year (PY) 2003 GPRA Goals*, dated August 31, 2004.

TEGL 3-03, Change 1, *Data Validation Policy for Employment and Training Programs*, dated August 20, 2004.

TEGL 1-02, Change 1, *Labor Exchange Performance and Reporting: Corrections to ET Handbook No. 406 (ETA 9002 and VETS 200 Reports); Data Validation; Customer Satisfaction; and Program Year (PY) 2003 GPRA Goals*, dated April 13, 2004.

TEGL 3-03 *Data Validation Policy for Employment and Training Programs*, dated August 20, 2003, (See Change 1, August 20, 2004 and Change 2, October 20, 2004).

TEN 14-02, *Data Validation Initiative*, dated May 28, 2003.