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(SN 32)

**WIOA BULLETIN NO. 32-19**

**TO:** WIOA Partners

**SUBJECT:** Use of Supplemental Wage Information

**PURPOSE**

The purpose of this bulletin is to provide guidance on the requirements established by the Workforce Innovation and Opportunity Act (WIOA) of 2014 regarding the use of supplemental wage information, when appropriate, to assist in carrying out the performance accountability requirements under Section 116 of WIOA.

**BACKGROUND**

Section 116 of WIOA establishes performance accountability indicators and performance reporting requirements to assess the effectiveness of States and local areas in achieving positive outcomes for the individuals served.

**POLICY**

Section 116(i)(2) of WIOA requires the use of quarterly wage records, consistent with State law, to measure progress when satisfying State and local performance accountability indicators. However, in specific circumstances, there are challenges in tracking the progress of individuals for whom obtaining a quarterly wage record may not be possible. In order to ensure that programs may track the participants for performance accountability purposes even if their information is not contained in the State's quarterly wage record system, the Joint WIOA Final Rule permits States to use "other information as is necessary to measure the progress of those participants through methods other than quarterly wage record information" if quarterly wage records are not available for a participant. (20 CFR 677.175 (a)(3); 34 CFR 463.175 (a)(3); 34 CFR 361.175 (a)(3))

To the extent it is consistent with State law, direct Unemployment Insurance (UI) wage match, obtained through either State UI data or the Out-of-State wage record data exchange, via appropriate data sharing agreement, will be the primary data source for verifying participant outcomes for purposes of calculating levels of performance for the employment-related indicators and will be used when available.

UI wage records include private sector and government employer wage reports, such as:

- State government employment records

- County government employment records
- Judicial employment records
- Public school employment records

While most forms of employment in a State's workforce will be reported via employer tax filings in the UI wage record system as noted above, certain types of employers and employees are excluded from coverage under Federal and State UI laws. For program participants engaged in these types of employment, and for participants for whom the State does not have a Social Security Number (SSN) on record, States may use supplemental wage information and wage data from other reliable sources to collect employment-related data necessary for calculating levels of performance.

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
- Individuals who are self-employed

Acceptable forms of supplemental wage information, relevant to the core program (Title I: Adult, Dislocated Worker, Youth; Title II: Adult Education and Family Literacy; Title III: Wagner-Peyser; and Title IV: Vocational Rehabilitation), 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 Form 941 (Employer's Quarterly Tax Return)
- Copies of pay stubs (minimum of two pay stubs)
- 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 the employer and signed by the case manager
- Automated database systems or data matching with other partners with whom data sharing agreements exist
- 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 or Supplemental Nutrition Assistance Program)
- Self-employment worksheets signed and attested to by program participants

Follow-up to collect supplemental wage information may be conducted by the State, local programs or a third-party contractor. The timing for collecting supplemental wage information may vary based on whether the agency knows or expects that 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.

However, when the agency knows or predicts that UI wage data will not be available for individuals, they do not need to wait two quarters after the close of the second and fourth full quarters after exit to formally document that UI wage data are not available and begin collection of supplemental wage information. The optimal time to collect supplemental wage information is as soon as possible following the close of the second and fourth full quarters after exit.

It is **highly recommended** that case managers remind participants, before program 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. While this reminder is applicable to all participants, it is especially important for those participants for whom UI wage data are not available. It is important to remind WIOA participants, before program exit, that they or their employers may be contacted to obtain confirmation of employment status and earnings, and to explain the expected timeframe for the follow-up contacts. Therefore, programs should inform WIOA participants at program entry about the supplemental wage information follow-up process.

The table below summarizes the times when data match or supplemental wage data are to be collected

<b>Timeline for Commencing Data Collection for Employment-Related Performance Indicators</b>		
<b>Performance Indicator</b>	<b>UI Wage Data Becomes Available</b>	<b>Collection of Supplemental Wage Information May Begin</b>
<b>Employment Rate – 2<sup>nd</sup> Quarter After Exit (including Youth)</b>	During 3 <sup>rd</sup> or 4 <sup>th</sup> Quarter After Exit	Beginning 3 <sup>rd</sup> Quarter After Exit
<b>Employment Rate – 4<sup>th</sup> Quarter After Exit (including Youth)</b>	During 5 <sup>th</sup> or 6 <sup>th</sup> Quarter After Exit (1 <sup>st</sup> or 2 <sup>nd</sup> Quarter of next Program Year)	Beginning 5 <sup>th</sup> Quarter After Exit
<b>Median Earnings – 2<sup>nd</sup> Quarter After Exit</b>	During 3 <sup>rd</sup> or 4 <sup>th</sup> Quarter After Exit	Beginning 3 <sup>rd</sup> Quarter After Exit
<b>Credential Attainment – Within 1 Year After Exit</b>	During 2 <sup>nd</sup> or 3 <sup>rd</sup> Quarter After Exit	Beginning 2 <sup>nd</sup> Quarter After Exit

Participants who have exited a program but for whom wage information is not yet available, are not included in performance calculations until such data subsequently becomes available. There is a two-quarter lag built into the reporting periods to allow time for reporting participant exits and direct UI wage record match, and for obtaining supplemental wage information not yet available. It is not necessary for supplemental wages to be collected on those participants that should have wages collected by direct wage match. However, it is imperative to closely monitor these participants to verify direct UI wage data once the allotted timeframe has passed to ensure that wage data is available and supplemental wage collection is not needed.

**Example:** If a participant exits the program between July 1, 2016 and September 30, 2016 (first quarter of program year 2016), the participant will not be included in the Employment Rate – Second Quarter After Exit until the quarterly report for the quarter ending September 30, 2017 (first quarter of program year 2017) and the annual report for program year 2017 for the period ending June 30, 2018.

## **ACTION REQUIRED**

When conducting supplemental wage information follow-up, it is recommended that staff follow a uniform set of written procedures to collect data in a valid and reliable manner. Therefore, staff conducting the supplemental wage information follow-up should be trained in the implementation of the follow-up procedures, including what to say to former participants or their employers to encourage their cooperation, ways to encourage voluntary and truthful disclosure, how to document the information received, and how to respond to questions related to the supplemental wage information follow-up process. Staff should be thoroughly familiar with all procedures before beginning the process.

As a result, Local Workforce Development Boards must develop written processes and procedures relating to the supplemental wage information follow-up. Policies must include the following information:

- How participants will be informed at program entry regarding supplemental wage requirements. Information provided to participants must include expectations, required documentation and collection timeframes.
- Steps to determining which participants should be included in the supplemental wage information collection procedure.

## **REFERENCES**

Training and Employment Guidance Letter WIOA No. 26-16 Operating Guidance for the Workforce Innovation and Opportunity Act of 2014


§20 CFR 677.175 (a)(3): What responsibility do States have to use quarterly wage record information for performance accountability?

§34 CFR 463.175 (a)(3): What responsibility do States have to use quarterly wage record information for performance accountability?

§34 CFR 361.175 (a)(3): What responsibility do States have to use quarterly wage record information for performance accountability?

## **INQUIRIES**

Inquiries regarding this bulletin may be directed to Jayson Muraki at (808) 586-8674.



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