

# U.S. Department of Labor

Office of Inspector General—Office of Audit

**REPORT TO THE EMPLOYMENT  
AND TRAINING ADMINISTRATION**



**ETA COULD NOT DEMONSTRATE  
THAT CREDENTIALS IMPROVED WIOA  
PARTICIPANTS' EMPLOYMENT  
OUTCOMES**

**DATE ISSUED: SEPTEMBER 30, 2020  
REPORT NUMBER: 03-20-002-03-391**



## BRIEFLY...

### ETA COULD NOT DEMONSTRATE THAT CREDENTIALS IMPROVED WIOA PARTICIPANTS' EMPLOYMENT OUTCOMES

September 30, 2020

#### WHY OIG CONDUCTED THE AUDIT

The Employment and Training Administration (ETA) ensures employment and training services provided by the Workforce Innovation and Opportunity Act (WIOA) core programs are coordinated and complementary so job seekers may acquire skills and credentials that meet local employers' needs. A credential is an award in recognition of an individual's attainment of measurable technical or occupational skills necessary to gain employment or advance within an occupation.

#### WHAT OIG DID

We conducted a performance audit to answer the following question:

To what extent did credentials impact WIOA Title I participants' outcomes?<sup>1</sup>

To answer this question, we selected a judgmental sample of 3 states, and judgmentally selected a Career Center within each state. We then judgmentally selected a sample of participants at the Career Center. We interviewed key state officials, reviewed sampled participant files, and analyzed data pertaining to the credential earned.

#### READ THE FULL REPORT

<http://www.oig.dol.gov/public/reports/oa/2020/03-20-002-03-391.pdf>

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<sup>1</sup> Adult, Dislocated Worker, and Youth programs.

#### WHAT OIG FOUND

We determined ETA lacked data to measure the impact credentials had on participants' outcomes and did not ensure participants' data was accurate, valid, and reliable.

ETA ensured credentials earned by participants aligned with local employer needs, but could not demonstrate that earning credentials improved WIOA participants' employment outcomes after exit. The credential attainment rate states report to ETA is the percentage of participants who received a credential from those trained. However, employers are not required to indicate the specific job the participant held and if a credential was necessary for the job. For example, if a participant exits WIOA with a credential and obtains employment, it is unknown whether the participant worked as a cashier, store manager, truck driver, or IT specialist with the company.

In addition, ETA could not provide reasonable assurance that the WIOA data it collected from states was accurate, valid, and reliable. This occurred because WIOA became law in 2014, but ETA did not issue data validation guidance until December 2018. ETA issued the guidance after states submitted data; therefore, states had no instruction on how to validate the data they were submitting.

If credentials are not leading to jobs in industry-recognized fields, then it puts the WIOA program at risk for not meeting its mission. Thus, it is important to capture sufficient and accurate performance data to inform decision-making and gauge the effectiveness of the program.

#### WHAT OIG RECOMMENDED

We made 2 recommendations to ETA to develop a mechanism to measure the impact of credentials on participant outcomes and to ensure states validate performance data they submit to ETA. ETA generally agreed with our results and recommendations.

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## INSPECTOR GENERAL'S REPORT

John P. Pallasch  
Assistant Secretary  
for Employment and Training  
U.S. Department of Labor  
200 Constitution Ave, NW  
Washington, DC 20210

This report presents the results of our audit to determine the impact credentials had on WIOA Title I participants' outcomes.

The Employment and Training Administration (ETA) ensures employment and training services provided by the Workforce Innovation and Opportunity Act (WIOA) core programs<sup>2</sup> are coordinated and complementary so job seekers may acquire skills and credentials that meet local employers' needs. Accordingly, job training and any credential obtained from the training should improve the employment opportunities of participants.

We conducted a performance audit to answer the following question:

To what extent did credentials impact WIOA Title I participants' outcomes?

We selected a judgmental sample of 3 states, and judgmentally selected a Career Center within each state. We then judgmentally selected a sample of 102 participants at the Career Center. We interviewed key state officials,

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<sup>2</sup> WIOA has 6 core programs, as follows: 1) Adult; 2) Dislocated Worker; 3) Youth; 4) Adult Education and Family Literacy Act; 5) Wagner – Peyser Employment Services; and 6) Vocational Rehabilitation Program. The audit covered WIOA Title 1 participants (Adult, Dislocated Worker, and Youth) who earned a credential and exited during Program Year 2016 (July 1, 2016, to June 30, 2017) as reported in ETA's PY 2017 Quarter 3 Participant Individual Record Layout (PIRL) report.

reviewed sampled participant files, and analyzed data pertaining to the credential earned.

This audit covered participants who exited WIOA and earned a credential during Program Year 2016 (July 1, 2016, to June 30, 2017). We reviewed participant wage data for 4 quarters after exit, which ended March 31, 2018, for the most recent participants.

We determined ETA lacked data to measure the impact credentials had on participants' outcomes and did not ensure participants' data was accurate, valid, and reliable.

Signed into law on July 22, 2014, WIOA replaced the Workforce Investment Act of 1998 (P.L. 113-128). The performance accountability provisions became effective on July 1, 2016. WIOA helps job seekers and workers access employment, education, training, and support services to succeed in the labor market. It is also designed to match employers with the skilled workers they need to compete in the global economy. Specifically, WIOA emphasizes training by core programs that leads to industry-recognized credentials. A credential is an award in recognition of an individual's attainment of measurable technical or occupational skills necessary to gain employment or advance within an occupation. Thus, the award of credentials provides evidence of participants' achievements and attests to their readiness for particular jobs.

## **RESULTS**

While ETA ensured credentials earned by participants aligned with local employer needs, it could not demonstrate that earning credentials improved WIOA Title I participants' employment outcomes after exit. This occurred because ETA only collected data to report on the performance measure for credential attainment rate.

WIOA requires states to report the credential attainment rate, which is the percent of participants who were trained and obtained a credential during program participation or within one year after exiting the program. The rate, however, does not provide information on how the credential affected the participants' job placement or career. Because there is no performance measure or indicator to determine if the participant needed the credential for the job obtained upon exiting the program, there is no way to know if the credential helped the participant obtain employment. For example, wage data ETA collects does not provide enough information to show the link between the credential and

job because employers are not required to indicate the specific job the participant held and if a credential was necessary for the job.

In addition, ETA could not provide reasonable assurance that the WIOA data it collected from states was accurate, valid, and reliable. This occurred because WIOA became law in 2014, but ETA did not issue data validation guidance until December 2018. For the participants and related data included in our review, states had no instruction on how to validate the data they submitted for PYs 2016 and 2017.

Without capturing sufficient information to determine if credentials were necessary to obtain employment or assisted with advancement within an occupation, ETA cannot measure the advantage credentials may have provided to participants. Furthermore, inaccurate data for performance indicators can inhibit proper decision-making that could help ETA make program changes to increase the effectiveness of the program overall.

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## **ETA DID NOT COLLECT DATA TO MEASURE THE IMPACT OF CREDENTIALS**

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ETA could not demonstrate if credentials improved participants' outcomes because it did not collect the information necessary to measure the effectiveness of credentials. ETA also did not report information on the impact of credentials earned by participants.

Local career center staff interview former participants to determine whether their training resulted in related employment and report the results to ETA. However, ETA does not require career centers to ascertain during the interviews whether the credentials earned by participants are necessary for specific jobs or occupations obtained after exit. ETA's Participant Individual Record Layout (PIRL) is the data collection tool used to capture participant data and data used to calculate performance indicators.<sup>3</sup> Regarding credentials, the PIRL only captures the data (date credential obtained and type of credential) necessary to report the credential attainment rate, which is the percent of participants who were trained and who obtained a credential during program participation or within one year after exiting the program.

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<sup>3</sup> WIOA requires states to collect data to report on the following six performance indicators: 1) Employment Rate 2nd Quarter after Exit; 2) Employment Rate 4th Quarter after exit; 3) Median Earnings 2nd Quarter after exit; 4) Credential Attainment Rate; 5) Measurable Skills Gains; and 6) Effectiveness in Serving Employers.

The Government Performance Results Act (GPRA) states:

[ETA has the responsibility to] express performance goals in objective, quantifiable, and measureable form; establish performance indicators to measure; or assess relevant outputs, service levels, and outcomes of program activity.<sup>4</sup>

While the attainment rate shows a relationship between those trained and those who received a credential, it does not include participant outcome data to demonstrate how and to what degree the credential affected the participant's employment outcome.

There is a possibility participants may obtain employment unrelated to their credential or obtain employment that did not require a credential. In addition, collecting the job title or position would allow ETA to determine specific occupations that are in-demand.

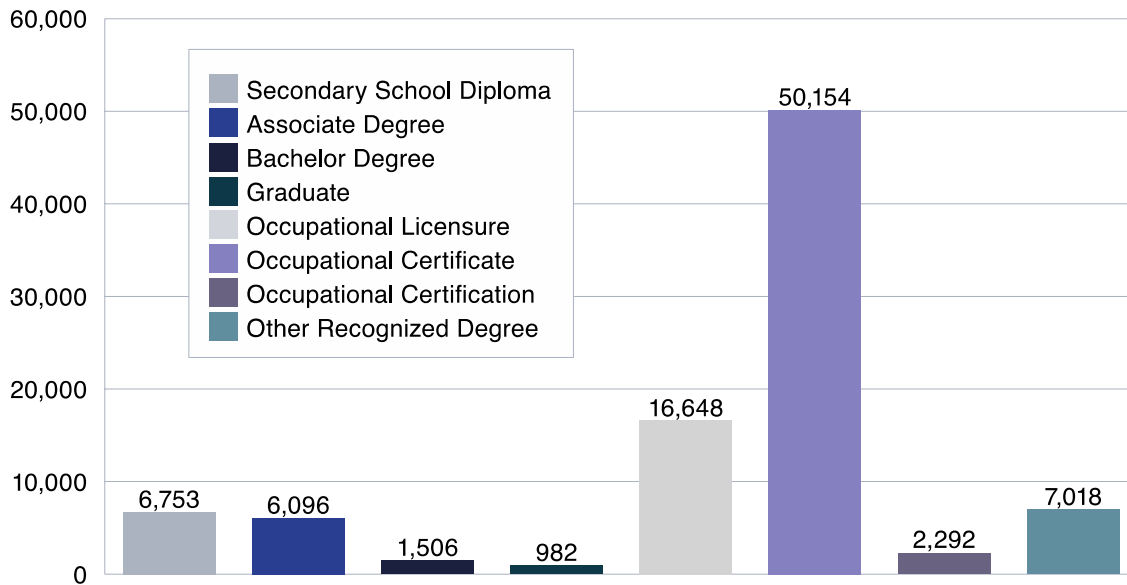
We looked at participants who exited WIOA and earned a credential during PY 2016. We obtained PIRL data from ETA as of March 31, 2018, so we could obtain 4 quarters of wages after exit for these participants.

Our analysis of PY 2016 data indicated that 69,094 out of 91,449, or 76 percent, of those who obtained a credential received either an occupational certificate or licensure (Figure 1). However, specific data on how the credential affected the outcome of the participant is not collected. For example, in one of our sampled states, out of 30 sampled participants, 27 received either an occupational certificate or licensure. The state knew 19 participants were employed the first quarter after exit of the program, but did not know if the credential was needed for the job.

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<sup>4</sup> GPRA Section 1115(b)(2).

FIGURE 1: NUMBER OF CREDENTIALS EARNED IN PROGRAM YEAR 2016



Source: OIG analysis of ETA PIRL data as of March 2018, third quarter PY 2017.

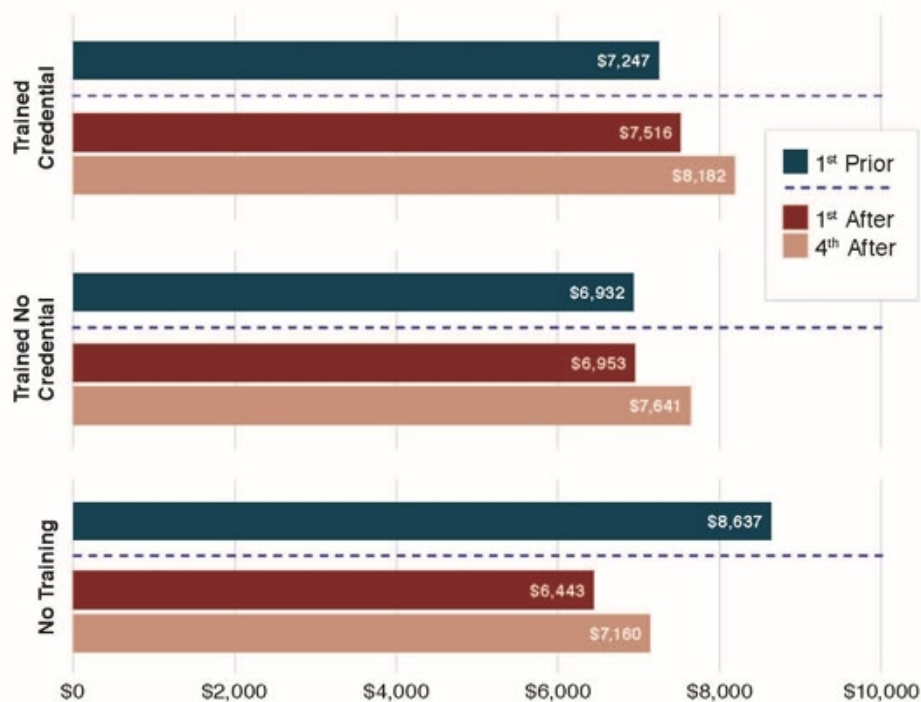
ETA does not collect nor does it require states to collect information to determine if credentials obtained related to the participants' employment or if it was needed to obtain the job at exit. In 2 of our sampled states, both states collected information on the participants' jobs at exit. For these 2 states, 68 percent of those that earned a credential obtained a job that matched the credential. Having all states collect similar information about the occupation at exit could help ETA and the states make key decisions about which credentials and industries are employing American workers.

States obtain wage data on participants from the State Unemployment Insurance (UI) wage data. The UI wage data shows wages by quarter, employer name, and industry. While UI wages can be a powerful tool to determine the effectiveness of credentials earned by participants in terms of money earned, the UI data collected does not specify the position the participant actually obtained, so it cannot be determined if the credential was needed for the job. For example, if a participant exits WIOA with a credential and obtains employment, it is unknown whether the participant worked as a cashier, store manager, truck driver, or IT specialist with the company because UI wage records do not include an occupation identifier.



Combining wage data with additional information<sup>5</sup> about the specific type of credential earned and job obtained at exit will give ETA invaluable information pertaining to the United States workforce, including if they had a change in employers or careers after exit. ETA's annual report does not provide information regarding the impact credentials have on participant wages, but our analysis indicated that credentials do increase participant wages. For example, participants who were trained and received a credential earned on average \$541 more in the 4th quarter after exit than those who were trained and did not obtain a credential. Furthermore, that same group earned on average \$1,022 more in the 4th quarter than participants who were not trained (Figure 2).

FIGURE 2: WAGES THE 1<sup>ST</sup> QUARTER PRIOR TO AND THE 1<sup>ST</sup> AND 4<sup>TH</sup> QUARTERS AFTER EXIT FOR PARTICIPANTS WHO HAD NO TRAINING, TRAINED NO CREDENTIAL, AND TRAINED EARNED A CREDENTIAL TITLE



Source: OIG analysis of ETA PIRL data of PY 2016 participants as of March 2018, third quarter PY 2017.

<sup>5</sup> ETA and states need to consider costs of conducting individual follow-up, as opposed to using administrative data and perhaps the potential for poor response rates or response bias inherent in such follow-up surveys.

ETA stated that collecting more detailed data would be burdensome and have cost implications. Additionally, ETA stated it collects data on credentials in accordance with statutory definitions and collects outcome data from state UI wage records. ETA does collect information on the type of employment reported for the 2<sup>nd</sup> and 4<sup>th</sup> quarters after exit, and information on employment-related training.

OIG agrees that ETA does collect information on credentials as required by statute; however, ETA currently does not require states to collect information such as job title or position obtained by the participant. Collecting this information would allow ETA to report on specific occupations and how credentials related to those occupations affected participants. In addition, ETA does not require states to determine if participants needed a credential to obtain specific types of employment. Determining whether a participant needed a credential to obtain a job would allow ETA to report how credentials assisted participants in obtaining employment.

The ability to measure the impact credentials have on participants' employment or employment opportunities is crucial to the long-term success of the WIOA program. Furthermore, GPRA states:

[ETA has the responsibility to] express performance goals in objective, quantifiable, and measureable form; establish performance indicators to measure; or assess relevant outputs, service levels, and outcomes of program activity.

ETA cannot measure the advantage credentials provided to participants without capturing sufficient information to determine if credentials benefitted outcomes of participants. Additional information on the type of job obtained at exit, whether the credential assisted with placement, or if credentials helped participants advance within an occupation, could help ETA measure the effectiveness of attaining a credential.

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### **ETA DID NOT ENSURE REPORTED DATA WAS ACCURATE, VALID, AND RELIABLE**

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ETA cannot provide reasonable assurance that WIOA participant data collected from states included in the PY 2016 and 2017 annual reports was accurate, valid, and reliable. This occurred because ETA did not provide states timely data validation guidance that states could use in PY 2016 annual reports (data from July 1, 2016, to June 30, 2017) and PY 2017 annual reports (data from July 1, 2017, to June 30, 2018). As a result, ETA did not ensure participant data

used to calculate performance measures included in the PYs 2016 and 2017 annual reports was accurate.

Although WIOA became law in 2014, ETA did not issue data validation guidance to states until December 2018. On December 19, 2018, DOL and the Department of Education issued Training and Employment Guidance Letter (TEGL) 7-18.<sup>6</sup> This TEGL provided guidelines states must use in developing procedures for ensuring WIOA data submitted are valid and reliable. Had the guidance come earlier, ETA would have used it to prepare the two annual reports in our audit scope. Our audit scope did not include data validation of information included in the annual report.

WIOA section 116(d)(5) required ETA to establish data validation guidelines to ensure the information contained in program reports is valid and reliable. Data validation helps ensure the accuracy of the annual statewide performance reports, safeguards data integrity, and promotes the timely resolution of data anomalies and inaccuracies. TEGL 7-18 requires procedures developed by the states to include regular data element validation through core program monitoring on 24 common data elements. In addition, TEGL 7-18 identified acceptable source documentation necessary to validate these selected data elements, stating states may: 1) maintain supporting documentation for program-specific data elements not included in this joint guidance; 2) conduct additional source document validation on more data elements; and 3) require additional source documentation in their procedures.

Data validation ensures the accuracy of the annual, statewide performance reports, safeguards data integrity, and promotes the timely resolution of data anomalies and inaccuracies. Data collected by states are included in the annual performance report required by WIOA. According to the Act, each state that receives a funding allotment under Youth Activities or Adult and Dislocated Worker activities must prepare and submit an annual report of performance progress to the Secretary of Labor.

Furthermore, ETA did not review credential data submitted by states for PYs 2016 and 2017 because they considered credentials to be a low risk. ETA regional offices perform annual risk assessments to determine the high-risk areas in the WIOA program. Thus, although ETA's core monitoring guide addresses the procedures to verify information states submitted about credentials, they were not included in ETA's yearly monitoring review. Credentials are a main element of WIOA's mission to coordinate training that

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<sup>6</sup> TEGL 7-18 provided information about the guidelines states must use in developing procedures for ensuring the data submitted are valid and reliable. Testing whether ETA ensured that states developed these procedures was not within the scope of the audit.

permits job seekers to acquire skills and credentials that meet local employers' needs. Consequently, not monitoring and verifying the accuracy of credential data poses a risk to the program.<sup>7</sup>

ETA stated that during our period of review it had computer edit checks within the Workforce Integrated Performance System to ensure data submitted by states were accurate. These edit checks included duplicate record rules, logical validation rules, and valid value rules. Per ETA, this was the method used to ensure data submitted by states was accurate. The OIG takes the position that while computer edit checks do catch some data input errors, it does not catch all errors and does not take the place of verifying data to source documents. Moreover, edit checks alone did not comply with the WIOA section 116(d)(5) requirement that ETA establish data validation guidelines to ensure the information contained in program reports is valid and reliable.

Verifying that data is accurate and complete would help ETA base program decisions on good data. Accurate data is also important for annual reporting purposes because stakeholders and taxpayers depend on the information in assessing the WIOA program's effectiveness and in determining whether or how to support the program.

## **OIG'S RECOMMENDATIONS**

We recommend the Assistant Secretary for Employment and Training:

1. Develop a mechanism to gauge whether credentials earned by participants are effective in improving participants' outcomes.
2. Perform monitoring at states to ensure adherence to data validation guidance, TEGL 7-18, issued by ETA.

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<sup>7</sup> The first full year for reporting credential attainment rate is in the PY 2018 Annual Report, which was due October 2019, and covered credentials earned from January to December 2017.

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## **SUMMARY OF ETA'S RESPONSE**

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The Assistant Secretary for Employment and Training generally agreed with our results and recommendations; however, ETA disagreed that requiring additional data collection or surveys after program exit are necessary to understand the impact of credentials on employment. We still believe that additional information on the type of job obtained at exit, whether the credential assisted with placement, or if credentials helped participants advance within an occupation could help ETA measure the effectiveness of attaining a credential.

ETA's written response to our draft report is included in its entirety in Appendix B.

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We appreciate the cooperation and courtesies ETA extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.



Elliot P. Lewis  
Assistant Inspector General for Audit

## **APPENDIX A: SCOPE, METHODOLOGY, & CRITERIA**

### **SCOPE**

The audit covered WIOA participants, Title I (Adult, Dislocated Worker, and Youth) who earned a credential and exited during PY 2016 (July 1, 2016, to June 30, 2017) as reported in ETA's PY 2017 Quarter 3 PIRL. We reviewed wages for the 4 quarters after exit for each participant, which ended March 30, 2018, for the most recent participants.

We performed fieldwork at ETA's National Office in Washington, DC; and One Stops located in Maine (Coastal Counties), Texas (Workforce Alamo), and West Virginia (South Western West Virginia Region II WIB).

### **METHODOLOGY**

To accomplish our objective, we obtained an understanding of ETA's role in monitoring credentials reported by states for participants in the WIOA program. We also reviewed the WIOA Act, 20 CFR Parts 603, 651, 652, et al, and Training and Employment Guidance Letters (TEGL's) issued by ETA on credentials. We interviewed key management and staff personnel at ETA headquarters and ETA regional offices. Finally, we selected a judgmental sample of 3 states based on the number of participants who earned a credential as a percentage of participants who were trained and received a credential; and judgmentally selected a One-Stop career center within each state, then judgmentally selected a sample of 102 participants at the one-stop.

At selected states and one-stops, we interviewed key officials; and obtained and reviewed sampled participant files and data pertaining to the credential earned. We compared one-stop information to information in ETA's PIRL system. We verified the methodology states used to determine the in-demand occupations and traced the demand occupation back to the supporting documents.

We conducted this performance audit 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **DATA RELIABILITY**

ETA provided us the PIRL database for PY 2017 quarter 3. Because this information is not reported outside of ETA, we obtained check totals from ETA for number of exiters, exited during PY 2016 and 2017, received training, no training, and number of credentials earned. We verified these totals to the PIRL database ETA provided to us. We found no differences; therefore, we determined that the database was reliable and complete.

## **SAMPLING**

Based on data analytics results, we judgmentally selected the following states:

1. WV – Highest percentage of participants who earned Credentials (79 percent of participants who were trained earned credentials)
2. ME – Median percentage of participants who earned Credentials (45 percent of participants who were trained earned credentials)
3. TX – Lowest percentage of participants who earned Credentials (12 percent of participants who were trained earned credentials)

## **INTERNAL CONTROLS**

In planning and performing our audit, we considered ETA's internal controls relevant to our audit objective. We obtained an understanding of ETA's internal controls, and assessed the internal control risks relevant to our audit objective. We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive phases and evaluated relevant controls.

## **CRITERIA**

We used the following criteria in conducting this audit:

- OMB Circular A-123, Managements' responsibility for Internal Control
- TEGL 7-18, Guidance for Validating Jointly Required Performance Data submitted Under WIOA
- Workforce Innovation and Opportunity Act, PL 113-128

## 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.

## **APPENDIX C: ACKNOWLEDGEMENTS**

Key contributors to this report were:

Jessy Joseph, Audit Director  
Michael Elliott, Audit Manager  
Janet Cucunato, Auditor  
David Halstead, Auditor  
Miguel Hughes, Auditor  
Wangui Njuguna, Writer-Editor

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