

**SUPPORTING STATEMENT FOR REQUEST FOR OMB APPROVAL  
UNDER THE PAPERWORK REDUCTION ACT**

**PART A – JUSTIFICATION**

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This is a justification for the Department of Labor’s request for approval to extend and revise a currently approved data validation requirement for six Employment and Training Administration (ETA) programs. Data validation assesses the accuracy of data collected and reported to ETA on program activities and outcomes. The accuracy and reliability of program reports submitted by states and grantees using federal funds are fundamental elements of good public administration, and are necessary tools for maintaining and demonstrating system integrity. The data validation requirement for employment and training programs strengthens the workforce system by ensuring that accurate and reliable information on program activities and outcomes is available. The following programs are subject to the data validation requirement: Workforce Investment Act (WIA) Title IB, Wagner-Peyser Act, Trade Adjustment Assistance (TAA), National Farmworker Jobs Program (NFJP), Indian and Native American Program, and Senior Community Service Employment (SCSEP).

**1. Reasons for Data Collection**

States and grantees receiving funding under WIA Title IB, Wagner-Peyser Act, TAA, and the Older Americans Act are required to maintain and report accurate program and financial information (WIA section 185 (29 U.S.C. 2935) and WIA Regulations 20 CFR 667.300(e)(2); Wagner-Peyser Act section 10 (29 U.S.C. 49i), Older Americans Act section 503(f)(3) and (4) (42 U.S.C. 3056a(f)(3) and (4)), and TAA Regulations 20 CFR 617.57). The text of these citations can be found in Appendix A. Further, all states and grantees receiving funding from ETA and the Veterans’ Employment and Training Service are required to submit reports or participant records and attest to the accuracy of these reports and records.

In 2001, the President announced a Management Agenda to improve the management and performance of the Federal government. One of the five government-wide goals – budget and performance integration – emphasizes the importance of complete information for program monitoring and improving program results.

The Department’s Office of Inspector General (OIG) conducted an audit of WIA performance data oversight from July 2000 through October 2001. The audit, released in September 2002, found that, “Because of insufficient local, state, and Federal oversight, the Employment and Training Administration (ETA) has little assurance that the state-reported WIA performance outcomes data are either accurate or verifiable.” The OIG recommended that states should validate reported data using a statistically valid sampling method. To address the concerns raised by the OIG and to meet the Agency’s goal for accurate and reliable data, ETA has implemented a data validation requirement in order to ensure the accuracy of data collected and reported on program activities and outcomes.

ETA has developed a process for validating data submitted by states and grantees. Data validation consists of two parts:

- 1) **Report validation** evaluates the validity of aggregate reports submitted to ETA by checking the accuracy of the reporting software used to calculate the reports. Report validation is conducted by processing a complete file of participant records into validation counts and comparing the validation counts to those reported by the state or grantee.
- 2) **Data element validation** assesses the accuracy of participant data records. Data element validation is conducted by reviewing samples of participant records against source documentation to ensure compliance with Federal definitions.

Since there are two basic sources of reporting error, both parts are necessary to ensure the validity of information reported to ETA. First, if the data collected are incorrect or data entry errors occur, then the outcome information will not be accurate. As described above, data element validation addresses this issue by comparing performance-related data in each state's participant record file to the original data in the source files and determining an error rate that indicates the degree of accuracy of each data element used in calculating the state's performance results. Second, even if the data collected are correct, if the state's or grantee's reporting system does not meet Federal standards, it could calculate the performance outcomes incorrectly. Report validation addresses this issue by independently calculating performance results for the data submitted by each state in its participant record file and comparing those results to the actual results reported by the state. Error rates are determined for each performance outcome reported by the state.

ETA has developed a set of validation tools discussed below – software and instructional user handbooks – that states and grantees can use to validate data.

WIA Title IB, Wagner-Peyser, and TAA program staff have been conducting data validation for three years. The states received training prior to beginning validation and receive ongoing training and technical assistance from ETA's data validation contractor throughout the validation process. NFJP grantees have been conducting data validation for two years and have received ongoing training and technical assistance during this period from ETA's data validation contractor. SCSEP grantees will begin data validation by the end of Calendar Year (CY) 2007. Indian and Native American program grantees will pilot validation by 2008.

In brief, the results of the past three years of data validation have indicated the following:

- States and grantees are able to conduct data validation with a reasonable, but sustained, level of effort.
- The validation process allows states and grantees to identify and address reporting errors.<sup>1</sup>

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<sup>1</sup> In the first year of validation, fifteen states had core performance report validation items with an error rate of greater than 4 percent. Twenty-three states had non-core report validation items with an error rate exceeding 4%. Numerous states sought and received technical assistance to determine and correct these report discrepancies. Results of data element validation have also identified significant discrepancies between some of the data submitted in state participant record files and the data contained in original participant source files. Analysis of these discrepancies is currently in process.

- States and grantees make reporting errors which need detecting and fixing.
- The average staff requirements for a state to complete validation for the WIA Title IB, Wagner-Peyser, and TAA programs are about 792 hours per year (or less than 1/2 of a staff year). There is no startup burden for these programs because this was incurred when data validation was first implemented three years ago. The average annual time estimate for NFJP, Indian and Native American program, and SCSEP grantees to complete validation is approximately 103 hours (or about 1/20 of a staff year). Startup activities for the Indian and Native American program and SCSEP will require an additional 75 hours on average per grantee in the initial year of validation. There is no NFJP startup burden because this was incurred when NFJP data validation was first implemented two years ago.

On the basis of three years of successful validation implementation, ETA wishes to extend and revise the data validation requirement for employment and training programs. In order to ensure the accuracy of reported information throughout the workforce investment system, states and grantees are required to conduct data validation. Data validation is required annually as follows:

- **Report validation** should be performed before submission of annual reports.
- **Data element validation** must be completed within 120 days after required annual reports or participant records are due to ETA. Exact deadlines for the completion of data validation will vary by program.
- States and grantees are required to send data element validation output reports to ETA within 120 days after the submission of required annual reports or participant records.

States and grantees operating ETA programs subject to the data validation requirement will validate the reports and participant records shown in Table 1 below.

**Table 1 – Reports and Participant Record Files Validated**

Program	Report/Records	OMB Approval No.	Expiration Date
<b>Workforce Investment Act Title IB</b>	ETA 9091 (annual report)	1205-0420	2/09
<b>Wagner-Peyser</b>	ETA 9002, VETS 200	1205-0240	2/09
<b>Trade Adjustment Assistance</b>	TAPR	1205-0392	1/09
<b>National Farmworker Jobs Program</b>	WIASPR	1205-0425	12/09
<b>Indian and Native American</b>	ETA 9085 (annual report) ETA 9084 (annual report)	1205-0422	12/07
<b>Senior Community Service Employment Program</b>	ETA 5140 (annual report)	1205-0040	6/07 <sup>2</sup>

<sup>2</sup> DOL is currently seeking OMB approval for an extension of this reporting requirement.

The user handbooks for each program provide a more detailed overview of the validation process. These are available on ETA's validation tools web site at [http://www.doleta.gov/performance/reporting/tools\\_datavalidation.cfm](http://www.doleta.gov/performance/reporting/tools_datavalidation.cfm). A copy of Training and Employment Guidance Letter No. 3-03, which outlines ETA's data validation policy, is attached in Appendix B.

Copies of ETA's validation reports for the WIA Title IB program can be found in Appendices C and D. The Report Validation Summary and Summary and Analytical Reports for the other programs are based on the WIA template.

## **2. Purpose of Information Collection**

ETA uses data validation results to evaluate the accuracy of data collected and reported to ETA on program activities and outcomes. This information collection enables ETA to assure its customers, partners, and stakeholders of the validity of performance data which underlie the workforce accountability system. Further, data validation ensures that performance information used for WIA accountability purposes, and to meet Government Performance and Results Act (GPRA) responsibilities, are accurate.

Data validation was also developed with the goal of assisting states and grantees in providing more accurate data. Validation allows states and grantees to detect and identify specific problems with their reporting processes, including software and data issues, and to enable them to correct the problems. In addition, the tools developed by ETA help states and grantees analyze the causes of performance successes and failures by displaying participant data organized by performance outcomes. These tools are available at no cost to states and grantees.

For data validation to be effective and to allow for continuous improvement, ETA is establishing acceptable levels for the accuracy of reports and data elements in phases. For report validation,

the first three validation years focused on detecting and resolving any issues with state and grantee data and reporting systems. Error rates collected in these years will be analyzed and, based on this information, standards for accuracy will be established for the Program Year (PY) 2007 data validation. The implementation of a set of common performance measures has delayed the establishment of standards for data element validation until states have had at least two years to validate the same data elements.

Once accuracy standards are established, states and grantees will be held accountable for meeting those standards and will be required to address any issues concerning data accuracy. States and grantees that fail to meet accuracy standards will receive technical assistance from ETA and will develop and implement a corrective action plan. Data that do not meet accuracy standards will not be acceptable for measuring performance, and may keep the state or grantee from being eligible for incentives that are awarded based on performance results. Significant or unresolved deviation from accuracy standards may be deemed a failure to report.

### **3. Technology and Obstacles Affecting Reporting Burden**

ETA knows of no technical obstacles to implementing and continuing data validation. ETA has developed standardized software and user handbooks that states and grantees can use to conduct data validation:

- **Software** developed by ETA generates samples, worksheets, and reports on data accuracy. For report validation, the software validates the accuracy of aggregate reports that are generated by the state's or grantee's reporting software and produces an error rate for each reported count. For data element validation, the software generates a sample of the participant records and data elements for the state or grantee to validate. The software produces worksheets on which the validator records information after checking the source documentation in the sampled case files. The software calculates error rates for each data element, with confidence intervals of 3.5 percent for large states/grantees and 4 percent for small states/grantees.
- **User handbooks** provide detailed information on software installation, building and importing a validation file, and completing report and data element validation. The handbooks also explain the validation methodology, including sampling specifications and data element validation instructions for each data element to be validated.

Currently, all states and grantees use the software provided by ETA to conduct validation for WIA Title IB, Wagner-Peyser, and TAA programs and the NFJP. States and grantees can obtain technical assistance on validation procedures and the use of the validation tools from ETA's data validation contractor.

As mentioned above, the ETA software can be used to generate the aggregate information required in reports submitted to ETA. States and grantees that use the software provided by ETA to generate this aggregate information are not required to conduct report validation. However,

states still must demonstrate that they used the validation software to calculate their aggregate reports.

For both report validation and data element validation, the ETA software uses the validation data provided by the states or grantees to produce validation summary reports which, in compliance with the Government Paperwork Elimination Act, are submitted via the system now used for electronic transmission of reports to ETA.

#### **4. Duplication**

The data validation requirement does not duplicate any existing ETA program.

#### **5. Burden on Small Business or Other Small Entities**

While data validation will mostly be conducted by state governments and large, private, non-profit organizations, some small entities will be required to conduct validation. Some of the grantees operating the NFJP, the Indian and Native American program, and the SCSEP are small, private, non-profit organizations providing services to a low number of individuals. However, because of the low burden estimates associated with data validation for these programs, this information collection will not have a significant economic impact on a substantial number of small entities as indicated in Item 5 on OMB 83-I.

The data element validation process allows states and grantees to select appropriate validation samples necessary to compute statistically significant error rates, rather than requiring the validation of every participant case file. To reduce the relative burden on smaller states and grantees as much as possible, the sample size for smaller entities is set to yield a less precise error rate than for larger grantees and states.

#### **6. Consequences of Failure to Collect Data**

As mentioned in Part A.1, ETA was criticized in the past for a lack of monitoring and a consequent inability to assure the validity of performance outcomes reported by states and grantees. ETA regional staff are conducting data quality reviews based on current data validation efforts to determine if states are in compliance with data validation guidelines. The proposed continuation of the data validation requirement will allow ETA to continue to address these issues. If data validation is discontinued, ETA will not be able to ensure that critical data used for performance reports and accountability purposes, to meet GPRA responsibilities, and for other management purposes are reliable.

#### **7. Special Circumstances Involved in Collection of Data Validation Information**

This request is consistent with 5 CFR 1320.5.

## **8. Pre-Clearance Notice and Responses**

A Pre-clearance Notice was published in the Federal Register on June 1, 2007 (Vol. 72, No. 105, Pages 30639 thru 30641). Following the 60-day comment period, public comments will be reviewed and summarized. A copy of the FRN is attached in Appendix E. A copy of the comments and ETA's response will be attached in a new Appendix F after the comment period. The names of individuals who provided technical assistance on statistical aspects of the data validation design are provided in Part B.5.

## **9. Payments to Respondents**

This information collection does not involve direct payments to respondents. However, ETA does provide administrative funding to the participating states and grantees, which are listed as the respondents for purposes of the Paperwork Reduction Act. The requirement to perform data validation derives from states' and grantees' responsibility to provide accurate information on program activities and outcomes to ETA. States and grantees are expected to provide resources from their administrative funds for the data validation effort. Validation of program performance is a basic responsibility of grantees, which are required to report program performance, under Department of Labor regulations (29 CFR 95.51 and 97.40).

## **10. Confidentiality**

Participant record layouts used in data validation for the WIA Title IB, Wagner-Peyser, and TAA programs, the NFJP and the SCSEP have been revised to replace social security number fields with state-assigned individual identifiers. Data element validation involves accessing wage records by social security number in order to verify the accuracy of wage information contained in the participant records submitted to ETA. To protect the confidentiality of program participants, the validation software includes user functionality that allows program administrators to limit access to this information based on administrative clearance. Confidentiality is not an issue with report validation, which simply involves verifying the accuracy of aggregate reports submitted to ETA.

## **11. Questions of a Sensitive Nature**

The data collection includes no questions of a sensitive nature.

## **12. Respondent Annual Burden**

Data validation is estimated to require an annual burden of 69,332 hours and \$1,883,326 for all six programs subject to the validation requirement.

Burden estimates for state programs – WIA Title IB, Wagner-Peyser, and TAA – are outlined in Part 12.A. Data validation is estimated to require a total annual burden of 41,970 and \$1,364,025 for all state programs. Burden estimates for grantee programs – NFJP, Indian and Native American programs, and SCSEP – are outlined in Part 12.B. Data validation is estimated to require a total annual burden of 27,361 hours and \$519,301 for all grantee programs.

**A. State Programs: WIA Title IB, Wagner-Peyser, and TAA**

Table 2 provides an overview of the annual burden for the WIA Title IB, Wagner-Peyser, and TAA programs, including average hours and costs across states in all three programs. The estimated annual hours needed to conduct validation for these programs is 792 hours (rounded) on average per state and 41,970 hours for all states. The estimated annual cost of performing validation is \$25,736 on average per state and \$1,364,025 for all states.

**Table 2 - Calculation of Combined Annual Burden for WIA Title IB, Wagner-Peyser, and TAA Programs**

	No. of States	Hours per State	Total Hours	Rate in \$/hr	Total Cost
<b>Large State</b>	18	1,206	21,708	\$32.50	\$705,510
<b>Medium State</b>	18	746	13,428	\$32.50	\$436,410
<b>Small State</b>	17	402	6,834	\$32.50	\$222,105
<b>All States Total</b>	53	--	41,970	\$32.50	\$1,364,025
<b>Average per State</b>	--	792	--	\$32.50	\$25,736

- The calculation of the hours required to conduct validation includes sample size, the time for validators to review sampled case files (34 minutes per file), the travel time to local offices to review the files, and 15% of a supervisor’s time.
- States have been divided into three categories – large, medium, and small – based on the number of participants that exit a state’s program in a year. As discussed in Part B, the size of the state impacts the number of sampled case files that must be reviewed and the travel time to local offices.
- The annual travel time per office is estimated as 8 hours for large states, 6 hours for medium states, and 3 hours for small states. This estimate is based on the assumption that states will conduct data element validation separately for the WIA Title IB and TAA programs. If states conduct data element validation for both programs at the same time, the travel time required to perform validation will decrease.
- The hourly rate is the estimated average hourly earnings for employees in state Unemployment Insurance (UI) agencies in FY 2003 (as used for FY 2003 UI budget formulation purposes).



**B. Grantee Programs: NFJP, Indian and Native American, and SCSEP**

Table 3 provides an overview of the annual burden for the NFJP, the Indian and Native American program, and the SCSEP, including average hours and cost across grantees in all three programs. The estimated annual hours needed to conduct validation for these programs is 103 hours (rounded) on average per grantee and 27,361 hours for all grantees. The estimated annual cost of conducting validation is \$1,960 on average per grantee and \$519,301 for all grantees.

**Table 3 - Calculation of Annual Burden for NFJP, Indian and Native American, and SCSEP Grantees**

	<b>No. of Grantees</b>	<b>Hours per Grantee</b>	<b>Total Hours</b>	<b>Rate in \$/hr</b>	<b>Average Cost per Grantee</b>	<b>Total Cost</b>
<b>NFJP</b>	50	158	7,900	\$11.76/\$32.50	\$2,055	\$102,750
<b>Indian and Native American</b>	141	53	7,473	\$11.76	\$623	\$87,843
<b>SCSEP</b>	74	162	11,988	\$11.76/\$32.50	\$4,442	\$328,708
<b>All Grantees</b>	265	--	27,361	\$11.76/\$32.50	--	\$519,301
<b>Average per Grantee</b>	--	103	--	--	\$1,960	--

- Total costs for each program in Table 3 were calculated by multiplying the number of grantees times the average cost per grantee. Tables 4, 5, and 6 show how the average cost per grantee was derived for each program. Please note that the total costs listed for each program in Tables 4, 5, and 6 deviate slightly from the total costs shown in Table 3 because the latter were derived using the average cost per grantee.
- The calculation of the hours required to conduct validation includes the time for validators to review sampled case files (40 minutes per file) and 15% of a supervisor’s time. (Travel is not required for grantees to conduct validation).
- The hourly rate used to calculate cost depends upon the type of organization receiving the grant. For state, county, and U.S. territory government grantees, the hourly rate is the estimated average hourly earnings for employees in state UI agencies in FY 2003 (as used for FY 2003 UI budget formulation purposes). For private non-profit grantees and Federally-recognized tribes, the hourly rate is the average hourly earnings in the social assistance industry (CY 2006, Current Employment Statistics survey, U.S. Census Bureau, <http://data.bls.gov/PDQ/outside.jsp?survey=ce>).

Tables 4, 5, and 6 provide a more detailed account of the annual burden estimates for each grantee program. Per grantee figures in the Cost column of each table are rounded. As a result, the total cost for all grantees may deviate slightly from the product of total grantee hours and hourly rate.

**Table 4 - Calculation of Annual Burden for NFJP**

Type of grantee	No. of Grantees	Hours	Rate in \$/hr	Cost
<b>Private Non-Profit</b>	47	158 (per grantee)	\$11.76	\$1,858 (per grantee)
<b>State or County Government</b>	3	158 (per grantee)	\$32.50	\$5,135 (per grantee)
<b>All Grantees</b>	50	7,900	--	\$102,731
<b>Avg. per Grantee</b>	--	158	--	\$2,055

Note: The hourly rate used to calculate cost depends upon the type of organization receiving the grant. For state and county government grantees, the hourly rate is the estimated average hourly earnings for employees in state UI agencies in FY 2003 (as used for FY 2003 UI budget formulation purposes). For private non-profit grantees, the hourly rate is the average hourly earnings in the social assistance industry (CY 2006, Current Employment Statistics survey, U.S. Census Bureau).

**Table 5 - Calculation of Annual Burden for the Indian and Native American Program**

Type of Grantee	No. of Grantees	Hours	Rate in \$/hr	Cost
<b>Private Non-Profit</b>	67	53 (per grantee)	\$11.76	\$623 (per grantee)
<b>Federally-Recognized Tribe</b>	74	53 (per grantee)	\$11.76	\$623 (per grantee)
<b>All Grantees</b>	141	7,473	--	\$87,843
<b>Avg. per Grantee</b>	--	53	--	\$623

Note: The hourly rate used to calculate cost is the average hourly wage in the social assistance industry (CY 2006, Current Employment Statistics survey, U.S. Census Bureau).

**Table 6 - Calculation of Annual Burden for SCSEP**

<b>Type of Grantee</b>	<b>No. of Grantees</b>	<b>Hours</b>	<b>Rate in \$/hr</b>	<b>Cost</b>
<b>Private Non-Profit</b>	18	162 (per grantee)	\$11.76	\$1,905 (per grantee)
<b>State or U.S. Territory Government</b>	56	162 (per grantee)	\$32.50	\$5,258 (per grantee)
<b>All Grantees</b>	74	11,988	--	\$328,738
<b>Avg. per Grantee</b>	--	162	--	\$4,442

Note: The hourly rate used to calculate cost depends upon the type of organization receiving the grant. For state and U.S. territory government grantees, the hourly rate is the estimated average hourly earnings for employees in state UI agencies in FY 2003 (as used for FY 2003 UI budget formulation purposes). For private non-profit grantees, the hourly rate is the average hourly earnings in the social assistance industry (CY 2006, Current Employment Statistics survey, U.S. Census Bureau).

**13. Estimated Cost to Respondents**

There are no additional costs other than those reported in item 12 above.

#### 14. Cost to Federal Government

Federal costs are the staff and contractor costs required to design, implement, and manage data validation as outlined in Tables 10 and 11 below. As indicated, contractor costs to develop software and other validation tools, provide training to grantees, and provide on-going technical assistance to grantees for the Indian and Native American and SCSEP programs will total \$500,000. The annual cost of contractor support to provide continual technical support to grantees and states and any needed updates to validation tools for WIA Title IB, Wagner-Peyser, and TAA programs and the NFJP will total approximately \$900,000 per year for all four programs. Costs for ETA staff to manage the data validation program will be \$58,453 during the development and implementation phase and \$268,866 per year for continuing operations.

**Tables 10 and 11 - Cost of Data Validation to Federal Government**

<b>Development and Implementation Phase (Indian and Native American and SCSEP)</b>	
<b>Contractor Support</b>	<b>\$500,000</b>
<b>ETA Staff Total</b>	<b>\$58,453</b>
1 GS-15 (1/10 time)	\$10,702
1 GS-14 (1/4 time)	\$22,746
1 GS-9 (1/8 time)	\$5,581
3 GS-12 (1/10 time)	\$19,424
<b>Total Cost</b>	<b>\$558,453</b>

<b>Continuing Operations (WIA Title IB, Wagner-Peyser, TAA, and NFJP)</b>	
<b>Contractor Support</b>	<b>\$900,000</b>
<b>ETA Staff Total</b>	<b>\$268,866</b>
1 GS-15 (1/8 time)	\$13,378
1 GS-14 (1/4 time)	\$22,746
1 GS-13 (1/2 time)	\$38,498
6 GS-12 (1/2 time)	\$194,244
<b>Total Cost</b>	<b>\$1,168,866</b>

Note: Staff costs are based on the average salaries for Department of Labor grade ranges as of January 2007.

### **15. Reasons for Program Change and Change in Burden**

The increase in burden hours results from the new inclusion of Indian and Native Americans and Senior Community Service Employment Program grantees into the Data Validation Program. The reduction in hours captured as an adjustment results from the re-estimation of time for previously included programs by removing the level-of-effort associated with start-up burden. The previously reported cost burden has been eliminated because it duplicated costs captured in the form of burden hours.

### **16. Publication Information**

ETA intends to publish results of data validation in an annual validation report.

### **17. Reasons for Not Displaying Date OMB Approval Expires**

ETA will display approval information on the validation reports.

### **18. Exceptions to Certification**

There are no exceptions to the certification statement in OMB 83-I.