

EXECUTIVE SUMMARY

Classroom to Career:

Leveraging Employment Data to Measure Labor Market Outcomes

BY RACHEL ZINN
WORKFORCE DATA QUALITY CAMPAIGN

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Executive Summary

Introduction

The nation's students, educators, and policymakers are increasingly calling for better information to demonstrate that postsecondary education provides people from all backgrounds with opportunities to join and remain in the middle class. Labor market outcomes are certainly not the only—or even most important—measure of the value of postsecondary education. However, information about postcollege labor market outcomes is critical to help the following:

- ▶ Students make wiser choices about their education and careers.
- ▶ Postsecondary institutions ensure and demonstrate that their offerings are effectively preparing students to succeed in the job market.
- ▶ Policymakers monitor the results of student aid and education programs.
- ▶ Promote socioeconomic equity and battle generational poverty.

Vision for Employment Data in the Postsecondary Data Ecosystem

Multiple administrative datasets—at both the state and federal levels—contain employment data that can be matched with student records to determine labor market outcomes for postsecondary programs and institutions. Employment data can be linked or incorporated into many other pieces of the postsecondary data ecosystem, including state longitudinal data systems, multistate data exchanges, and a national student record data system.

There is value in building employment data infrastructure at both the state and federal levels. Matching a federally based employment dataset with student records to analyze labor market outcomes is an efficient solution for producing comparable and reliable nationwide data, and is therefore the best choice for calculating key metrics for a student audience. However, because of political hurdles, it is unlikely that a federal data-matching arrangement would include the wide array of student, program, and employment data needed to conduct the breadth and depth of analysis desired by individual states and institutions. Authorizing and funding such a comprehensive federal data system is probably not feasible given the current political climate, but policymakers should not wait years or decades to enable this important field of analysis. Therefore, a vision for an ideal national data infrastructure that can measure labor market outcomes should do the following:

1. Include a mechanism for federal data matching that can calculate the aggregate employment outcomes, which are critical information for students and federal policymakers.
2. Allow flexibility and support capacity for states (and their agents) to use wage records to conduct more detailed research to improve policy and practice.

Major Issues: Sources and Uses of Employment Data

There is widespread interest among policy and political leaders in harnessing administrative data to measure employment outcomes, as demonstrated by comments from President Obama and congressional leaders on both sides of the aisle,¹ as well as the passage of legislation in several states like Maine² and Arkansas³ that requires public reports on postcollege workforce outcomes. Multiple employment datasets provide basic information on employers and employees, including identifying information that may be used to match employment data with student records. **Table 1** notes differences in the datasets that should be considered when determining the ideal source for particular performance measurements and research. Another consideration is the feasibility of data access for federal agencies, states, and postsecondary institutions. Multiple federal and state laws and regulations, such as the Family Education Rights and Privacy Act (FERPA), the Privacy Act of 1974,⁴ and wage record confidentiality regulations at 20 C.F.R. Part 603, govern the sharing of personally identifiable education and employment data. All of these mandates have ramifications for making linkages with employment data part of the national postsecondary data infrastructure.

All of these options for accessing employment data are currently being explored to implement state or federal postsecondary policies. States are using their unemployment insurance (UI) wage records to create performance scorecards for postsecondary programs and determine employment outcomes to enable performance-based funding. Federal leaders are trying to improve transparency and accountability for employment outcomes by requiring states to produce Workforce Innovation and Opportunity Act (WIOA) training provider scorecards, and by using Social Security Administration data to calculate earnings for Gainful Employment rule implementation and the College Scorecard.

Technical Enhancements and Resources to Improve Employment Data

Several enhancements would improve state and federal employment datasets to positively contribute to the postsecondary data infrastructure.

TABLE 1: EMPLOYMENT DATA SET CHARACTERISTICS

	Agency	Data Source	Geographic Coverage	Worker Coverage	Frequency	Industry/ Occupation	Data Retention Period
State Unemployment Insurance (UI) Wage Records	State UI agencies, usually the workforce agencies	UI wage records	Single state; some multistate regional exchanges	Employees in UI-covered jobs Excludes self-employed, federal employees, military Estimated 80% of civilian labor force	Quarterly	Industry codes	Varies by state, but at least three years required in archives; some states have 10+ years of data
Wage Record Interchange System (WRIS/WRIS2)	UI wage data is held by states, and US Department of Labor operates exchange system through cooperative agreement with Maryland	UI wage records	WRIS is nationwide; WRIS2 covers 39 states, District of Columbia, Puerto Rico	UI-eligible workers	Quarterly	Industry codes	Exchanges data for past two years
Federal Employment Data Exchange System (FEDES)	US Department of Labor operates exchange system through cooperative agreement with Maryland	US Department of Defense and Office of Personnel Management files	43 states and District of Columbia	Federal employees except US Postal Service; military employees	Quarterly	No	Exchanges data for past two years
National Directory of New Hires (NDNH)	US Department of Health and Human Services, Office of Child Support Enforcement	UI wage records; federal agencies	Nationwide	UI eligible workers + federal workers (including military)	Quarterly	No	Two years
Longitudinal Employer-Household Dynamics (LEHD)	US Department of Commerce, Census Bureau	UI wage records; Office of Personnel Management files; tax data for self-employed	Nationwide (except Wyoming)	UI eligible workers + civilian federal workers + self-employed	Quarterly	Industry codes	Key data goes back over a decade; continually augmented
Internal Revenue Service (IRS) Data	US Treasury Department, Internal Revenue Service	W-2 and self-employment form tax data	Nationwide	Essentially all workers	Annual	Industry codes (subset of records)	Key data goes back over a decade; continually augmented
Social Security Administration (SSA) data	Social Security Administration	W-2 and self-employment form tax data	Nationwide	Essentially all workers	Annual	Industry codes (subset of records)	Key data goes back over a decade; continually augmented

Adding data fields to UI wage records. Requiring employers to report on the occupation and hours worked by employees would enable more precise reporting of whether postsecondary graduates obtain training-related employment and full-time jobs. A handful of states collect one or both of these additional pieces of information, and researchers are examining the costs and benefits of requiring these data fields for all states. The Congressional Budget Office recently estimated that a federal mandate to collect this additional information would cost the federal government over \$200 million over the next five years.⁵

Improving multistate data sharing. Currently, state agencies and institutions have mechanisms for using only state-based wage records to measure postsecondary labor market outcomes. State UI wage records have limited geographic coverage and are missing federal workers. These pieces of missing data are especially troubling because they create inequity when comparing institutions, as some schools have larger portions of graduates moving out of state or taking federal jobs. This problem may be addressed by improving state data exchanges, either through the Wage Record Interchange System (WRIS) or by expanding regional data sharing

arrangements, such as the exchange operated by the Western Interstate Commission for Higher Education. For select purposes, states may also tap into the Federal Employment Data Exchange System (FEDES) to access records for federal employees. Some expense would be needed to improve multistate exchanges, but the most significant resource required is political will within states to participate in data sharing arrangements.

Creating legal frameworks and capacity for data linkages.

Linking employment data with student records is done by matching personally identifiable information like Social Security Numbers, and first and last name. While this type of matching presents some technical challenges, the larger problems are legal prohibitions and capacity limitations at state and federal agencies. State interagency linkages could be promoted with clearer guidance from the federal government and explicit state policies on data sharing. Some federal data matching may be conducted under current law, as evidenced by the new College Scorecard. However, federal legislation that specifically authorizes or mandates the use of federal employment data for evaluation of education and workforce programs would strengthen these efforts and make it more likely that they will persist. Major and sustained advocacy efforts are needed to cultivate political support for legislative changes, and building federal and state agency capacity to conduct more data matching would require additional funding.

Building trust to facilitate data linkages. Trust between agencies and individual staff is essential to develop and maintain data linkages. Whether through law, regulation, or data sharing agreements, trust is enhanced when agencies have clear and transparent guidance on their roles. Templates for data sharing agreements that clearly enumerate agency responsibilities, as well as standardized courses that teach proper confidentiality and security procedures to those working with the data, could facilitate interagency cooperation. The Departments of Education and Labor spend over \$5 million annually on technical assistance for state longitudinal data systems. Well-funded technical assistance, provided by both federal agencies and nonprofit organizations, is important to continue developing a culture that supports data sharing.

Policy Recommendations

Federal Action

1. Institutionalize a process for federal agencies to match student records with employment data and regularly publicize aggregate employment and earnings outcomes by program of study, ideally through legislation.
2. Amend FERPA to include the provisions currently in the federal regulations to allow an “authorized representative” to evaluate education programs, broadly defined as including job training. The “authorized representative” clause is critical to allowing education and workforce data linkages at both the state and federal levels.
3. Use WIOA regulations to clarify permissible purposes and parties, including state education agencies and colleges, to access UI wage records. The final regulations should enable education agencies and institutions to use UI wage records to assess labor market outcomes for a broad range of postsecondary programs.
4. Issue joint Department of Education/Department of Labor guidance to promote data linkages and uses, and clearly explain how state data systems may link education and wage data in compliance with FERPA and UI rules.
5. Congress should support federal funding for states to enhance their data systems, including linkages of education and wage data.

State Action

1. Enact state policies that promote transparency on employment outcomes of postsecondary programs and the data systems required to calculate those outcomes.
2. Amend state laws and restrictive legal opinions that unnecessarily inhibit wage data access.
3. Improve WRIS, WRIS2, and FEDES data sharing agreements to include all states and expand the terms of data usage to facilitate more comprehensive evaluation of postsecondary employment outcomes.
4. Create interagency data governance councils and detailed, transparent data sharing agreements and staff training protocols to build trust, ensure confidentiality and security, and develop a culture of data sharing and use.
5. Allocate state funds to maintain and improve employment data linkages and support the use of linked state data.
6. Pilot efforts to enhance UI wage records, including hours worked and occupational codes, to make the data more valuable for assessing labor market success.

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