

Workforce Results Matter:

The Critical Role of Employment Outcome Data in Improving Transparency of Postsecondary Education and Training

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At a time of sustained unemployment and sluggish job growth, students and policymakers are increasingly asking tough questions about postsecondary education and training outcomes. Do graduates find jobs? What are they paid? What will they earn in the future? Despite growing national interest in this information, good answers are not widely available for many programs.

As college costs have soared in recent years, “unmet financial need” (the share of college costs not covered by financial aid or what the family is expected to contribute) has also climbed sharply. Rising costs and increased student debt, combined with a weak economy, make college a riskier investment than in the past. Students and families can reduce that risk by gauging the quality of institutions and programs and choosing carefully among fields of study.¹ Armed with better information about post-graduation outcomes, low-income and first-generation students and their families are more likely to consider the full range of programs and institutions that can help them succeed.

This paper focuses on the need for better information about post-graduation outcomes of postsecondary education and training, with a particular focus on workforce results. Workforce results include employment-related outcomes, such as post-graduation employment rates and earnings levels. Survey research and other evidence reviewed below shows that consumers are keenly interested in these outcomes. This paper suggests the types of employment measures and data that would help meet this demand for better information and describes recent progress by states in producing more comprehensive and consistent information about labor market results.

Federal and state policymakers are grappling with the best ways to improve employment data and incorporate metrics into higher education policy. Developing a fair, accurate method for measuring and presenting workforce results should be a top priority for institutions and policymakers at all levels of government.

Workforce Results Matter to Students, Parents and the Public

Post-graduation workforce results matter to consumers. In the annual Higher Education Research Institute (HERI) survey at four-year institutions, first-year students consistently report that their prospects for employment and improved earnings are very important to them as they enter college.² In fact, in the 2013 survey, three of the top five reasons students cited for going to college were related to anticipated

employment and earnings results, including “to be able to get a better job” (86 percent), “to get training for a specific career” (77 percent), and “to be able to make more money” (73 percent). These motivations also figured prominently in their college selection process. Fifty-three percent of 2013 respondents said that the reputation of their college for getting graduates “good jobs” was one of the top reasons they chose the institution they were attending. These responses are similar to those in the past few years of survey results. (See Figures 1 and 2.)³

Figure 1: The Top Five “Very Important” Reasons Cited for Deciding to Go to College

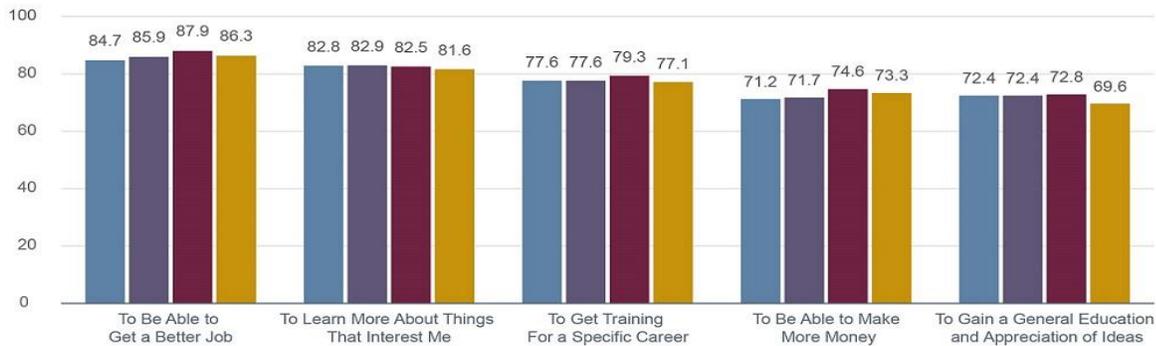
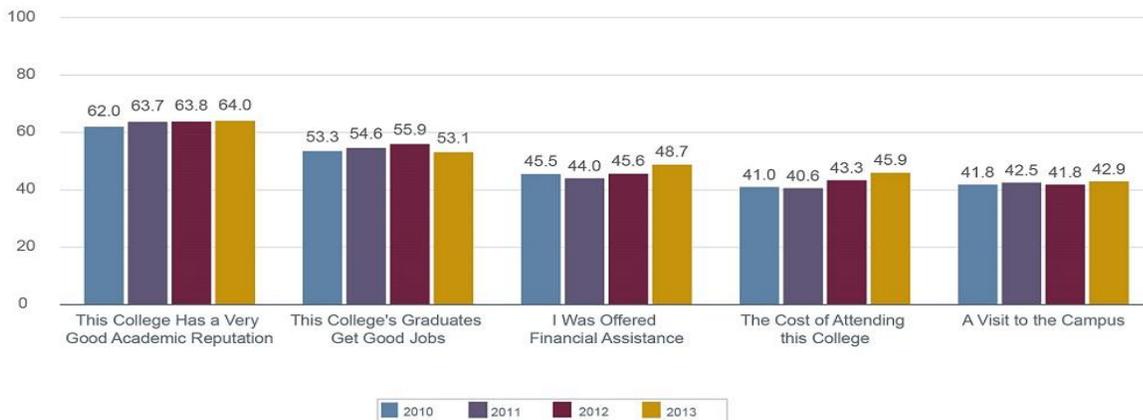


Figure 2: The Top Five Reasons Cited by Freshmen Students For Selecting the Particular College They Were Attending



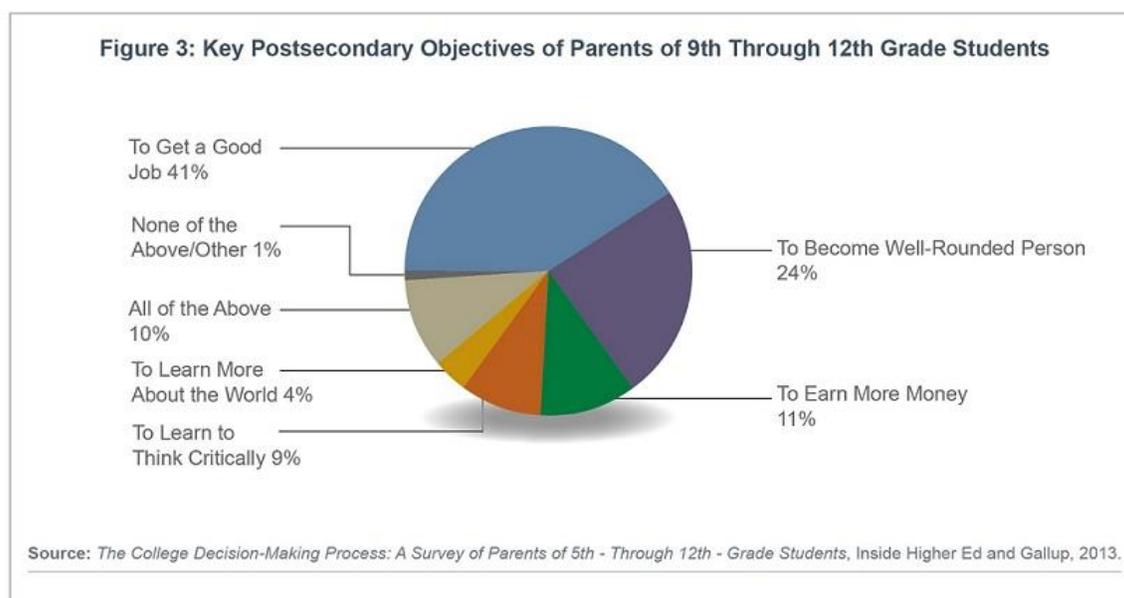
Source: John H. Pryor, Sylvia Hurtado, Linda DeAngelo, et al., *The American Freshman: National Norms Fall 2010 - 2013*, Higher Education Research Institute, UCLA, 2010 - 2013.

Research conducted by Young Invincibles further underscores the demand for information about workforce results.⁴ A survey of high-debt student loan borrowers found that 81 percent of students and recent graduates felt that a school’s job placement rate was “important” or “very important” in deciding where to attend.⁵ Students attending roundtables on federal higher education financial aid issues conducted by Young Invincibles were asked: “What does a successful college experience look like?”

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The top responses included “getting a job in one’s field” (74 percent), “pay back loans” (58 percent), “pursuing a higher degree” (58 percent), “any job regardless of field” (49 percent), and “income post-graduation” (46 percent).⁶

Parents also value this information. Gallup and *Inside Higher Ed* conducted a survey of parents about their college admissions decision-making process.⁷ When asked to cite the number *one* reason why their children should get an education beyond high school, 41 percent of parents of high school students said “to get a good job.” This was followed by “to become a well-rounded person” (24 percent), “to earn more money” (11 percent), and “to learn to think critically” (9 percent). (See Figure 3.)



Many Americans agree that the workforce results of postsecondary education are a key factor in the decision to go to college. A study by Gallup and Lumina Foundation surveyed a random sample of U.S. adults.⁸ About two-thirds of these respondents believed that “to get a good job” (67 percent) or “to earn more money” (65 percent) were very important reasons for getting education beyond high school. In another survey, conducted in May 2013, 41 percent of respondents said that “the percentage of graduates who are able to get a good job” was the *most important factor* in choosing which college or university to attend. This was followed by “the price of the college or university” (37 percent) and “the percentage of students who graduate from the college or university” (16 percent).⁹

Students, parents, and the public at large view postsecondary education and training as a way to boost students’ prospects for stable employment and greater earnings. This is particularly true for adult students, who tend to view completing a certificate or degree as a route to a better job or career.¹⁰ Because the decision to attend college has become both more important and riskier than ever, students and families

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should have access to the information they need to assess and compare the workforce results of programs and institutions.

Employment-related Metrics and Data

Workforce results have been calculated and used for years to measure the performance of state and local programs under the Workforce Investment Act and the Carl D. Perkins Career and Technical Education Act.¹¹ The Workforce Investment Act also requires states and local workforce investment boards to maintain a list of eligible training providers and track completion and employment data for programs available to participants.¹² Employment and earnings measures are also increasingly being applied to postsecondary education and training programs.

A range of employment-related metrics, as shown in Figure 4, are available or can be further developed to address the questions that consumers are asking.

FIGURE 4: EMPLOYMENT-RELATED METRICS AND DATA

| Key Questions | Examples of Measures | Possible Data Sources |
|---|---|---|
| Do graduates or those who complete programs find jobs? | <ul style="list-style-type: none"> • Percent of graduates or those who complete a program who are employed after leaving the program • Percent of graduates or those who complete a program who are employed after leaving the program and are still employed months or years later | <ul style="list-style-type: none"> • Unemployment Insurance (UI) wage records available for states • Social Security Administration (SSA) earnings data |
| What do graduates earn? | <ul style="list-style-type: none"> • Median earnings one to two years following graduation • Median earnings five years following graduation • Range of earnings at different times following graduation | <ul style="list-style-type: none"> • UI wage records • SSA earnings data |

Another employment-related metric—employment in a particular field—can be used to determine whether a program graduate or completer is employed in a field related to the program of study. While surveys suggest this is a question of interest, it is difficult to reliably answer with available data sources. The most direct means of assessing this would be to compare the graduate’s program of study to the

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graduate's occupation of employment. Unfortunately, the primary sources of individual earnings data—state Unemployment Insurance (UI) wage records and Social Security Administration (SSA) earnings data—do not generally include an occupational code. Consequently, this metric will be difficult and burdensome to calculate on a broad scale unless occupational codes are added to earnings records.

Given the documented interest of consumers in the workforce outcomes of postsecondary education, it is surprising that data for these or similar metrics are not generally available. While there are some significant challenges to using existing data sources, there are proven strategies for obtaining data and calculating employment-related outcomes. Key strategies include:

- 1) Choosing a reliable source for employment and earnings data, such as UI wage records and SSA earnings data, which cover most workers.
- 2) Gaining access to cross-state or national employment data needed to determine outcomes for students and graduates who cross state lines.
- 3) Adopting a legally permissible process to collect and match student records with earnings data to calculate aggregate results for these metrics while protecting individual privacy.

For more information on how to address these data challenges, readers can turn to The Institute for Higher Education Policy's (IHEP) report, [*Mapping the Postsecondary Data Domain: Problems and Possibilities*](#), and its accompanying [*Technical Report*](#), as well as a report by the Workforce Data Quality Campaign entitled [*Making Workforce Data Work: How Improved Education and Workforce Data Systems Could Help the U.S. Compete in the 21st Century Economy*](#).¹³

How to Present Workforce Results

SHOWING OUTCOMES BY PROGRAM OF STUDY

To be most useful to consumers, employment outcomes should be presented for programs of study, not just at the institutional level. Research has illuminated the program-to-program differences in initial earnings for graduates, as well as differences between institutions for graduates from similar programs of study.¹⁴ For example, engineering and business students may earn more than humanities and liberal arts students in the first few years following graduation.¹⁵ In general, all results data should be provided for programs of study within the institution, as well as the level of the program (type of degree or certificate), so that these program-to-program differences can be observed.

SHOWING OUTCOMES FOR SUB-GROUPS OF LEARNERS

Workforce results should also be presented for sub-groups of students. Students need to be able to see how each institution performs—not just for all students, but for those like themselves. For example, a prospective student who is Pell-eligible should be able to observe results for Pell Grant recipients. Results should be disaggregated and presented for the following sub-groups:

- **Pell Grant recipients:** Pell status is a useful proxy for low-income students. Two-thirds (67.5 percent) of Pell Grant recipients have family income at or below 150 percent of the poverty line, compared to one-sixth (15.3 percent) of non-recipients.¹⁶
- **Minority and underrepresented students:** Results for minority students, as well results by gender for programs in which women or men are underrepresented, can be helpful for assessing the ability of institutions to successfully serve these populations.

THE IMPORTANCE OF LABOR MARKET CONTEXT

Workforce results data should be presented in a labor market context. It is particularly important to provide context for *earnings* results; otherwise, colleges serving economically distressed areas or preparing students for entry into less lucrative fields will be unfairly compared to other colleges. For example, let's say we know through data matching that the graduates of a particular radiography technology program have median earnings of \$35,500 in the first year after graduation. To make this information meaningful and potentially useful, it is essential to know how these earnings compare to initial earnings of radiographic technologists in the program's regional labor market. This context can be described by drawing on labor market information from existing sources, such as the [Occupational Employment Statistics program of the U.S. Bureau of Labor Statistics](#) or the [Longitudinal Employer-Household Dynamics program of the U.S. Census Bureau](#).

Promising Examples of Generating and Using Workforce Results for Consumer Information

Despite the data challenges, some states have made progress in producing information on the workforce results of postsecondary education and training. The three examples described below demonstrate recent progress in generating and providing better information on workforce results. Policymakers can learn from the hard-won experience of states and institutions that have started down the path of reporting workforce results for a variety of education and training programs.

NEW JERSEY'S CONSUMER REPORT CARD

New Jersey has a “consumer report card” website called New Jersey Training Opportunities (NJTopps.org), which provides information on occupational training programs in the state. The website is operated by the state's Department of Labor and Workforce Development and Employment & Training

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Commission, in collaboration with the John J. Heldrich Center for Workforce Development at Rutgers University.

A results section displays aggregate information about former program participants. It shows employment rates, retention rates, and average earnings at six months, one year, and two years after graduation. The state calculates these employment outcomes by matching New Jersey UI wage records with student records from the state agencies that oversee adult education, workforce development, and higher education. The state also utilizes the Wage Record Interchange System (WRIS) to query UI wage records in other states and capture employment outcomes for former students working outside New Jersey.¹⁷

New Jersey's state laws support comprehensive employment outcome reporting for occupational programs operated by for-profit schools, public two-year colleges, and even some four-year colleges. Training programs that receive any state or federal workforce funding are required to submit records to the state for *all* of their students, not just those receiving financial aid. In addition, New Jersey is now implementing a state law that requires all for-profit schools to submit student records and disseminate results through a state website.

CALIFORNIA COMMUNITY COLLEGE SYSTEM'S ONLINE WORKFORCE RESULTS TOOLS

California's community college system recently created two online tools that show in-state employment outcomes for graduates, based on data obtained from the state's UI wage records. The colleges worked with state legislators several years ago to pass a law giving the system access to wage records for their students.¹⁸

The [salary surfer tool](#) aims to help students and families as they make decisions about investing time and resources in postsecondary education.¹⁹ It uses the aggregated earnings of graduates from a five-year period to provide an estimate of the median annual earnings two years and five years after receiving a certificate or degree in certain disciplines.

The [college wage tracker](#) displays average wages not just by program area, but also by specific college. This site shows wages at three years after graduation. Users can compare earnings for the same program (e.g., associate's degree in accounting) offered by different schools or compare earnings for different programs at the same schools.²⁰

COLLEGE MEASURES STATES' SEARCHABLE WEBSITES WITH EMPLOYMENT OUTCOME DATA

Seven states (Arkansas, Colorado, Florida, Minnesota, Tennessee, Texas, and Virginia) have partnered with College Measures to calculate and publish average earnings for graduates of education and training programs. College Measures, a joint venture of the American Institutes for Research and Matrix Knowledge Group, works with states to analyze earnings for students who graduate from certificate and degree programs at two- and four-year colleges.

Earlier this year, College Measures released a new tool called [My Future TX](#), which is designed to help high school students select a college. My Future TX displays data about two- and four-year colleges in the

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state, as well as majors and careers. In addition to showing information on college costs, average time to graduation, and student debt, the website tries to answer common student questions about employment prospects after graduation. For each college, users can see the percent of recent graduates employed in Texas and graduates' average earnings after 1 year and 10 years. The aggregate data on earnings is derived from matching former student information to the state's UI wage records.

Conclusion

A vigorous national dialogue about the best use of post-graduation outcomes is underway. The Obama Administration has taken steps, through the launch of the College Scorecard and a proposed college ratings system, to adopt metrics that may include post-graduation outcomes, including workforce results. Some states include employment outcomes as part of emerging performance-based funding systems for higher education institutions.

As these measurement initiatives move forward, federal and state policymakers should place a high priority on improving data and metrics for workforce results. Students, parents, and the public are attuned to information about graduates' employment prospects. Further, there is a body of established metrics and data sources that can help meet this consumer demand. To spur progress, policymakers should build upon promising examples of data systems and online tools—developed by states and institutions—that help students and parents make better choices about postsecondary education and training.

ENDNOTES

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