

**APPENDIX B: AGENCY'S RESPONSE TO THE REPORT**


**U.S. Department of Labor**

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



September 28, 2020

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

FROM: JOHN PALLASCH   
Assistant Secretary for Employment and Training

SUBJECT: Response to the Office of Inspector General Draft Report Number  
03-20-002-03-391 – *ETA Could Not Demonstrate That Credentials  
Improved WIOA Participants' Employment Outcomes*

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report, *ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes*. The Employment and Training Administration (ETA or Agency) shares the OIG's goal of improving the effectiveness of Workforce Innovation and Opportunity Act (WIOA) programs and employment outcomes for program participants. However, the timing and limited scope of the audit has resulted in premature OIG conclusions that cannot be used by the Agency or the states. To that end, ETA provided extensive edits and comments in response to the OIG work papers over the course of this audit. ETA appreciates the extent to which the OIG incorporated Agency feedback but believes the OIG declined to include significant factual information. ETA's responses to the recommendations below provide information to correct and clarify some of the OIG's conclusions outlined in the draft report.

**Recommendation 1: Develop a mechanism to gauge whether credentials earned by participants are effective in improving participants' outcomes.**

ETA Response: ETA agrees with this recommendation in part but disagrees that more data collection is necessary to determine the impact of credentials on employment outcomes for WIOA participants. ETA agrees that understanding the impact of credentials on employment outcomes is important to assessing the success of many of ETA's WIOA programs, especially since WIOA established credential attainment as an outcome subject to sanctions. ETA also agrees that, at the time Program Year (PY) 2016 data were sampled for the audit, certain outcome data were lacking since ETA and states were still in the implementation phase of WIOA. PY 2016 was the first year, by statute, that ETA implemented such outcomes. However, the draft report makes multiple statements indicating that ETA does not collect sufficient information to measure the benefit of attaining credentials by WIOA participants. ETA strongly disagrees with these assertions, as this conclusion is based on the untimely nature of the OIG's audit (which ETA cautioned the OIG about when this audit was initiated). ETA has the individual data to assess if participants who earn credentials are employed after exit, and ETA can and does compare participants who receive a credential to those who do not receive a credential in order to provide insight into the effectiveness of earning a credential toward a successful employment outcome. Since employment is the ultimate goal of participation in WIOA programs, this credential attainment employment information fully satisfies statutory

requirements and allows sufficient ETA oversight of WIOA programs. Contrary to the OIG’s conclusion that ETA could not determine credentials or WIOA employment outcomes, states have reported extensive data to ETA that provides this information. The publicly available WIOA Annual Reports contain extensive information on performance outcomes by age, demographics, and other participant characteristics to determine what populations are benefiting from credential attainment.

While not fully reflected in the draft report, ETA does collect robust data—WIOA reporting consists of more than 115 million individual participant records per year, for Title I (Adult, Dislocated Worker, and Youth programs) and Title III (the Wagner-Peyser Employment Service program). Given the depth of statutorily required reporting, ETA decisively limits outcome data collection requirements to those that are statutorily mandated and necessary to calculate the outcomes identified in the law. The goal is to maintain a balance between meeting data collection needs for effective performance assessment and continuous improvement while considering the significant financial and workload burden on the public workforce system and employers to collect and report data. ETA respectfully disagrees that requiring additional data collection or surveys after program exit are necessary to understand the impact of credentials on employment. As noted, ETA has the individual data to assess if participants who earn credentials are employed after exit. Therefore, our data collection efforts satisfy statutory requirements, the intent of WIOA, and are designed to be targeted and efficient.

ETA also notes that this draft report is based on incomplete information that does not fully portray ETA’s data on credential attainment. Although WIOA was passed in 2014, the performance accountability provisions became effective in July 2016, in compliance with the statutory provisions, and after implementing regulations were promulgated. To comply with the statutory definition of the credential attainment indicator of performance, which requires four quarters of program exit data before beginning outcome calculations, the first state annual reports to include results for the credential indicator were due in October 2019 for PY 2018. The OIG’s audit assessed outcome data of program participants who exited during PY 2016, the first PY of WIOA performance accountability requirements, representing the earliest results of the workforce system operating under a new statute and still in transition. It is common for new data sets as expansive and complex as WIOA individual performance records to be subject to preliminary variance and anomalies. Sufficient time for the data to mature is necessary before relying on these data to make informed assessments and policy decisions. Conducting this audit shortly after WIOA implementation resulted in the data largely including participants who enrolled in workforce programs under the Workforce Investment Act of 1998, the predecessor to WIOA. The limited scope of the OIG’s audit did not provide sufficient time for the participant information to reflect the newly prioritized service delivery strategies in WIOA that emphasized credential attainment and subsequent outcomes.

**Recommendation 2: Perform monitoring at states to ensure adherence to data validation guidance, TEGL 7-18, issued by ETA.**

ETA Response: ETA generally agrees with this recommendation. Valid data is critical to the Agency’s mission, and, while this audit accurately makes conclusions based on the PY 2016 data analyzed, it fails to convey the significance of efforts ETA has made in recent years. The

performance accountability requirements became effective on July 1, 2016. Prior to issuing guidance on data validation, ETA conducted numerous technical assistance events on reporting, provided targeted technical assistance to state grant recipients, and instituted edit checks for validity in its performance reporting systems. Edit checks automate certain data validation steps that prevent states from submitting illogical or inaccurate data. These edit checks used to be described as only for state consideration in previous iterations of data validation guidance, but now they are programmed into the reporting system to require states to correct data issues prior to submission.

WIOA Section 116(d)(5) requires the Departments of Labor and Education to establish data validation guidelines to ensure the information contained in program reports is valid and reliable. The Department of Labor collaborated to develop joint guidance with the Department of Education—outlined in Training and Employment Guidance (TEGL) 7-18, issued on December 19, 2018. This guidance provides a thorough framework for data validation on the performance accountability guidelines required under WIOA Section 116. In addition, ETA issued TEGL 23-19, *Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor (DOL) Workforce Programs*, on June 18, 2020. This guidance provides information to grant recipients of DOL workforce programs, including states, and provides guidelines for grant recipients to use in developing further procedures for ensuring the data submitted for performance reporting are valid and reliable, in addition to the established edit checks that automate several data validation steps, described in more detail below.

ETA uses a multi-pronged approach to validating the data—upfront edit checks and validation through grant monitoring on the back end. The Workforce Integrated Performance System (WIPS) includes 10 duplicate record rules, 726 logical validation rules, and 489 valid value rules. These upfront edit check rules are extensive and facilitate state grant recipients submitting consistent and accurate data. For grant monitoring, ETA follows established processes using the Agency’s Core Monitoring Guide and other tools to monitor states identified in ETA’s annual monitoring plan. These monitoring tools assist grant recipients in complying with the Uniform Guidance, program regulations, and applicable TEGLs. Once several of these monitoring reports are finalized, ETA will forward them to the OIG to close this recommendation.

Lastly, ETA continues to explore strategies to strengthen our data validation efforts. Beginning with WIOA Title I data, ETA is currently piloting a Quarterly Report Analysis (QRA) tool to leverage existing data to identify potential data anomalies and to enhance program decision-making. The QRA will serve as a technical assistance tool for grant recipients to identify areas in their reported data that may require additional attention or correction in support of their data validation efforts prior to the submittal of the data in WIPS.

Thank you again for the opportunity to respond to this draft report.