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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SERVICES
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Workforce Services WIOA Guidance – Supplemental Wage Information

Effective Date: November 1, 2018

Duration: Indefinite

Subject:

Guidance on the use of Supplemental Wage Information to implement the Performance Accountability Requirements under the Workforce Innovation and Opportunity Act

Purpose:

The purpose of this guidance is to provide sub-regulatory guidance on the requirements established by the Workforce Innovation and Opportunity Act (WIOA) and its implementing regulations regarding the use of supplemental wage information, when appropriate, to assist in carrying out the performance accountability requirements under section 116 of WIOA.

Scope:

Adult Education (AE), American Job Center (AJC), American Job Center Access Point (AJC Access Point), American Job Center Operator (AJC Operator), Chief Local Elected Official (CLEO), Division of Workforce Services (WFS), Local Workforce Development Areas (LWDAs), Local Workforce Development Boards (LWDBs), Office of the Governor, Office of Registered Apprenticeship (RA), Regional Council (RC), Rehabilitation Services (RS), State Workforce Development Board (SWDB), Tennessee Department of Economic and Community Development (TDECD), Tennessee Department of Education (TDOE), Tennessee Department of Human Services (TDHS), Tennessee Department of Labor and Workforce Development (TDLWD), Tennessee Eligible Training Providers (TETPs), Tennessee Secretary of State, Workforce Innovation and Opportunity Act (WIOA), Workforce System Subrecipients (Subrecipients), Workforce System Partners (Partners)

References:

TEGL 26-16, Section 4; TEGL 10-16 change 1, Attachments 3 and 10; WIOA Title I, Chapter 4, Section 116(b)(2)(A); 20 CFR 677.175, 34 CFR 463.175, and 34 CFR 361.175;

Primary Indicators of Performance:

Under section 116 (b)(2)(A) of the Workforce Innovation and Opportunity Act (WIOA) the performance accountability indicators that apply across the six core programs and are directly affected by wage information are as follows :

- 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).
- 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).
- 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.

I. Supplemental Wage Information Methods and Procedures for Collecting Employment-Related Data for Performance Reporting Purposes.

While most forms of employment in the State's workforce will be reported via Direct Unemployment Insurance (UI) wage match, obtained through either State UI data or the out-of-State wage record data exchange, via appropriate agreement, a participant's status in unsubsidized employment and quarterly earnings may be determined by a variety of data sources. 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 an SSN on record, the State may use supplemental wage information and wage data from other reliable sources to collect employment-related data necessary for calculating levels of performance.

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).

When voluntarily collecting supplemental information for the purpose of calculating levels of performance for the employment-related indicators, acceptable forms of supplemental wage information, relevant to the core programs, include, but are not limited to, the following:

A. 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.

B. 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 counselor, if appropriate to the program;
- 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 (i.e., Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP)); or
- Self-employment worksheets signed and attested to by program participants. *(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.)*

II. Method for Calculating Median Earnings:

To calculate the median earnings for all participants employed in the second quarter after exit from any of the core programs, including the title I Youth program: Total quarterly earnings, for all participants employed in the second quarter after exit, are collected and listed in order, from the lowest to the highest value. The value in the

middle of this list is the median earnings value, where there is the same quantity of numbers above the median number as there is below the median number. This is described in **TEGL 10-16, Change1, Attachment 10, Figure 5**. The Wage Conversion Chart seen below is used to convert supplemental wage information values that do not represent the total amount a participant earned in the second quarter after exit. When using the Wage Conversion Chart it is important to distinguish between wage and earnings. Wage is a ratio of earnings over a specific period of time. The Wage Conversion Chart (**Table 1**) should be used only when the wage rate— and not the earnings information—is available.

Table 1 – Wage Conversion Chart

Wage Conversion Chart					
This is a guide to convert various wage and earnings inputs to a quarterly wage as required in PIRL data elements 1703, 1704, 1705, and 1706.					
Directions: Collect the hourly/weekly/bi-weekly/monthly/annual wages from the participant and enter that value in the appropriate cell*. The example input values in red must be replaced with the appropriate information collected from the participant to calculate the reportable quarterly wage.					
Convert Hourly Rate to Quarterly Wages					
Hourly Rate (\$xx.x/hour)	X	hours worked per week on average (xx.x)	X	13 weeks per quarter	Quarterly Wages
\$7.25	X	32.0	X	13	= \$3,016.00
Convert Weekly Wages to Quarterly Wages					
Weekly Wages (\$xxxx.xx)	X			13 weeks per quarter	Quarterly Wages
\$290.00	X			13	= \$3,770.00
Convert Biweekly Wages to Quarterly Wages					
Biweekly Wages (\$xxxx.xx)	X			6.5 biweekly pay periods per quarter	Quarterly Wages
\$580.00	X			6.5	= \$3,770.00
Convert Monthly Wages to Quarterly Wages					
Monthly Wages (\$xxxx.xx)	X			3 months per quarter	Quarterly Wages
\$1,256.67	X			3	= \$3,770.01
Convert Annual Wages to Quarterly Wages					
Annual Wages (\$xxxxxx.xx)	/			4 quarters per year	Quarterly Wages
\$15,080.00	/			4	= \$3,770.00

III. Time Period for Collecting Supplemental Wage Information:

States must collect data on participants wages during the second quarter after exit from the program. Follow-up to collect supplemental wage information may be conducted by the State, local programs, or a third-party contractor. 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.

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 State does 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. In general, it is recommended the programs 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.

Quarterly data reporting is required for all core programs except for the AEFLA program (i.e., the Adult, Dislocated Worker, Youth, Wagner-Peyser, and VR programs) (20 CFR 677.235(a), 34 CFR 463.235(a), and 34 CFR 361.235(a)). The State must report AEFLA data on an annual basis, but is required to collect data on a quarterly basis. To ensure data are collected to satisfy required reporting timelines, particularly for those programs reporting on a quarterly basis, the State requires subrecipients and state staff to report supplemental wage information within the follow-up section of the Virtual One Stop (VOS). This must be done timely and on a quarterly basis.

IV. Method for Identifying Participants Needing Follow-Up for Wage Information Collection Purposes:

In order to effectively identify individuals with whom the agency will need to follow up to collect supplemental wage information, local areas' staff needs to be capable of identifying participants who should be followed using supplemental methods. (i.e., all participants for whom direct UI wage record match Federal, or military employment records are not or were not yet available for data matching).

If a program uses supplemental wage information follow-up to retrieve data on any of the employment-related performance indicators, data must be collected on all of these indicators within the follow up section of the Virtual One Stop (VOS), or missing and incomplete data points will be counted as a negative when calculating levels of performance for the indicator(s).

Contact:

For any questions related to this guidance, please contact Robert Manning - Director of Compliance at Robert.T.Manning@tn.gov.

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