



# TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21st CENTURY

## EDITORS

**Carl Van Horn**, John J. Heldrich Center for Workforce Development at Rutgers University

**Tammy Edwards**, Federal Reserve Bank of Kansas City

**Todd Greene**, Federal Reserve Bank of Atlanta

# **Transforming U.S. Workforce Development Policies for the 21st Century**

Carl Van Horn  
Tammy Edwards  
Todd Greene  
*Editors*

2015

W.E. Upjohn Institute for Employment Research  
Kalamazoo, Michigan

## **Part 3**

# **Building Evidence-Based Policy and Practice**

# 22

## Scorecards for Postsecondary Education and Training Programs

Tiffany L. Smith  
Aaron R. Fichtner

*New Jersey Department of Labor and Workforce Development*

Individuals, government, and businesses make significant investments in postsecondary training programs that are designed to prepare adults for employment or careers. Despite the magnitude of these investments, there is often limited information on the effectiveness of these programs, leaving most students to choose a training program and a training provider based on anecdotal information, word of mouth recommendations, and marketing materials from training providers. As a result, the market for postsecondary training functions inefficiently.

While the Workforce Investment Act of 1998 (WIA) attempted to address this inefficiency by requiring states to develop a consumer report card for training programs and an eligible training provider list (ETPL) based on performance data, a significant majority of states failed to implement these requirements for a wide variety of reasons (Van Horn and Fichtner 2011). However, a small number of states, most notably New Jersey, Washington, and Texas, have more than a decade of experience of successfully implementing these systems. This case study profiles New Jersey's online consumer report card for training programs. The experience and lessons learned from New Jersey and other successful states can provide a roadmap for other states to follow.

### **DESCRIPTION AND IMPORTANCE OF POLICY PROBLEM**

Almost four out of five jobs in the United States (78 percent) require some form of postsecondary education. Middle-skill jobs are

those that require education and training beyond a high school diploma but less than a bachelor's degree. Educational attainment can serve as a proxy to define middle-skill occupations; however, analysis that takes into account education plus formal postsecondary training as well as significant on-the-job training estimates that half of the jobs in today's economy are middle-skill jobs (Achieve 2012). Middle-skill jobs are projected to increase at a rate faster than other types of jobs in the United States. According to the Bureau of Labor Statistics, jobs requiring more than a high school diploma but less than a bachelor's degree will increase 15.8 percent between 2012 and 2022, compared to just 10.8 percent for all occupations. Occupations requiring a bachelor's degree are expected to increase 12.2 percent, while those needing a high school diploma or less will increase just 9.1 percent.

Government programs, individuals, and businesses spend significant amounts each year to prepare individuals for these middle-skill jobs. The federal government spends over \$18 billion on the administration of close to 50 employment and training programs (U.S. Government Accountability Office 2011). Much of these investments are spent on short- to mid-term, postsecondary occupational training. In addition, a recent survey estimated that U.S. companies spend more than \$164 billion annually on training and development, including both internal expenses and tuition reimbursement programs (American Society for Training and Development 2013). These investments estimate the expenditure by government and private businesses; however, additional significant monies are spent by individuals to improve their preparation for employment.

A wide variety of entities, from for-profit proprietary schools to nonprofit organizations and public institutions of higher education (including community colleges), provide this training, marketing their services to individuals, managers of government programs, and businesses. In addition, there are many different types of training programs offered. These programs vary by length, by cost, by whether they offer a credential, or by whether they offer college credit. Within this context, individuals must first choose which program is the right one for them to pursue, and then they must choose which provider is best able to provide that training.

## NATIONAL CONTEXT

WIA required states to create consumer report cards (CRCs) in order to foster informed consumer choice in the public workforce system. It also required that states use performance data from all students in a program, regardless of the funding source, to certify those training providers and programs that would be eligible to receive funding. In addition, WIA required states to maintain an ETPL of these providers and programs. Many states expressed concerns that the CRC and ETPL requirements were too onerous to training providers and would thus limit the number of programs and providers available to WIA customers. As a result of these and other concerns, 39 states received waivers from the U.S. Department of Labor to ease implementation by extending the period of initial eligibility of providers on their lists.

In recent years there has been increasing attention to data on outcomes for education and training programs. In early 2013, the Obama administration introduced a College Scorecard, which includes data on college costs, student loans, default rates, and graduation rates. There are plans for the site to also include employment outcomes of graduates. At the state level, a limited number currently provide information online.

The federal government has increasingly recognized the importance of scorecards by funding states to develop data systems to support them. Since 2006, the U.S. Department of Education's State Longitudinal Data System Grant Program has supported state efforts to develop K-12 and P-20W (early childhood through the workforce) data systems. The U.S. Department of Labor's Workforce Data Quality Initiative provides support to states to integrate workforce development and employment data with K-12 and postsecondary education data. Both efforts are designed, in part, to help states develop employment outcomes for education and training programs.

### New Jersey Solution

This case study reviews the CRC used by the New Jersey Department of Labor and Workforce Development (NJLWD). The CRC, which has been provided as an online tool to job seekers and workforce devel-

opment professionals for over 15 years, is a strategy that can increase the efficiency of the training provider market by providing consumers with information on program quality. The experience of New Jersey and of other states such as Washington and Texas can provide important lessons for states as they implement WIOA and postsecondary training scorecards.

New Jersey's CRC for training providers ([www.NJTopps.org](http://www.NJTopps.org)) is an online searchable directory of more than 1,000 training providers offering over 9,000 programs. The site is an important tool included on the state's workforce services portal, known as [Jobs4Jersey.com](http://Jobs4Jersey.com). The site is also promoted through NJLWD's Web site and through the New Jersey Career Assistance Navigator ([NJCAN.org](http://NJCAN.org)) Web site, a career awareness resource for high school students. During the 12 months from June 2013 through July 2014, the NJTopps site received over 63,000 hits.

NJTopps.org allows individuals to search for training programs using a variety of search terms, including program of study, occupation, and location. The result of the search is a list of the training programs that meet the user's needs. For each training program, users can view information on the provider, including a description, costs, and information on program performance. The provider and program descriptive information is developed by the providers themselves and is reviewed by state staff before it is posted online.

Program performance information includes the employment rate, retention rate, and average earnings of training programs. Labor market outcomes are shown at the program level, the cluster level (grouping together similar programs offered by the same provider), and the provider level. Data are reported for the first, fourth, and eighth quarters after program completion.

While most states found it difficult to implement these systems, New Jersey was able to create a successful system by reducing the burden on training providers while increasing the incentives for their participation. That approach has ensured that students have a broad array of choices of training programs and providers through the ETPL. Additionally, the approach has shown that the CRC is a valuable resource to a wide range of individuals and companies as they choose a training provider and program.

## **Broad Scope of the System**

Unlike many other states, the New Jersey ETPL is not solely used by WIA programs. State legislation passed in 2006 requires all training providers who receive federal *or* state training funds to be listed on the state ETPL. By applying the ETPL requirements to more than 50 separate workforce development programs, the law creates a stronger incentive for training providers to participate in the system.

The state law also requires NJLWD to develop a CRC to disseminate information on the labor market outcomes of all students who participated in the training program, and not just of those students who received government assistance. As a result, any individual or company interested in selecting a training program or provider, even those who plan to use their own resources to pay for that training, can find value in the NJTopps Web site. This broader audience of potential users of the CRC further increases the incentive for providers to be listed on the ETPL.

## **Reliance on Existing Student Record Data**

The New Jersey system relies heavily on existing data sets to calculate employment outcomes for participants. This has two benefits: it reduces the data collection burden on training providers, and it helps to ensure greater data quality.

Instead of conducting expensive surveys of their program participants, training providers report student records to NJLWD, using NJTopps.org to securely upload data files on a quarterly basis. Those providers who report their student records to other government agencies are not required to report their student records to NJLWD. The department, through data sharing agreements with other state agencies, is able to obtain data on students who attend institutions of higher education or on adults who attend programs funded by the Carl D. Perkins Act.

New Jersey, through a partnership with Rutgers University's Helldrich Center for Workforce Development, combines all three sources of student records with administrative data from the state's workforce development programs to create a comprehensive file of a significant percentage of all the students who have attended postsecondary education and training programs in the state.

To obtain employment outcomes for the programs on the ETPL, Rutgers University matches the student records with New Jersey Unemployment Insurance (UI) wage records and with wage records from other states through the Wage Record Interchange System. These UI wage records are collected by all states during the collection of UI payroll taxes and include wages earned in a particular quarter for individuals and information on their employers. As a result, UI wage records provide a significant record of the employment and wage experiences of the vast majority of individuals working in the state.

By combining these data sets, New Jersey can efficiently calculate employment and earnings outcomes for large numbers of programs in a standardized manner. New Jersey continues to expand and refine the use of these various data sets to calculate employment outcomes for training providers. In 2012, NJLWD was awarded a three-year grant from the U.S. Department of Labor as part of the Workforce Data Quality Initiative program. The scope of work builds on the partially developed longitudinal data system (the ETPL) by incorporating data from additional LWD administrative data systems, including UI, vocational rehabilitation, and more comprehensive adult basic education data. Links are also made to postsecondary programs and are planned for pre-K–12 public education. Three additional years of funding were awarded in 2014, which supports the addition of more data from partner agencies and expands research efforts in order to help job seekers make better training choices, program staff apply more effective workforce strategies, and policymakers support the most effective programs.

### **Reducing the Burden on Training Providers**

To further lessen the burden on training providers, providers can use the NJTopps Web site to apply to be on the ETPL. Department staff review all applications online and can approve the applications online as well. They compare the information submitted online with information provided to the state through the licensing process for training providers, allowing for an important cross-check of the data.

### **Use of the System**

New Jersey workforce development partners, specifically, staff at local Workforce Investment Boards and American Job Centers, use

NJTopps.org to manage and monitor training programs and use the site to help job seekers make more informed decisions on training providers. Some local Workforce Investment Boards have, at different points during the system's history, required funded providers to meet specific performance thresholds. For example, one area currently uses a 65 percent placement rate requirement, and when clients want to use providers with a lower rate, the request is given additional review by staff.

Finally, the inclusion of the NJTopps Web site on the Jobs4Jersey portal helps to expand the use of the CRC beyond those students served by the American Job Centers. In turn, the Jobs4Jersey Web site is promoted through marketing and public information efforts that have included advertising on transit buses, partnerships with community colleges and libraries, and partnerships with the state's talent networks.

## **FUTURE DIRECTIONS**

New Jersey continues to implement improvements to the NJTopps .org system to ensure better data quality and to expand the use of the Web site. New Jersey is preparing to implement a state law that requires all private and nonprofit career schools to be included on the CRC as a condition of licensing. In addition, in early 2014, legislation was signed that expands the required data to be displayed on the CRC, including licensing and examination information, which will include information on the number of students who obtain industry recognized credentials.

## **CONCLUSIONS AND NATIONAL IMPLICATIONS**

The Workforce Innovation and Opportunity Act (WIOA), signed into law in July 2014, continues many of the CRC and ETPL provisions of WIA, thus signaling to states that they must find new solutions to the challenges they faced in implementing WIA.

The successful efforts in New Jersey, Texas, Washington, and a handful of other states have shown that states can effectively implement CRC systems to provide individuals and employers with valuable

information that can be used to choose a training program and a training provider. Such systems have the potential to create a more efficient market for postsecondary training by helping consumers to make more informed training decisions and to take into account the labor market experiences of former students when they make those decisions. Given the significant investment in money and time that students make in training, this information can be particularly valuable to students.

## References

- Achieve. 2012. *The Future of the U.S. Workforce: Middle Skills Jobs and the Growing Importance of Postsecondary Education*. Washington, DC: Achieve. <http://www.achieve.org/files/MiddleSkillsJobs.pdf> (accessed June 16, 2014).
- American Society for Training and Development. 2013. “\$164.2 Billion Spent on Training and Development by U.S. Companies” (blog). Alexandria, VA: American Society for Training and Development. <http://www.astd.org/Publications/Blogs/ASTD-Blog/2013/12/ASTD-Releases-2013-State-of-the-Industry-Report> (accessed June 16, 2014).
- U.S. Government Accountability Office. 2011. *Multiple Employment and Training Programs: Providing Information on Co-locating and Consolidating Administrative Structures Could Promote Efficiencies*. GAO-11-92. [www.gao.gov/new.items/d1192.pdf](http://www.gao.gov/new.items/d1192.pdf) (accessed June 16, 2014).
- Van Horn, Carl E., and Aaron Fichtner. 2011. “Eligible Training Provider Lists and Consumer Report Cards.” In *The Workforce Investment Act: Implementation Experiences and Evaluation Findings*, Douglas J. Besharov and Phoebe H. Cottingham, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 153–173.