Eastern Area Workforce Development Board
Workforce Innovation and Opportunity Act

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Supplemental Wage Data

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Contact: Inquiries regarding this document should be directed to Administrative Staff of the EAWDB at (575)208-2210.

PURPOSE

The purpose of this policy is to provide direction to the Workforce Innovation and Opportunity Act (WIOA) Title I and Title III partners regarding the permissible use of supplemental wage information to assist in fulfilling the performance accountability requirements under §116 of the Workforce Innovation and Opportunity Act (WIOA).

REFERENCE(S)

- Workforce Innovation and Opportunity Act (WIOA), July 22, 2014: §116.
- WIOA Final Rules – U.S. Department of Labor (Title I): 20 CFR §677.175.
- Training and Employment Guidance Letter WIOA No. 19-16 and 26-16 Operating Guidance for the Workforce Innovation and Opportunity Act
- Workforce Guidance Letter: DWS 17-003

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA) sets the primary indicators of performance and performance reporting requirements. This policy provides clarification on the use of supplemental wage information when reliance on such information is necessary for verifying and reporting on employment related performance indicators.

PRIMARY INDICATORS OF PERFORMANCE

Under section 116(b)(2)(A) of WIOA, the performance accountability indicators that apply to WIOA are:

A. Employment Rate – Second Quarter After Exit: The percentage of participants who are in unsubsidized employment during the second quarter after exit from the program (for Title I Youth, the indicator is the percentage of participants in education or training activities, or in unsubsidized employment during the second quarter after exit).
B. Employment Rate – Fourth Quarter After Exit: The percentage of participants who are in unsubsidized employment during the fourth quarter after exit from the program (for title I Youth, the indicator is the percentage of participants in education or training activities, or in unsubsidized employment during the fourth quarter after exit).
C. Median Earnings – Second Quarter After Exit: The median earnings of participants who are in unsubsidized employment during the second quarter after exit from the program.
D. Credential Attainment: The percentage of those participants enrolled in an education or training program (excluding those in on-the-job training (OJT) and customized training) who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from the program. A participant who has attained a secondary school diploma or its recognized equivalent is included in the percentage of participants who have attained a secondary school diploma or its recognized equivalent only if the participant is also employed or is enrolled in an education or training program leading to a recognized postsecondary credential within one year after exit from the program.
E. Measurable Skill Gains: The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress, towards such a credential or employment.
F. Effectiveness in Serving Employers: WIOA sec. 116(b)(2)(A)(i)(VI) requires the Departments to establish a primary indicator of performance for effectiveness in serving employers. The Departments are piloting three approaches designed to gauge how well the workforce system is meeting critical workforce needs of the business community.

AVAILABILITY OF SOCIAL SECURITY NUMBERS (SSNs) AND WAGE RECORDS TO COLLECT EMPLOYMENT INFORMATION

The use of wage records to measure the primary indicators of performance is the primary data source for employment related performance indicators. According to Guidance Letter DWS 17-003 the NMDWS recognizes there may be circumstances where systems may not be able to capture wages records. To ensure that programs can track participants for performance accountability even if their information is not contained in the quarterly wage record system, described below, it is permissible to use other information as is necessary to measure the progress of those participants through methods other than quarterly wage information.

Matching a participant's SSN against quarterly wage record information is the most effective means for determining employment status and earnings for a program participant. However, a quarterly wage record match will not be possible in all circumstances. Eligibility to participate in any of the programs under WIOA is not contingent upon the individual providing an SSN. More broadly, since the performance indicators require reporting on all participants, States are encouraged to develop a method for quantifying the performance outcomes of participants who do not provide SSNs or for whom wage records are not available in order to include them in the calculation of levels of performance for each of the core programs.

CIRCUMSTANCES FOR COLLECTING EMPLOYMENT RELATED DATA USING SUPPLEMENTAL METHODS

The quarterly wage record system will be the primary data source for verifying participant outcomes for the purpose of calculating the employment related primary indicators of performance. The quarterly wage record system includes wages from:

- The employer tax filings in the New Mexico UI wage record system that include private sector and government employer wage records, such as:
    - State government employment records;
    - Local government employment records;
    - Judicial employment records; and
    - Public school employment records.
- The Wage Record Interchange System (WRIS) which contains employer tax filings from member state UI wage systems, and
- Any available Federal system that replaces the Federal Employment Data Exchange System (FEDES).

Individuals for whom a quarterly wage record match would not be available through the State UI data system include but are not limited to:

- Federal employees;
- Military employees; or
- Individuals who are self-employed.

Sources of supplemental wage information for the types of employees described above include:

- Federal employment records, such as military employment records, or records from the U.S. Department of Defense, U.S. Postal Service, and U.S. Office of Personnel Management;
- State New Hires Registry;
- State Department of Revenue or Taxation;
- Railroad Retirement System; and
- Other forms of supplemental wage information (see description in the next section).

Within each quarter after exit for which wages are required to be collected, if a direct match from the quarterly wage record system is used to determine both employment status and wages for the period, then the same direct wage match record must be used for both wages and employment status. Likewise, if supplemental wage information is used to determine both employment status and wages within the same reporting period, then the same supplemental wage information must be used for both wages and employment status. There is no requirement that the same direct wage record match or supplemental wage information be used across multiple reporting periods.

Participants quarterly earnings used to determine the median earnings indicator must only reflect actual wages paid, not earned, to the participant during the quarter.

SUPPLEMENTAL WAGE INFORMATION METHODS AND PROCEDURES
Acceptable forms of supplemental wage information relevant to the core program include, but are not limited to, the following:

Tax documents, payroll records, and employer records such as:

- Copies of quarterly tax payment forms to the Internal Revenue Service, such as a Form 941 (Employer's Quarterly Tax Return);
- Copies of pay stubs (minimum of two pay stubs); or
- Signed letter or other information from employer on company letterhead attesting to an individual's employment status and earnings.

Other supplemental wage records:

- Follow-up survey (self-reported) from program participants;
- Income earned from commission in sales or other similar positions;
- Detailed case notes verified by employer and signed by the Career Coach, if appropriate to the program;
- Data matching with other partners with whom data sharing agreements exist; or
- One-Stop operating systems' administrative records, such as current records of eligibility for programs with income-based eligibility (e.g., Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP).
- Self-employment worksheets signed and attested to by program participants.
    - **NOTE: Earnings (or net profit) can be calculated by subtracting total expenses from gross receipts. Not all self-employed individuals receive a salary, but the funds that represent income over expenses that are available to be invested back into the business are considered earnings.*

Since the New Mexico UI wage system is a source of data to the quarterly wage record system, documentation obtained from the New Mexico UI wages system is not an acceptable form of supplemental wage data.

TIME PERIOD FOR COLLECTING SUPPLEMENTAL WAGE INFORMATION
As described above, for purposes of calculating levels of performance for the employment rate indicators, wage data must be collected on participants' employment status during the second and fourth quarters after the participant exits the program and, for purposes of calculating levels of performance for the median earnings indicator, data must be collected on participants' wages during the second quarter after exit from the program. The timing for collecting supplemental wage information may vary based on whether the UI wage data will not be available for a participant following the exit from a program.

The need for supplemental wage information for some individuals may not become apparent until no match is found in direct UI wage records, or in federal or military employment records, which become available on a time-lagged basis. UI wage data for the employment rate and the median earnings indicators during the second quarter will not become available until the latter part of the third quarter after exit, and UI wage data for the education or employment rate during the fourth quarter after exit will not become available until the latter part of the fifth quarter after exit.

When the subrecipient's Career Coach knows or predicts that UI wage data will not be available for a participant (such as those participants who did not provide an SSN, or for participants not covered by UI wage data, such as those who received entrepreneurial or self-employment training), the Career Coach does not need to wait two quarters after the close of the second and fourth quarters after exit to formally document the supplemental wage data. The State Administrative Entity (SAE) recommends Career Coaches remind participants, before exit, that they or their employers may be contacted to obtain confirmation of employment status and earnings, and to explain the expected timeframe for those follow-up contacts.

Table 1: Summarizes the times when data match or supplemental wage data are to be collected.

Table 1: Timeline for Commencing Data Collection for Employment-Related Performance Indicators		
Performance Indicator[a]	**UI Wage Data Becomes Available**	**Collection of Supplemental Wage Information May Begin[b]**
Employment Rate – Second Quarter after Exit (including Title I Youth)	During third or fourth quarter after exit	Beginning third quarter after exit
Employment Rate – Fourth Quarter after Exit (including Title I Youth)	During fifth or sixth quarter after exit (first or second quarter, next program year)	Beginning fifth quarter after exit
Median Earnings – Second Quarter after Exit	During third or fourth quarter after exit	Beginning third quarter after exit
Credential Attainment – within 1 Year after Exit	During second or third quarter after exit	Beginning second quarter after exit

a. For all performance indicators, exit is the point after which a participant who has received services through any program meets the criteria for exit from that program or meets the criteria for exit under an applicable common exit policy (20 CFR 677.150(c), 34 CFR 463.150(c), and 34 CFR 361.150(c)).

b. For individuals for whom the agency knows or predicts UI wage data will not be available (such as those participants who do not provide an SSN, or for participants receiving entrepreneurial or self-employment training),

Supplemental wage information should be collected as close to the reference period as possible.

Participants who provide an SSN and have exited a program, but for whom information is not yet available, are not included in performance calculations until such data subsequently becomes available. DOL expects that UI employer tax record data for these indicators will generally be available, since there is a two-quarter lag built into the reporting periods to allow time for reporting participant exit and direct UI wage record match, and for obtaining supplemental wage information if a direct UI wage record match, or Federal or military employment record, is not yet available. In order to ensure data are available and reported consistently for all participants, UI data should be reported four quarters after exit for second quarter wage and employment information, and six quarters after exit for fourth quarter information. This allows for a one-quarter lag in the reporting of UI wages by employers and an additional one-quarter lag for reporting by the core programs.

**Note: After the two-quarter lag concludes, if the information is still not available, wages will be converted to $0 permanently and employment status will be reported as not employed. Wages reported as $0 will indicate that the participant was unemployed in the second quarter after exit, counting as a negative outcome for purposes of calculating levels of performance for the Employment Rate Second Quarter after Exit indicator and excluding that participant from the calculations of levels of performance for the Median Earnings Second Quarter after Exit indicator. Likewise, if neither a wage record match nor supplemental wage information is available following a two-quarter lag after the end of the fourth quarter following program exit, the participant will be reported as unemployed in the fourth quarter after exit.*

TABLE 2: The timeframes when employment-related information must be reported.

Table 2: Deadlines for Timely Collection of Data for Employment-Related Performance Indicators				
Exit Quarter	**Report Employment Rate – 2nd Quarter (including Title I Youth) by End of:**	**Report Employment Rate – 4th Quarter (including Title I Youth) by End of:**	**Report Median Earnings by End of:**	**Report Credential Attainment (Employment) – within 1 Year after Exit by End of:**
First Quarter (Q1) *(July 1 – September 30)*	Q1, Next Program Year (four quarters later)	Q3, Next Program Year (six quarters later)	Q1, Next Program Year (four quarters later)	Q3, Next Program Year (six quarters later)
Second Quarter (Q2) *(October 1 – December 31)*	Q2, Next Program Year (four quarters later)	Q4, Next Program Year (six quarters later)	Q2, Next Program Year (four quarters later)	Q4, Next Program Year (six quarters later)
Third Quarter (Q3) *(January 1 – March 31)*	Q3, Next Program Year (four quarters later)	Q1, Second Program Year After Exit (six quarters later)	Q3, Next Program Year (four quarters later)	Q1, Second Program Year After Exit (six quarters later)
Fourth Quarter (Q4) *(April 1 – June 30)*	Q4, Next Program Year (four quarters later)	Q2, Second Program Year After Exit (six quarters later)	Q4, Next Program Year (four quarters later)	Q2, Second Program Year After Exit (six quarters later)