

Workforce Data Quality Campaign (WDQC), a non-profit initiative that advocates for aligned, inclusive and market-relevant education and workforce data, appreciates the opportunity to comment on the development of a Postsecondary Institution Ratings System (PIRS). We applaud the Department of Education’s commitment to using data to inform consumers, educators and policymakers about postsecondary education. One premise of WDQC’s policy agenda is that all education, training and workforce development programs should have measurable employment outcomes for their participants. Our comments specifically address the issue of including employment outcomes in PIRS.

WDQC supports employment outcomes, both short-term (e.g. one year after completion) and long-term (e.g. five or ten years after completion) being made available to prospective students for purposes of transparency. Students can benefit from having information about their likelihood of finding employment and their potential earnings after graduation. Many federal workforce development programs, including those funded by the Workforce Investment Act, provide metrics on the percent of individuals employed after leaving the program and their average earnings.

If the PIRS uses employment outcomes, here are some issues to consider:

Program vs. institution data. Employment outcome data is particularly useful at the program level. For some students, especially those already in the workforce, geography is a critical factor in selecting a college. These students have a limited number of schools to choose from, but many different programs. Moreover, research from the Center on Education and the Workforce at Georgetown University shows that employment prospects are heavily influenced by choice of major, even among graduates from the same institution. If the PIRS uses institution-level averages for earnings or other employment outcomes, it would be useful to account for this program-level variation in some way.

Data sources. Calculation of employment outcomes can be achieved by matching student records with employment data already collected by state and federal governments for other purposes. Combining this data to determine aggregate outcomes at the institution or program level protects individual privacy. There are two major sources of employment data: Unemployment Insurance (UI) wage records and tax data.

- UI wage records are submitted quarterly by employers to the state agency that manages UI benefits, which is usually the state workforce agency. These records include basic information about the employee and employer (including industry), and the wages the individual earned in the most recent quarter. State agencies keep these records for at least three years, and submit them to the federal government’s National Directory of New Hires and a data set operated by the Census Bureau. UI wage records do not include people who are self-employed or are employed by the military or federal government. They cover about 89 percent of the civilian labor force.¹

¹ Mindy Feldbaum and Tim Harmon, *Using Unemployment Insurance Wage Data to Improve Program Employment Outcomes: A Technical Assistance Guide for Community and Technical Colleges* (The Collaboratory and FHI360, 2012.)

- For tax records, all employers annually submit a W-2 form to the Internal Revenue Service (IRS) that contains information on employers and individuals, as well as the individual's earnings for the year. Both the IRS and the Social Security Administration (SSA) keep these records at the federal level with full confidentiality protections, along with additional tax data submitted by people who are self-employed. W-2 data is not kept at the state level. Tax data has more complete coverage of workers than UI wage records, including military, government and self-employed workers.

The chart on page 3 provides more detail about sources of employment data.

Data matching mechanisms. The Department of Education linked student records with SSA data to calculate average program earnings under the Gainful Employment rule, and the Department of Labor is working on a pilot to use SSA data for calculating employment outcomes for some colleges that received TAA Community College and Career grants. Though there is precedent for federal agencies using SSA data to determine postsecondary employment outcomes, a Higher Education Act ban on creating a federal student unit record system prevents this matching mechanism for all students. The Department of Education has plans to produce employment outcomes for the College Scorecard using only data for students receiving federal financial aid. This approach should be used with caution, especially for community colleges, where only about one-fourth of students get financial aid. Before relying solely on employment outcomes for financial aid recipients, the Department should seek evidence that these outcomes are representative of all students.

Another option for data matching would be allowing states to submit employment outcomes for their colleges and universities, using their state's UI wage records and the Wage Record Interchange System version 2 (WRIS2) to capture former students employed out-of-state. This option is problematic, because most states only link public colleges with UI wage records, so they are missing private and for-profit colleges. In addition, only 35 states belong to WRIS2, a system operated by Department of Labor which allows states to share their UI wage records for specific purposes, including state and federal performance reporting. Finally, as mentioned above, UI wage records do not cover all workers.

Data Sources for Employment and Earnings Results: Advantages and Disadvantages		
Data Source	Advantages	Disadvantages
UI Wage Data	<ul style="list-style-type: none"> • Includes all workers covered by the Federal Unemployment Tax Act (FUTA); approximately 89 percent of the civilian labor force. • Data are quarterly, which provides more flexibility in creating employment and earnings metrics. • Generally includes industry, which allows a metric for employment in an industry related to the field of study. 	<ul style="list-style-type: none"> • Does not include self-employed, military, federal civilian, postal employees, railroad employees, and a few others. • In most states does not include start date, hours worked, or occupation. • Data are “owned” by states, and therefore requires additional data exchange process to obtain data from multiple states (WRIS, WRIS2). • States vary substantially in access policies, and some have been very restrictive.
National Directory of New Hire data	<ul style="list-style-type: none"> • Includes all workers covered by UI, plus military and federal civilian employees. • Data are quarterly, which provides more flexibility in creating employment and earnings metrics. • Includes UI claimant information (unemployed). 	<ul style="list-style-type: none"> • Does not include self-employed. • Does not include hours worked, industry or occupation. • Not currently permitted to be used to support calculation of outcomes for postsecondary institutions.
Social Security Administration (SSA) earnings data	<ul style="list-style-type: none"> • Includes essentially all workers: those covered by UI, and those exempt from UI, including federal civilian, military, and self-employed. • Data are obtained from IRS and maintained centrally by SSA. 	<ul style="list-style-type: none"> • Data are annual only (for Master Earnings File). • Currently matches are restricted to data for students submitted through the National Student Loan Data System (NSLDS). This is not an inherent limitation of the SSA data, but is a limitation of the availability of student data with SSNs. • Currently does not include industry or occupational codes.
Federal Employment Data Exchange System(FEDES)	<ul style="list-style-type: none"> • Includes military and federal civilian employees. 	<ul style="list-style-type: none"> • Does not include self-employed. • Includes 37 states and DC. • Use of FEDES is restricted.
Longitudinal Employer-Household Dynamics (LEHD)	<ul style="list-style-type: none"> • Includes all workers covered by UI, plus military and federal civilian employees. • Quarterly data. • Provides useful information on the local labor market context, including employment and earnings by industry and by education, gender, ethnicity, age, firm size and firm age. 	<ul style="list-style-type: none"> • Due to access restrictions, this is not a source of data on results for specific sets of students. • Does not include self-employed.

Source: Analysis by the Center for Law and Social Policy (CLASP) as a part of the Reimagining Aid Design and Delivery Project, 2014 (forthcoming)