

# Using wage records in workforce investments in Ohio

*Rehabilitation/wage-record followup reports jointly developed in the 1990s by two Ohio State agencies and the Unemployment Compensation Program enable the agencies to track the status of former clients by means of matching wage records by Social Security number*

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The Ohio Rehabilitation Services Commission receives basic grant funding and authorization for the provision of vocational rehabilitation services under Title IV of the Workforce Investment Act of 1998. Hence, the commission has a fundamental interest in determining the magnitude of the economic benefits received by clients as a result of the commission's interventions. Since the early 1990s, the commission and the Bureau of Labor Market Information, with assistance from the Unemployment Compensation Program Services Bureau, have jointly developed rehabilitation/wage-record followup reports by matching wage records to rehabilitation clients by Social Security number. These reports address rehabilitation planning and program needs at three levels:

1. *National*, improving wage-record documentation of training successes.
2. *State*, securing State funding to meet Federal funding matching requirements through wage-record documentation of job retention rates.
3. *Local*, providing individual client followup data at 1 year, 2 years, and 3 years after closure for feedback to counselors.

This article discusses each of these ongoing applications of wage-record data to crucial rehabilitation program functions. The article concludes with a discussion of measures that will improve

the usefulness of the applications.

## The national level

The staffs of the commission, the Unemployment Compensation Program Services Bureau, and the Labor Market Information Bureau developed techniques for utilizing wage-record documentation and increasing training cost reimbursements from the Social Security Administration (SSA) to the commission. The commission makes followup contact with its clients to verify their employment status and wages prior to closing a case. Despite the agency's provision of services identified in its rehabilitation plan, a case is closed and deemed unsuccessful if the commission loses contact with the client and the client's employment status cannot be assessed. Historical evaluations of postclosure wage-record matches indicate that a small, but significant, portion of these unsuccessful closures involves clients who actually are employed at competitive wages. The lack of employment documentation is most critical for vocational rehabilitation clients who are beneficiaries of Supplemental Security Income or Social Security disability income.

The commission is not authorized to seek reimbursement from the SSA for training expenses when a closure is unsuccessful. However, on the basis of wage-record documentation, the staff has been able to utilize the employer-generated wage records, when matched to a client's Social Security number, to determine the client's wages and em-

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ployment status after the case is terminated and apply successfully for SSA reimbursement of training costs.

During the first year that the commission undertook the matching of clients' wage records with their Social Security numbers, the new wage-record documentation led to reimbursement of \$334,000 in training costs from the SSA. The commission now projects SSA training reimbursements between \$500,000 and \$1 million annually. These are essentially new Federal funds for the agency. In other words, the work status of former clients with whom commission counselors had lost contact, but who subsequently were successful in finding a job, can now be documented through unemployment compensation wage records from employers (based on the client's Social Security number), thereby permitting the rehabilitation agency to receive training cost reimbursements of about \$500,000 to \$1 million each year from the SSA.

The practical, general lesson to be learned from this project for workforce development is that wage records can be used to assess program outcomes. Wage records offer a viable alternative to traditional followup studies that often prove to be difficult, limited in coverage, and costly. The use of wage records affords a way to do such work efficiently and effectively—that is, to “work smarter” in developing outcome measures that can serve to guide future investments in the workforce.

## The State level

Most Federal rehabilitation funding requires a significant match of State monies—approximately 80 percent of Federal monies matched with 20 percent of State funds. With State budgets falling as a result of reduced revenues, it became especially important for State rehabilitation agencies to be able to provide objective indicators of the economic success of their programs. In the case of the Rehabilitation Commission, agency administrators and budget negotiators benefited from their ability to demonstrate, on the basis of wage-record followup studies, high Ohio employment retention rates for competitively placed rehabilitation clients.

Starting with the Federal fiscal year 1993 rehabilitation class (that is, the cohort of rehabilitation case closures from October 1, 1992, to September 30, 1993), the staffs of the commission and the Bureau of Labor Market Information began utilizing wage records to produce 1-year, 2-year, and 3-year followup reports regarding clients' employment in Ohio following the commission's closure of their cases. (See table 1.) These reports are most meaningful for those clients who have completed their rehabilitation plan; who have not been placed in sheltered workshops, subsidized businesses, or homemaker situations; and who compete in the labor market

**Table 1. Rehabilitation Wage Records, 1, 2, and 3 years postclosure yearly detailed summary, Ohio Rehabilitation Services Commission, Bureau of Labor Market Information wage-record followup system,<sup>1</sup> 1994–2001**

Federal fiscal year of closure	Competitive closure records analyzed	Wage records analyzed	Percentage of competitive closures with verified wages	Mean annual wage
Fiscal year 1994:				
1993 .....	2,879	2,130	74	\$10,211
Fiscal year 1995:				
1993 .....	2,880	1,982	69	11,451
1994 .....	3,141	2,393	76	10,638
Fiscal year 1996:				
1994 .....	3,141	2,230	71	11,928
1995 .....	4,177	3,194	76	10,450
Fiscal year 1997:				
1994 .....	3,141	2,130	68	12,901
1995 .....	4,177	2,982	71	11,493
1996 .....	4,621	3,527	76	10,568
Fiscal year 1998:				
1995 .....	4,177	2,826	68	13,093
1996 .....	4,621	3,270	71	12,052
1997 .....	5,065	3,997	79	11,387
Fiscal year 1999:				
1996 .....	4,621	3,098	67	13,459
1997 .....	5,065	3,665	72	13,020
1998 .....	5,513	4,391	80	12,668
Fiscal year 2000:				
1997 .....	5,065	3,523	70	13,931
1998 .....	5,513	4,097	74	13,817
1999 .....	6,153	5,003	81	12,805
Fiscal year 2001:				
1998 .....	5,513	3,807	69	14,695
1999 .....	6,153	4,494	73	13,630

<sup>1</sup> The wage-record followup system contains cross-sectional and longitudinal data on the Ohio Rehabilitation Services Commission's competitively placed clients. Competitively placed clients exclude those placed in supported or sheltered workshops, those placed in subsidized businesses, and those who choose to become or remain homemakers.

**Table 2. Rehabilitation employment retention rates and annual wage changes, 1, 2, and 3 years postclosure yearly detailed summary, Ohio Rehabilitation Services Commission, Bureau of Labor Market Information wage-record followup system,<sup>1</sup> 1993–99**

Employment retention rates, by cohort, competitively placed closures				Annual wage changes compared with previous years, by cohort				
Federal fiscal year	1-year rates (percent)	2-year rates (percent)	3-year rates (percent)	Mean annual wages, 1 year past closure	2 years past closure		3 years past closure	
					Mean annual wages	Percent change from previous year	Mean annual wages	Percent change from previous year
1993 .....	74	69	—	\$10,211	\$11,451	12	—	—
1994 .....	76	71	68	10,638	11,928	12	\$12,901	8
1995 .....	76	71	68	10,450	11,493	10	13,093	14
1996 .....	76	71	67	10,568	12,052	14	13,459	12
1997 .....	79	72	70	11,387	13,020	14	13,931	7
1998 .....	80	74	69	12,668	13,817	9	14,695	6
1999 .....	81	73	—	12,805	13,630	6	—	—

<sup>1</sup> The wage-record followup system contains cross-sectional and longitudinal data on the Ohio Rehabilitation Services Commission's competitively placed clients. Competitively placed clients exclude those placed in supported or sheltered workshops, those placed in subsidized

businesses, and those who choose to become or remain homemakers.

NOTE: Dash indicates followup studies not completed.

as regular workers. (Such individuals are called *competitively placed clients*.) As shown in table 2, the 1-year employment retention rates by cohort ranged from a low of 74 percent for the Federal fiscal year 1993 cohort to a high of 81 percent for the 1999 rehabilitation class. The 2-year employment retention rates ran as low as 69 percent for the 1993 cohort and as high as 74 percent for the 1998 cohort. The 3-year employment retention rates ranged from a low of 67 percent for the 1996 cohort to a high of 70 percent for the 1997 cohort.

### The local level

Through an electronic followup system prepared by the Ohio Bureau of Labor Market Information/Rehabilitation Services Commission Wage Record Project, commission staff can receive wage-record data on the economic impact of their interventions on behalf of their customers. Staff can compare computerized summary statewide wage-record data tables against the wage-record profiles of their individual clients.

The statewide status profile, shown in the following tabulation, gives 1-year postclosure followup data on the Federal fiscal year 1999 cohort's employment status (verified/matched or not verified/not matched) and income from wages (that is, the mean, median, and middle range of the second and third quartile of the wage distribution):

	Status 26	Status 28	Competitively placed clients
Employment in Federal fiscal year 2000:			
All cases .....	6,334	4,014	6,153
Cases verified			
from wage record ...	5,028	1,663	5,003
Percent .....	79	41	81
Unverified cases .....	1,306	2,351	1,150
Percent .....	21	59	19

Wage income in Federal fiscal year 2000:

Mean .....	\$12,774	\$7,118	\$12,805
Median .....	9,633	3,296	9,641
Midrange:			
Low .....	4,289	821	4,324
High .....	17,882	9,538	17,918

Note that the categories of clients covered by the profile are status 26 (those who completed the program), status 28 (those who began the program, but did not complete it), and "competitively placed rehabilitation customers" (the set of those who completed the program, less sheltered-workshop employees, subsidized business operators, and homemakers). Note also that the midrange refers to the middle two quarters of wage income, representing 50 percent of the respondents, so that 25 percent of the matched (or verified) Rehabilitation Services Commission clients earned less wage income than the midrange and another 25 percent earned more wage income than the midrange. Finally, 258 records with 258 errors, including 52 Social Security number errors and 206 date-of-birth errors, were dropped from the input.

Additional tables (available upon request) give statewide summaries of the employment status and wage levels of rehabilitation cohort members by age groups, cost-of-treatment categories, county of residence, type of disability, educational level at referral, public-assistance status, race or ethnicity, sex, and duration of treatment service provided. Individual client records give the rehabilitation counselor a quick summary of both the client's characteristics at referral and the Ohio Department of Job and Family Services wage-record match data each quarter and for the Federal fiscal year.

Since 1993, the commission and the Bureau of Labor Market Information have utilized wage-record followup reports to determine job retention rates and wage earnings levels of those who have completed the rehabilitation program, for

comparison against the rates and levels of those who left the program. These followup reports 1 year, 2 years, and 3 years after the closure of a case document the economic advantages of completing the program. They also give the commission an important headstart in the collection of data with which to meet forthcoming “common performance measures for job training and employment programs.”<sup>1</sup>

Note that the wage-record followup data alone are not sufficient to determine whether the assistance given to an individual client was successful. In some cases, for instance, a training investment of \$20,000 that permits a rehabilitation customer to earn \$8,000 annually may represent a great success, based on the type of disability the client has. Similarly, the cost data of the commission are not sufficiently detailed or organized by program categories to permit complete cost-benefit analyses. Nonetheless, the wage-record followup studies covering periods from 1 to 3 years after closure are the only source of economic feedback available to rehabilitation counselors that can be matched with their individual case assignments. Consulting such records, counselors may make inferences about the kinds of programs that work best with the different types of clients they encounter.

## Measures for improving the applications

Currently, the occupational taxonomy utilized by the commission, based on six-digit codes from the third edition of the *Dictionary of Occupational Titles*, is useful only to rehabilitation agencies. Converting to a taxonomy based on the Standard Occupational Classification (SOC) system would facilitate comparisons of occupational wage-record followup data on a client’s employment status and wage income with projections of employment and job openings based on occu-

pational demand, which use soc-based coding.

Most applications of wage records to workforce development and investment have been experimental, independently conceived research ventures and pilot projects. To expand these efforts and achieve the full capability of wage records in guiding workforce development and investment planning requires the institutionalization of common approaches to analysis and standardized concepts and definitions, as well as the establishment of core statistical methods and procedures for dealing with data anomalies. Toward that end, efforts of a national scope, such as the Wage Record Interchange System (WRIS), the project on Administrative Data Research and Evaluation (Project ADARE), Local Employment Dynamics, the Wage Record Committee of the ES-202 Covered Employment and Wages Policy Council, and the Federal Employment Data Exchange System (FEDES), have been undertaken.

Finally, to ensure that full assessment outcomes are captured requires that data not be restricted by State boundaries. Thus, any new exportable software should be designed with the option of a uniform data exchange component in mind. A key feature of a national partnership or program would be implementing uniform procedures for data exchange within a framework that addresses security, privacy, and confidentiality issues associated with the data records. □

## Notes

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