



NORTH CAROLINA
COMMON FOLLOW-UP SYSTEM



**NORTH
CAROLINA**

DEPARTMENT OF COMMERCE™



Common Follow-Up Information Management System Continuation Review Final Report March 1, 2014



LABOR & ECONOMIC
ANALYSIS DIVISION

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EXECUTIVE SUMMARY

The purpose of the Common Follow-up System (CFS) is to provide information on the educational and employment outcomes of participants in publicly supported educational, employment and training programs for use in planning, policymaking, program evaluation, resource allocation, and career planning. CFS was initiated in 1992 as a voluntary effort, and was later established through statute in 1995.

CFS is a secure data repository containing more than 197 million program records on over 8.6 million individuals. It is the only statewide system that contains the depth and expanse of information across North Carolina's education, workforce development and employment sectors. Through the extensive use of administrative records the system provides a mechanism for the matching of individual program records to employment and wage information. It provides an efficient and cost-effective method for collecting follow-up information regarding North Carolina's education, employment, and training program participants. As such, the system can be utilized to continue to develop and enhance performance and outcome measures for a variety of education, workforce development and economic development initiatives. This information can help policymakers assess program performance, measure return on investment, improve program quality, and inform policy discussions regarding broader economic impacts.

North Carolina has the capacity to lead the nation in the integration and use of education, employment and workforce related information. The state has several data integration initiatives being undertaken throughout its education, workforce and information technology sectors. The effective capacity to integrate and analyze these data sources ensures the development of quality information that can be utilized to help inform policy and decision making across North Carolina's education, workforce development and economic development landscape. The CFS is a critical resource that can continue to play an essential role in these data integration efforts.

CFS provides a unique, comprehensive and valuable source of data for education, workforce, and training programs in the state, however the information technology utilized to store, retrieve, and analyze data was in need of improvement. With both state and federal funding secured through a competitive grant from the U.S. Department of Labor, work has begun on a system redesign of CFS. The focus of this redesign is enhancing system technology, improving data quality, improving system documentation, expanding data coverage and creating enhanced system outputs.

As part of the efforts to improve the CFS, a new web-based information delivery tool has been created to provide a quick, versatile examination of program outcomes. This effort along with the recent statewide Workforce Development System performance report based on CFS data demonstrates the importance and value of the system.

CFS has, and will continue, to serve a critical role to better align the state's education and workforce initiatives. Increased communication among agencies and stakeholders is underway and will help to assure that education and workforce development programs are working together to leverage state and federal funds in the most advantageous way for the citizens of North Carolina, and to assess the effectiveness through data-driven performance measures.

PURPOSE AND HISTORY OF THE COMMON FOLLOW-UP SYSTEM

The purpose of the Common Follow-up System (CFS) is to provide information on the educational and employment outcomes of participants in publicly supported educational, employment and training programs for use in planning, policymaking, program evaluation, resource allocation and career planning.

The CFS grew out of the recognition by a group of state agencies that quality outcome information was needed on the participants of North Carolina's educational, employment and training programs. This data was essential for program planning, evaluation and resource management. Although each of the agencies conducted independent follow-up studies to fulfill specific programmatic, regulatory or other requirements, information content and collection procedures were specific to each agency. Existing collection methods often were expensive and no mechanism was available for the sharing of information among agencies. No process existed to review outcomes across programs and agencies, to study the relationships among programs and agencies, or to examine results for the system as a whole. In short, there was no consistent method that allowed for the examination of the education, employment and training community.

The CFS was developed in 1992 as a cooperative venture of the participating agencies under the auspices of the North Carolina State Occupational Information Coordinating Committee (NCSOICC). The original participating agencies were:

- University of North Carolina, General Administration (UNC);
- North Carolina Community College System (NCCCS);
- North Carolina Department of Public Instruction (DPI), Workforce Development Education;
- Employment Security Commission (ESC) of North Carolina;
- Division of Employment and Training (DET);
- North Carolina Department of Labor (DOL); and
- North Carolina Department of Human Resources, Division of Vocational Rehabilitation Services (DVR).

The participating agencies chose the former Employment Security Commission as the system operator, due to its expertise with large data sets and its responsibility for the Unemployment Insurance wage file. In the initial year, a prototype matching system was developed. This matching system provided a mechanism whereby data submitted by each of the participating agencies were matched to data submitted by each of the other agencies and to employment and wage information in the Unemployment Insurance wage file.

Since its initial inception the CFS has grown dramatically in terms of participating entities as well as breadth of program, participant and employment coverage. The system currently contains over 197 million program records on over 8.6 million

individuals. Available employment and wage information includes over 20 years of historical data.

STATUTORY OBJECTIVES

During the 1995 session, the General Assembly enacted legislation that placed requirements on the CFS. Chapter 96 of the North Carolina General Statutes was amended to:

- establish the CFS by statute;
- define system participation;
- establish operational responsibility with the Employment Security Commission (ESC);
- establish programmatic evaluative responsibility with the Office of State Budget and Management (OSBM);
- mandate data integrity and confidentiality; and
- outline reporting schedules.

The ESC was designated as the original host agency for the system. In 2011, ESC was merged with the Department of Commerce, and responsibility for the CFS was transferred to the Department of Commerce's Labor and Economic Analysis Division (LEAD). LEAD carries out the following responsibilities to achieve the objectives of the statute:

- collects the required data from state agencies;
- operates, updates, and maintains the submission and repository databases;
- assists agencies with developing files and analyzing enhanced records;
- considers changes to the data included in the system, such as additional state agencies, programs or data elements;
- delivers a system status and operations report to the legislature on or before May 1 each year.

The NCSOICC previously provided a mechanism for a formalized advisory group for the CFS. In 2006 federal funding in support of SOICC operations was discontinued and participating agency resources were discontinued in 2007.

The North Carolina OSBM was originally charged with using system outputs in the evaluation of agencies and programs receiving state or federal funds in support of education, employment and training activities. This responsibility was later transferred to ESC and during the merger with the Department of Commerce the responsibility was transferred to LEAD.

In 2012, the General Assembly's Program Evaluation Division (PED) completed an evaluation of North Carolina's Workforce Development System and issued a report on

its findings. This included recommendations regarding needed improvements to the CFS, including system enhancement and expansion of information from programs and agencies not participating in the system.

Session Law 2012-131 placed additional requirements on the CFS. The law called for the Department of Commerce to improve and strengthen the CFS. It also modified Chapter 96 and assigned additional responsibilities to LEAD for working in collaboration with the Commission on Workforce Development to utilize CFS information to develop common performance measures across workforce programs.

In order to help meet the requirements for the evaluation of programs, LEAD has developed a prototype web based information delivery tool – the North Carolina Tool for Online Workforce and Education Reporting (NC TOWER). This new data delivery tool will facilitate the use and delivery of information from CFS. The goal of this tool is to provide a mechanism for the electronic delivery and display of performance measures for a variety of education and workforce programs. Staff has completed analyses of 10 years of outcome information for educational programs for each of the University of North Carolina's 16 universities and for all Curriculum programs at each of the North Carolina Community College System's 58 colleges. The tool is currently undergoing testing and is expected to be released in April 2014. The NC TOWER will be expanded to include additional performance measures for all programs contained in the CFS.

In addition LEAD staff completed over 60 sets of analyses utilizing CFS data in support of the Commission on Workforce Development's performance measures project. This work resulted in a set of state wide performance measures. These measures include the employment, wages, and subsequent enrollment in education and workforce development programs. The Division of Workforce Solutions report, "Measuring the Performance of North Carolina's Workforce Development System: A First Look" was completed and delivered to the North Carolina General Assembly in January 2014.

STATUS OF THE COMMON FOLLOW-UP SYSTEM

Each year the participating agencies provide data files containing information on individuals participating in their education, employment and training programs to the CFS. This information includes the following:

- NC Department of Labor provides information on Registered Apprenticeship Programs.
- NC Department of Public Instruction provides information on Public High School education and training programs (including Career and Technical Education).
- NC Division of Adult Correction provides information on offender services.
- NC Department of Commerce
 - Division of Employment Security provides UI wage records, claimant and benefit payment information.
 - Division of Workforce Solutions provides information on Wagner-Peyser and WIA Title I programs.

- NC Department of Health and Human Services
 - Division of Services for the Blind provides information on vocational and rehabilitative programs.
 - Division of Social Services provides information on the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families Employment and Training Services.
 - Division of Vocational Rehabilitation Services provides information on Vocational Rehabilitation programs.
- NC Community College System provides information on education and training programs operated by its 58 colleges; and
- The University of North Carolina General Administration provides information on educational programs offered through its 17 institutions.

The submitted data files include Social Security Number (SSN), demographics, institution and program specifics, program completion, entry and exit dates, and, where applicable, transactional service or degree information. Data files are subject to a series of edit checks and edit reports are generated. Agencies are provided feedback on the quality of their data submissions and are asked to correct any data limitations. Once the edit checking process is completed the agency supplied data are loaded to historical program and client demographic files.

During the last year of system processing, the participating agencies provided over 13 million program records for over 2.4 million individuals. This increased the total number of individuals in the system to over 8.6 million with more than 197 million corresponding program records. Employment and wage information is maintained in a historical Unemployment Insurance (UI) wage file that is updated quarterly from information provided by the Division of Employment Security (DES). The historical wage file currently contains over 360 million wage records beginning in 1992 quarter 4.

Data submitted by the participating agencies are linked via SSN to the historical wage files and from the wage files to employer industrial classification information from the Quarterly Census of Employment and Wages (QCEW) program. Information from Unemployment Insurance claims, claimant demographics, and benefit payment data from the Division of Employment Security are linked to program information via individual SSNs. This combination of administrative programmatic, claims and employment and wage information makes CFS a unique and valuable resource for studying and analyzing North Carolina's education, workforce, and training programs and their relationship to the state's economy.

CFS IS ESSENTIAL FOR PROGRAM PLANNING, EVALUATION AND REPORTING REQUIREMENTS

In addition to the work being completed in support of the new information delivery tool and the Commission on Workforce Development's performance initiative, data from CFS are utilized to help meet several other state and federal performance, policy and evaluation initiatives. The North Carolina Community College System utilizes the information to help in meeting federal performance requirements for the U.S.

Department of Education including the National Reporting System for Adult Education programs and the Perkins IV core indicators. In addition, the Community College System is working in collaboration with LEAD to develop a set of performance measures for North Carolina's 58 Community Colleges. Data from CFS will be utilized as part of a larger performance system to help establish performance goals including employment outcomes for each college. NCCCS is also currently working on integrating the employment and wage information to assist colleges in their academic program review efforts, Southern Association of Colleges and Schools (SACS) accreditation process and Gainful Employment compliance. NCCCS has also utilized information in a collaborative study with the Center for Analysis of Postsecondary Education and Employment (CAPSEE) to better understand the employment and earnings benefits associated with educational pathways.

The University of North Carolina is utilizing the information from CFS to help complete internal analyses, help in strategic planning and to provide relevant information to the UNC Board of Governors (UNC BOG). The information is being utilized by the UNC BOG to develop an improved process for program approval and termination. This process includes the use of employment and wage outcomes in conjunction with other relevant occupational and job related data. Additionally the UNC BOG is reviewing available employment and wage information in helping to guide policy recommendations regarding tuition standards. UNC is also in the final stages of development of a web based electronic dashboard that will have a link to the new CFS information delivery tool. The information that is available through the tool will assist in individual decision making, career guidance planning, and programmatic policy review by providing longitudinal employment and wage outcomes by university, degree and major area of study.

The Department of Public Safety has utilized information from CFS to help in the several evaluations of programs offered to individuals in prison. These have included evaluations of the Prisoner Education program, B.R.I.D.G.E, Correction Enterprises and Incarcerated Individuals program. This information has helped the agency's planning efforts towards interventions that demonstrate positive outcomes for participants. In addition, it has also facilitated the agency's ability to fulfill federal grant reporting requirements.

The Department of Commerce has utilized the information to assist in meeting several U.S. Department of Labor reporting requirements including those required under the Workforce Investment Act and the Trade Act programs. CFS information was utilized in the development of required performance information for eligible training providers as required under WIA. Programmatic outcome information for training programs including curriculum programs from each of North Carolina's 58 Community Colleges is available on the Department of Commerce Website via the North Carolina State Training Accountability and Reporting System (NC STARS). The system displays up to 9 years of employment and wage performance measures.

In addition, several of the agencies have utilized the information to respond to legislative inquiries regarding education, workforce development, and economic development initiatives. These inquiries have included requests for information

regarding educational and workforce development programmatic outcomes as well as legislative inquiries regarding Unemployment Insurance recipients.

CURRENT IMPROVEMENTS TO CFS

As previously discussed, CFS contains an extensive and diverse set of data; however the information technology utilized to store, retrieve, and analyze the data had become severely dated and was in need of improvements. Session Law 2012-131 requires the Department of Commerce to improve and strengthen the CFS. As part of these efforts, the Department of Commerce is undertaking several initiatives. These include enhancing the technology processes for system processing and storage, enhancing data integrity, updating system documentation regarding agency and programmatic information, expanding data coverage, and enhancing system outputs. The overall goal is to bring the system to full operational capacity and to ensure that the system is flexible to grow to meet future needs.

As part of its efforts to improve the CFS, the Department of Commerce applied for a competitive grant with the U.S. Department of Labor's Employment and Training Administration through their Workforce Data Quality Initiative (WDQI). The Department received notification in June of 2013 that North Carolina had been awarded a WDQI grant. The grant covers a three year period ending in June 2016. Grant funds are being utilized to further strengthen and enhance the CFS.

Enhancing Technology Processes

Migrating CFS data from the mainframe computing environment to a server based platform has been initiated. The new server-based CFS system will be comprised of a relational database that will support business intelligence software applications and web-based information delivery applications. This new technology infrastructure will provide the core mechanisms for effectively and efficiently storing, updating, securing, maintaining, processing, analyzing, and reporting from CFS.

New servers have been installed at the State Office of Information Technology Services (ITS) facility. Department of Commerce staff worked in collaboration with ITS staff to migrate over 400 data files containing 190 gigabytes of data from the state's mainframe to a database server. LEAD staff has begun initial development work on the requirements for the new relational database structure.

Ensuring Data Integrity and Updating System Documentation

Staff has taken several steps to enhance data integrity. Staff have reviewed existing data submissions and developed documentation regarding both data structure and content. Staff is continuing to work with the participating agencies to identify and clarify existing data structures and agency specific information and codes. Staff is continuing work on the development of a data dictionary that describes all of the data contained in CFS and documents allowable values for each field contained within the system. This enhanced data dictionary will include field definitions, formats, and meta-data descriptions.

A “Data Submission Survey” was sent to the technical staff at each of the participating agencies. This survey is intended to help in the enhancement of the CFS including identifying additional programs or services that should be incorporated into CFS, enhancing the data submissions from each agency, identifying data limitations, and providing necessary information for the completion of the enhanced data dictionary.

Work has been initiated to develop an enhanced data validation process including the development of new edit reports and enhanced processing. This process will validate agency data submissions dynamically by comparing the data submissions from the agencies to the data structures and definitions in the dictionary. This new process will facilitate the validation of data, assist in the loading of new data from the agencies and help to ensure data integrity.

Expanding Data Coverage

While the CFS contains a wealth of information regarding North Carolina’s education, employment and training programs and employment and wage information, data expansion efforts are needed to bring the system to full capacity. As part of its efforts to improve and strengthen the CFS, LEAD staff is currently working with agencies to expand data submittals to include information from education and workforce development programs not previously reported to the CFS. This has included meetings, discussions and consultations with agency staff regarding both the statutory and technical reporting requirements.

In addition to the expansion of programmatic information, the Department of Commerce is working to expand the employment and wage information that is available through the CFS. The state UI wage information includes only those wages paid by employers who are subject to North Carolina’s UI laws. It does not include information regarding the self-employed, those employed in other states or wages paid by federal employers. In order to expand the employment and wage coverage in the CFS the Department of Commerce has executed an agreement through the U.S. Department of Labor for the exchange of out of state wages through a voluntary data sharing system called the Wage Record Interchange System 2 (WRIS2). This will allow for the matching of employment information with other states participating in the WRIS 2 system. At the present time there are 34 states that have signed the WRIS 2 agreement. In addition the Department of Commerce is working in collaboration with the North Carolina Attorney General’s Office to execute an agreement that will allow for the integration of employment and wage information from the Federal Data Exchange System (FEDES). This will provide access to employment and wage information from the U.S. Postal Service, U.S. Department of Defense and U.S. Office of Personnel Management.

Enhancing System Outputs

As part of its responsibility for analyzing and evaluating agencies and programs LEAD has created a prototype information delivery tool – the North Carolina Tool for Online Workforce and Education Reporting (NC TOWER). LEAD staff have registered the CFS Reporting tool with ITS’ EPMO and received approval to proceed with development of the reporting tool. The NC TOWER is currently undergoing usability testing. This new

data delivery tool will facilitate the use and delivery of information from CFS for meeting the program performance and evaluation requirements.

The goal of this tool is to provide a mechanism for the electronic delivery and display of performance measures for a variety of education and workforce programs. Staff completed 10 years of analysis on the post completion employment and wage outcomes for educational programs for each of the University of North Carolina's 16 universities and for all Curriculum programs at each of the 58 colleges of the North Carolina Community College System. LEAD staff, have been working in collaboration with staff from UNC General Administration (UNC GA) and the North Carolina Community College System (NCCCS) to develop and refine the reporting tool and to establish the performance information. Staff from UNC GA and NCCCS provided input and feedback regarding the system design, system display and outcome measures. This input and feedback is being utilized to further refine the reporting tool.

The outcome measures include post-graduation employment and wage statistics for up to 10 years after graduation. These measures include employment rates, average wages and median wages for each program as well as employment and wage measures by industrial sector of employment. The reporting tool displays information for each college/university, degree type, and academic subject area. Examples of the outcome measures that are available from the CFS reporting tool are provided in the following pages.

Figure 1. North Carolina Tool for Online Workforce and Education Reporting (NC TOWER) Homepage

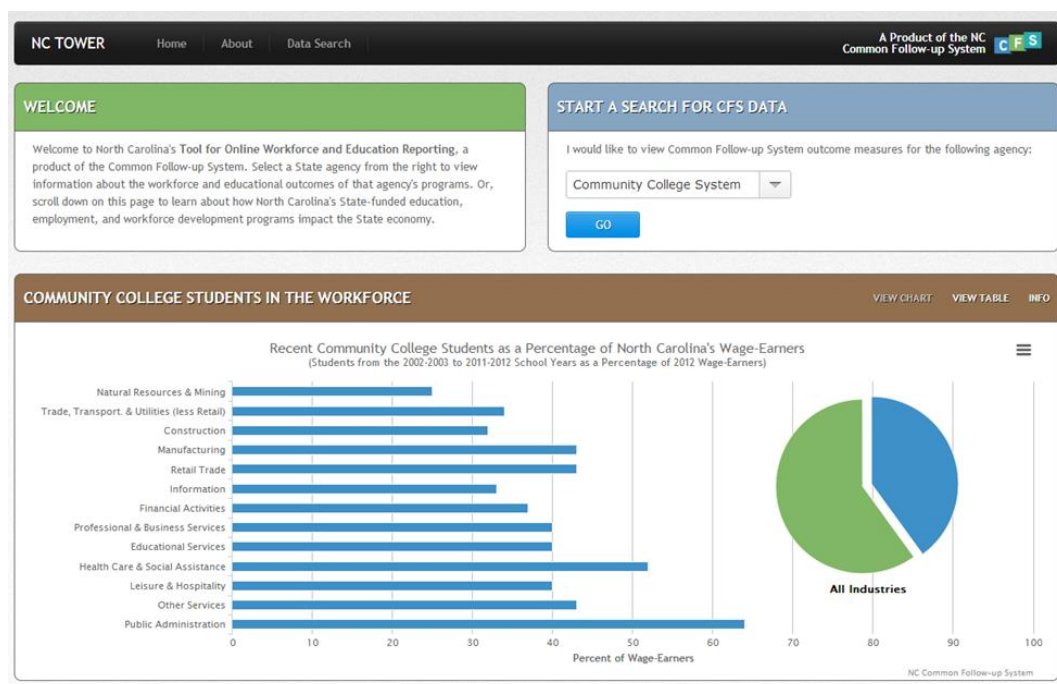
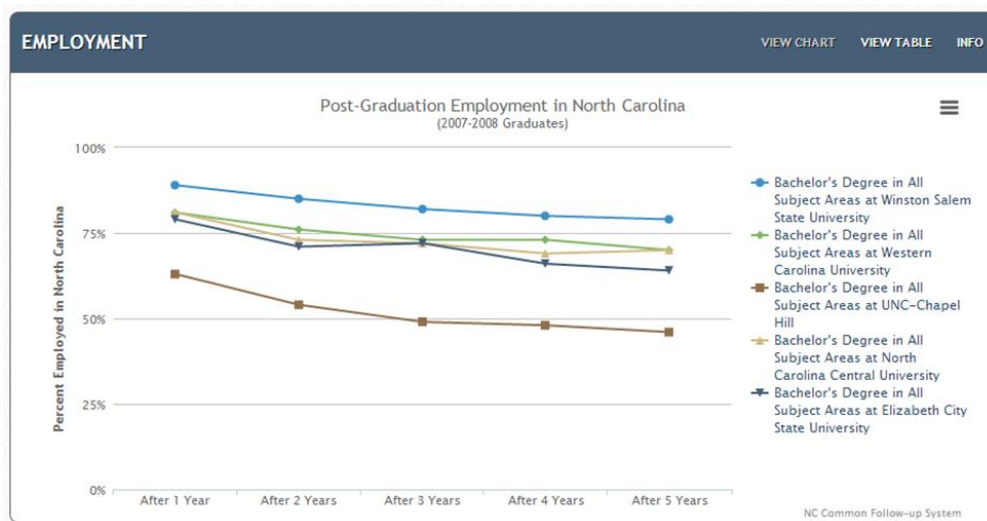
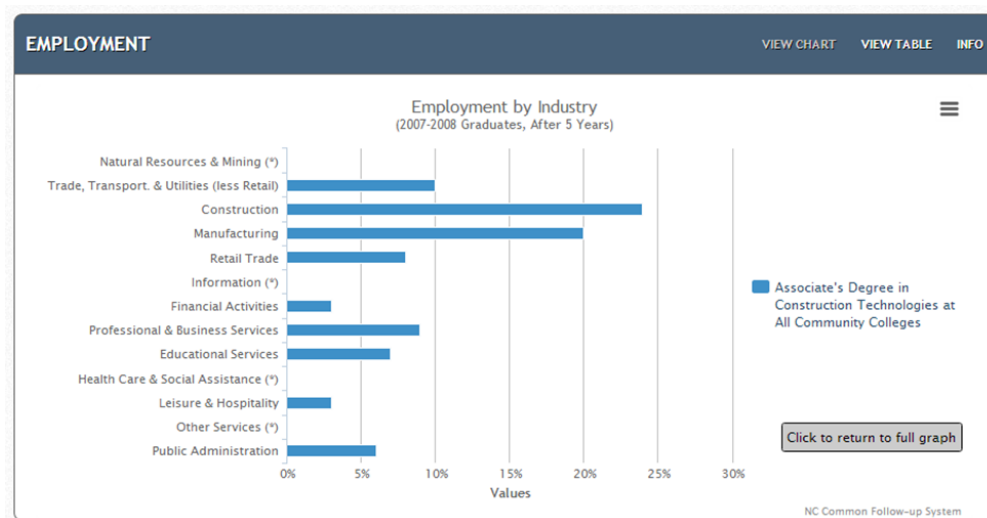


Figure 2. NC TOWER Post Graduation Employment Measures**Figure 3. NC TOWER Post Graduation Employment by Industry Measures****Figure 4. NC TOWER Post Graduation Wage Measures**

In addition to the development of the NC TOWER, the CFS is being utilized by the Commission on Workforce Development in the development of a set of performance measures for North Carolina's Workforce Development System. The Commission's Evaluation and Performance Task Force and Advisory Group is comprised of Commission members and representatives from the workforce agencies and is charged with assisting the Commission with the development of the performance system. In collaboration with the Task Force and Advisory Group members, LEAD staff completed over 60 sets of analyses in support of the Commission's performance measures project. This work resulted in the development of a set of state wide performance measures. These measures include the employment, wages, and subsequent enrollment in education and workforce development programs. The Division of Workforce Solutions report, "Measuring the Performance of North Carolina's Workforce Development System: A First Look" was completed and delivered to the North Carolina General Assembly in January 2014.

The Task Force and Advisory Group have initiated the next phase of the Workforce Performance Measures project which includes the development of performance measures for each workforce development program. LEAD staff has begun the research and analyses activities in support of the development of the program specific measures.

PERFORMANCE MEASURES FOR CFS OPERATIONS

The extensive use of administrative records and computerized matching systems allows the costs to be held below that of follow-up systems that rely on phone or mail surveys to collect similar information. With the extensive amount of information on a diverse population, the CFS is clearly a cost-effective method for collecting follow-up information regarding North Carolina's education, employment, and training program participants.

Specific performance measures for reporting from CFS have been set in statute. First, there is an annual requirement (N.C. Gen. Stat. § 96-35. a.) to submit a report of CFS activities by May 1 of each year, which is met each year. In addition, Session Law 2012-131, made modifications to Chapter 96 and required, LEAD to collaborate with the Commission on Workforce Development to develop common performance measures across workforce programs. To determine whether other workforce development programs not participating in the CFS should be required to report information, to provide information from CFS to reporting agencies annually, provide training for participating agencies to ensure data quality and consistency and develop common data definitions that are shared across agencies contributing to the system.

In collaboration with the Commission on Workforce Development, LEAD staff completed over 60 sets of analyses utilizing CFS data in support of the Commission on Workforce Development's performance measures project. This work resulted in a set of state wide performance measures. These measures include the employment, wages, and subsequent enrollment in education and workforce development programs. The Division of Workforce Solutions report, "Measuring the Performance of North Carolina's Workforce Development System: A First Look" was completed and delivered to the

North Carolina General Assembly in January 2014. Work is continuing on the development of specific programmatic measures for each the state's workforce development programs.

LEAD reviewed the recommendations made by the General Assembly's Program Evaluation Division (PED) regarding the expansion of workforce programs and agencies not previously participating in the CFS. LEAD staff met with representatives from the Department of Health and Human Services and the Department of Administration regarding the inclusion of programs identified in the PED report. These discussions included a review of both the statutory and technical reporting requirements. LEAD staff is continuing to work with these agencies to provide technical and administrative assistance for the inclusion of their workforce development programs.

LEAD staff have been providing assistance to each of the participating agencies to enhance the quality of their data submissions and to help assist with meeting their informational needs. In addition, LEAD staff sent A "Data Submission Survey" to the technical staff at each of the participating agencies. This survey is intended to help in the enhancement of the CFS including identifying additional programs or services that should be incorporated into CFS, enhancing the data submissions from each agency, identifying data limitations, providing necessary information for the completion of the enhanced data dictionary and obtaining agency input regarding the data submission process.

In addition, Session Law 2012-13 Section 4(b) requires a quarterly report to the Joint Legislative Workforce Development Oversight Committee on the Department of Commerce's efforts to improve the CFS beginning March 15, 2013 with a final report due by December 15, 2014. The Department of Commerce has completed and delivered four quarterly reports to the Legislature (March 15, 2013; June 15, 2013; September 15, 2013 and December 15, 2013).

There are consistent annual performance measures for the operational components of CFS. Each November, CFS staff contact participating agencies and provide a timeline for submitting their annual data, provide specifications for the structure of the data files that should submitted, and explain the process for securely transferring those files to a secure server. The data is analyzed with a specially-designed verification program to identify data errors such as submissions that are not formatted according to the CFS specifications, including incorrect time periods, or records that contain invalid Social Security Number, and individual records that do not contain any programmatic data. A report is provided to each submitting agency, informing them of errors found in their submission. To maximize the quality of the data within the CFS, staff gives agencies an opportunity to re-submit their extract files to repair any errors that may exist.

LEAD is continuing to work with representatives from the participating agencies and other system stakeholders to assist in improving system capacity, data processing and system outputs. These stakeholders can assist in the development of continuing performance measures for assuring that the system meets its operational objectives. As part of these efforts, LEAD staff has engaged representatives from each of the participating agencies and other system stakeholders to assist in the testing of the

Information Delivery tool. The feedback gained from these representatives will help in refining the tool, developing system enhancements and engaging stakeholders in the CFS operations.

POLICY IMPLICATIONS FOR THE COMMON FOLLOW-UP SYSTEM

North Carolina has the capability to lead the nation in the integration and use of education, employment and workforce related information. The effective capacity to integrate and analyze these data ensures the development of quality information that can be utilized to help inform policy and decision making across North Carolina's education, workforce development and economic development landscape. The CFS is a critical resource and can continue to play an essential role in these data integration efforts.

CFS is the only statewide system that contains the longitudinal depth and expanse of information across North Carolina's education, workforce development and employment sectors. The system contains more than 197 million program records on over 8.6 million individuals. Through the extensive use of administrative records and computerized matching of data, the CFS is an efficient and cost-effective method for collecting follow-up information for education, employment, and training program participants.

EVALUATING PROGRAM EFFECTIVENESS

CFS information can be utilized to continue to develop and enhance a range of performance and outcome measures for a variety of education, workforce development and economic development initiatives. This information can help policymakers assess program performance, measure return on investment, help improve program quality, and inform policy discussions regarding broader economic impacts.

CFS provides the capacity to track longitudinal employment outcomes of North Carolinians who have participated in publicly supported educational, workforce training, and employment programs. This capability is essential for budgetary and resource planning, policy making, program evaluation and career planning. CFS offers the opportunity to make more efficient, data-driven investments in state supported programs. Given comparable employment and wage outcomes, CFS offers information that can be utilized to prioritize program funding based on performance. In this way, CFS serves as an important tool for program evaluation and effective budgeting of state resources.

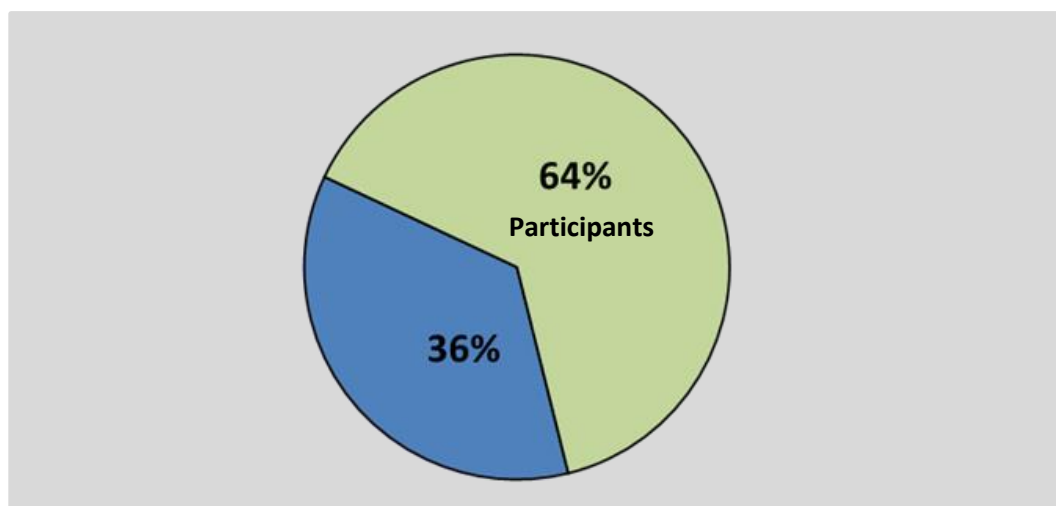
The efforts that are underway in the development of the information delivery tool and the Commission on Workforce Development's performance measures initiative provide the foundation for an integrated performance measurement system for North Carolina's education and workforce development programs.

ESTIMATING BROADER ECONOMIC IMPACTS

Information from CFS has helped develop a more comprehensive understanding of the relationship between North Carolina's education, employment and training programs and the state's economy. In addition to providing valuable information for program evaluation, CFS data may also be utilized to provide an understanding of the economic impact of state education, workforce training and employment programs.

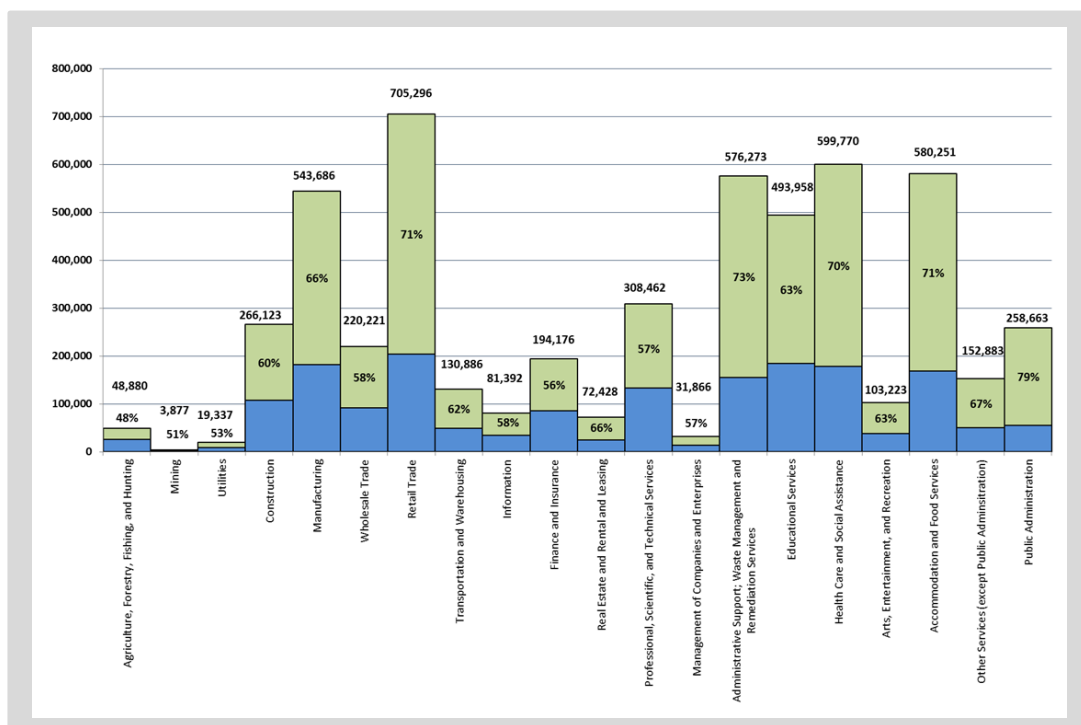
The relationship between education, employment and training program participation and the North Carolina economy is demonstrated through the following analyses. Over the ten year period July 1, 2002 to June 30, 2012, 6.2 million unique individuals participated in educational, employment and training programs through the participating agencies. In 2012, there were 4.6 million unique individuals with wages reported to the Division of Employment Security. These 4.6 million individuals earned \$164.6 Billion in total wages. Analyses of the information supplied by the participating agencies to CFS demonstrate that of the 4.6 million wage earners, 2.9 million (or 64%) participated in education, employment and training programs through one of participating agencies during the 10-year period (July 1, 2002 – June 30, 2012). These individuals earned \$82.4 Billion in total wages or 50% of all wages paid in the year.

Figure 5. Proportion of All Wage Earners in 2012 Who Received Services through North Carolina's Education, Employment and Training Programs July 1, 2002 – June 30, 2012



Further analyses by industrial sector demonstrate that over 48% of the individuals employed in each of the state's major industrial sectors participated in programs and services through one of the participating agencies in the last 10 years. These results clearly demonstrate the need for integrating North Carolina's education, workforce development and economic development activities and the impact that these programs can have on the state's economy.

Figure 6. Proportion of All Wage Earners in 2012 by Industrial Sector Who Received Services through North Carolina's Education, Employment and Training Programs July 1, 2002 – June 30, 2012



IDENTIFYING LABOR SUPPLY

In light of recent and growing concerns regarding North Carolina employers' challenges in finding qualified employees, CFS offers an opportunity to study the state's labor supply. Some employers have expressed difficulty identifying potential employees with specific training and educational credentials. Formulating the state's response to this issue has proven difficult among policy-makers for a variety of reasons. Contributing to this difficulty is a lack of information regarding the education experiences of the state's available workforce. While much national- and state-level data is available on employment gains, relatively little information is available on the supply of workers in the labor market. Information from CFS offers the opportunity to develop a better understanding of the available workforce. Improving the understanding of North Carolina's available workforce provides policy makers with critical information to help formulate education and workforce development policy and program improvements.

RESEARCH ON UNEMPLOYMENT INSURANCE CLAIMANTS

North Carolina's economy was significantly impacted by the economic recession. The state's unemployment insurance system was extremely challenged by the length and magnitude of the recessionary period. Between January of 2008 and December of 2013, the Division of Employment Security processed over 4.9 million initial claims for UI benefits and paid out over \$9.7 Billion in regular UI Benefits and more than \$20 Billion in

state and federal UI Benefits combined. However, little information is currently available regarding the education, workforce development and reemployment experiences of UI recipients. Utilizing information from CFS, including UI claims, benefit payments, educational program participation, workforce development program participation, industry and employment and wage information, a longitudinal study of unemployment insurance claimants will be undertaken. This information is critical for helping to understand the role that education and workforce development programs play in assisting unemployed workers to become reemployed.

CONSIDERATIONS FOR CFS DATA AS A TOOL FOR POLICY DECISIONS

The CFS is an efficient and cost-effective method for collecting follow-up information for education, employment and training program participants. The extensive use of administrative records and computerized matching systems allows the costs to be held below that of any system that would rely upon phone or mail surveys to collect similar data. The cost-effectiveness of the CFS can also be found in terms of the benefit that the data provide to the participating entities, making the return on investment invaluable.

The CFS has expanded dramatically since its inception in the early 1990's. The system currently contains longitudinal information on over 8.6 million individuals. The scope of the CFS is extensive in terms of the number of entities and individuals processed as well as the breadth of program and service coverage. In addition, the expanse of available employment and wage information available through the historical UI wage information is extensive.

Review of follow-up systems in other states reveals that North Carolina's CFS offers one of the most comprehensive coverage in terms of both tracking duration and breadth of participants. Many states with similar mandates view the CFS as a model for follow-up information. Many of these entities have sought the advice of agency staff on implementing similar systems in their jurisdictions.

While the CFS is a rich and valuable resource, the information contained in the system is not without limitations. The system relies on automated matching of information from a variety of data sources. These sources include information systems maintained and operated by a diverse group of agencies and programs. Any data limitations that exist in those source systems are transferred along with the information to the CFS. In addition, enhancements, changes and modifications in the information systems maintained by the participating agencies can sometimes lead to data conversion challenges.

Available employment and wage information has previously included only that information covered by North Carolina's Unemployment Insurance Laws. As previously stated the North Carolina Department of Commerce is expanding the breadth of this information by executing agreements that will provide additional employment and wage information from several other states and from federal employment and wage sources.

In addition to the data limitations, the issue of data confidentiality and security is paramount to the continued operation. The Department of Commerce has gone to great lengths to ensure that individual and employer information is safeguarded and utilized

in compliance with state and federal requirements. Processes are utilized to protect against both primary and secondary disclosure. In addition, information shared with participating agencies is completed in compliance with state and federal laws and formalized through Memoranda of Understanding.

CONSEQUENCE FOR DISCONTINUED FUNDING

While, system enhancements have been needed, the CFS has provided a valuable resource for the state and for the participating agencies. These agencies have come to rely on the system and its capacity for integrating information across a variety of informational resources. Several of the participating agencies have utilized the information to carry out program evaluation, policy analysis and performance initiatives. The CFS has provided the state and the participating agencies with the capacity and information that has helped them to respond to state and federal reporting requirements and to legislative inquiries. The discontinuation of funding would significantly impact resources and the ability of the state and the agencies to carry out these initiatives in a cost effective manner.

Without the information available through the CFS the statewide Workforce Development performance measurement system currently under development would need to be either discontinued or developed through some other mechanism. CFS is the only existing database in the state that contains the breadth and depth of program participation information across a variety of education and workforce development programs and initiatives and has the current capacity to match employment and wage information.

The participating agencies have provided letters of support for the continuation of the CFS and have provided information regarding the use and importance of CFS in their program evaluation, performance and policy initiatives and the value of the information in helping to guide decision making.

RECOMMENDATIONS TO IMPROVE THE COMMON FOLLOW-UP SYSTEM

While North Carolina has collected, maintained, and utilized administrative data from a wide variety of education, workforce and social services agencies for many years, the CFS has yet to achieve its full potential as a comprehensive education and workforce longitudinal system. However, great strides have been made in the past year to transition the CFS to a comprehensive system, with the assistance of both state and federal funding from the competitive grant obtained by the Department of Commerce.

These ongoing improvement efforts include enhancing system technology, improving data quality, enhancing system documentation, expanding data coverage and creating enhanced system outputs. As part of the efforts to improve the CFS, a new web-based information delivery tool has been created to provide a quick, versatile examination of program outcomes. This effort along with the recently released statewide Workforce Development System performance report based on CFS data demonstrates the

importance and value of the system. The following recommendations will assure the state fully benefits from its continued investment in CFS.

CONTINUED ENHANCEMENT OF THE CFS AS A PERFORMANCE MEASUREMENT SYSTEM

Much work has been done to align North Carolina's workforce development entities since the passage of the workforce reform legislation (Session Law 2012-131). The N. C. Commission on Workforce Development in collaboration with LEAD was tasked with the development of performance measures for the state's workforce development programs. In January, 2014, the initial phase in the development of a performance measurement system was released in the Commission's report, "Measuring the Performance of North Carolina's Workforce Development System: A First Look".

The next phase of the Workforce Performance Measures project which includes the development of performance measures for each workforce development program has been initiated. LEAD staff has begun the research and analyses activities in support of the development of the program specific measures.

As the crucial database for education and workforce performance in the state, CFS has, and can continue, to serve a critical role in helping to better align the state's workforce and educational initiatives. The momentum has begun to increase communication among agencies and stakeholders to assure education and workforce development programs are working together to leverage state and federal funds in the most advantageous way for the citizens of North Carolina, and to assess the effectiveness through data-driven performance measures.

IMPROVED CFS TECHNOLOGY INFRASTRUCTURE

One of the difficulties of utilizing the rich data that is contained in the CFS has been the lack of dedication to improving the efficiency of the technological infrastructure and tools to access and analyze the data. In order to remedy this situation LEAD is working with the Office of Information Technology Services (OITS) and the Enterprise Project Management Office (EPMO) to document needs, expectations, and deliverables, and to ensure the best product and value for the state. To date, LEAD has implemented a relational database server, developed a prototype-reporting module, and is in the process of defining an improved data structure. These efforts are documented in the EPMO's project portfolio management system.

The relational database provides a platform for storing CFS data, which has been previously hosted on a legacy mainframe system. This server based technology yields several benefits including reduced storage costs, improved access for analysts, and greater flexibility in managing data structures. Utilizing a modern relational database also allows LEAD to access built-in business intelligence tools and more easily automate tasks.

Improving the data structure is a top priority in the enhancement of CFS. LEAD, in conjunction with its partner agencies, is documenting agency inputs and necessary outputs of the system. These parameters will be used to design and implement the

improved data structure. Improving the data structure broadens the types and detail of analysis capable with the system, and leads to better information for decision makers.

These technology enhancements will provide enhanced processing and increase the capacity for analysts to carry out research, analytic and evaluative activities in a more efficient and effective manner.

LEAD, in collaboration with UNC GA and NCCCS, developed a prototype reporting application. This application is currently in testing and scheduled to be released in April of 2014. The tool which will be publicly available, will allow citizens, researchers, and policy makers to view outcome information regarding education and workforce training initiatives, and their impacts on the North Carolina economy.

Going forward, LEAD will continue to work with its partner agencies and other stakeholders to develop additional requirements for the enhancement of CFS. LEAD, working in collaboration with OITS and the EPMO, will ensure that projects associated with CFS will be managed in an efficient manner and adhere to all IT guidelines and best practices.

STAKEHOLDER ENGAGEMENT

The success of the Common Follow-up System is dependent on the continued engagement by the system stakeholders. While system operation and agency participation is mandated under state law, enhanced and ongoing stakeholder engagement is needed to fully achieve the objectives and goals of the CFS. In order to address these issues, the Department of Commerce is initiating a CFS Advisory Group to help in facilitating the continued success of the CFS and its related activities. The Department will build upon the work of the Workforce Development Performance Advisory Group and expand this group to include a broader group of system stakeholders to serve as the CFS Advisory Group.

ALIGNED DATA INTEGRATION INITIATIVES

North Carolina has the capacity to be a national leader in the integration and use of education, employment and workforce related information. However, to achieve this goal further alignment of resources and initiatives are needed.

The state has several data integration initiatives underway across the enterprise. The effective capacity to integrate and analyze these data ensures the development of quality information that can be utilized to help inform policy and decision-making across North Carolina's education workforce development and economic development landscape.

For several years, the Department of Commerce has been working in collaboration with North Carolina's education partners: DPI, NCCCS, UNC-GA and the Independent Colleges and Universities on various initiatives focused on establishing linkages across education and wage information sources. Some of these initiatives have built upon the working relationships and data sharing activities related to CFS and other educational data sharing activities.

- **P20W PROJECT**

In 2011, DPI submitted a grant to the U.S. Department of Education to support the development of a State Longitudinal Data System. Its goal is to develop data linkages from Pre-K education through graduate education and into the workforce. The initiative is a partnership between DPI, NCCCS, UNC-GA, the Independent Colleges and Universities, and the Department of Commerce. The system is currently under development and is proposed to be a data exchange mechanism rather than a longitudinal repository. One of the proposed objectives of the grant is to establish links between educational sector data sources and employment related data.

- **ECDS**

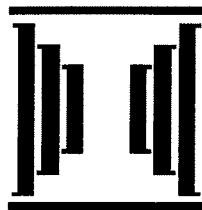
North Carolina's early childhood partners are also undertaking the development of a data exchange system. This is a collaborative effort that is being developed under a grant through the U.S. Department of Education's Early Childhood Data System (ECDS) initiative. ECDS is a component of the overall Race to the Top grant administered out of the Office of the Governor and is a collaboration between the Office of the Governor, the Department of Health and Human Services, and DPI. The goal is to aggregate data across North Carolina's early childhood sectors. One of the proposed goals of the above referenced P20W initiative is to develop a link to the ECDS sources.

- **GDAC**

The Government Data Analytics Center (GDAC) was established by the North Carolina General Assembly to obtain information and data from state agencies to support the efficient development of state business intelligence capabilities. The GDAC is assigned, as one of its responsibilities, the coordination of ongoing enterprise data integration efforts to promote efficiency and eliminate redundancy across the enterprise. Effective July 1, 2014, GDAC will be transferred to the Office of the State CIO.

Session Law 2012-133 established the North Carolina Longitudinal Data Board. The State CIO was named chair of this board. Through the Longitudinal Data Board and the GDAC, the State CIO is committed to work with the Department of Commerce and the above initiatives to determine opportunities to integrate and leverage the work currently underway across the enterprise.

APPENDIX



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

R. SCOTT RALLS, Ph.D.
PRESIDENT

February 20, 2014

ALAMANCE COMMUNITY COLLEGE
ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE
BEAUFORT COUNTY COMMUNITY COLLEGE
BLADEN COMMUNITY COLLEGE
BLUE RIDGE COMMUNITY COLLEGE
BRUNSWICK COMMUNITY COLLEGE
CALDWELL COMMUNITY COLLEGE & TECHNICAL INSTITUTE
CAPE FEAR COMMUNITY COLLEGE
CARTERET COMMUNITY COLLEGE
CATAWBA VALLEY COMMUNITY COLLEGE
CENTRAL CAROLINA COMMUNITY COLLEGE
CENTRAL PIEDMONT COMMUNITY COLLEGE
CLEVELAND COMMUNITY COLLEGE
COASTAL CAROLINA COMMUNITY COLLEGE
COLLEGE OF THE ALBEMARLE
CRAVEN COMMUNITY COLLEGE
DAVIDSON COUNTY COMMUNITY COLLEGE
DURHAM TECHNICAL COMMUNITY COLLEGE
EDGEcombe COMMUNITY COLLEGE
FAYETTEVILLE TECHNICAL COMMUNITY COLLEGE
FORSYTH TECHNICAL COMMUNITY COLLEGE
GASTON COLLEGE
GUILFORD TECHNICAL COMMUNITY COLLEGE
HALIFAX COMMUNITY COLLEGE
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ISOTHERMAL COMMUNITY COLLEGE
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JOHNSTON COMMUNITY COLLEGE
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MARTIN COMMUNITY COLLEGE
MAYLAND COMMUNITY COLLEGE
MCDOWELL TECHNICAL COMMUNITY COLLEGE
MITCHELL COMMUNITY COLLEGE
MONTGOMERY COMMUNITY COLLEGE
NASH COMMUNITY COLLEGE
PAMLICO COMMUNITY COLLEGE
PIEDMONT COMMUNITY COLLEGE
PITT COMMUNITY COLLEGE
RANDOLPH COMMUNITY COLLEGE
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ROBESON COMMUNITY COLLEGE
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SOUTHWESTERN COMMUNITY COLLEGE
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SURRY COMMUNITY COLLEGE
TRI-COUNTY COMMUNITY COLLEGE
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WAKE TECHNICAL COMMUNITY COLLEGE
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WESTERN PIEDMONT COMMUNITY COLLEGE
WILKES COMMUNITY COLLEGE
WILSON COMMUNITY COLLEGE

The Honorable Andrew C. Brock
Co-Chairman, Appropriations Committee
on Natural and Economic Resources
North Carolina General Assembly
521 Legislative Office Building
Raleigh, North Carolina 27601

The Honorable Tom Murry
Co-Chairman, Appropriations Subcommittee
on Natural and Economic Resources
North Carolina General Assembly
2121 Legislative Building
Raleigh, North Carolina 27601

The Honorable Brent Jackson
Co-Chairman, Appropriations Committee
on Natural and Economic Resources
North Carolina General Assembly
523 Legislative Office Building
Raleigh, North Carolina 27601

The Honorable Roger West
Co-Chairman, Appropriations Subcommittee
on Natural and Economic Resources
North Carolina General Assembly
1229 Legislative Building
Raleigh, North Carolina 27601

RE: Continuation Review of the North Carolina Common Follow-up System

Dear Chairmen Brock, Jackson, Murry and West:

On behalf of the North Carolina Community College System (NCCCS), I am pleased to express my commitment and support to the continued funding of the North Carolina Common Follow-up System (CFS).

NCCCS has been working collaboratively with the North Carolina Department of Commerce and our educational and workforce partners for many years on the CFS. Our collaborative efforts on the CFS have helped us to develop a rich repository of longitudinal information regarding North Carolina's education and workforce programs and participants and their employment patterns. Access to this information has been essential in various efforts, including:

- Facilitating research to better understand the employment and earnings benefits associated with educational pathways
- Meeting federal reporting requirements associated with Carl D. Perkins Career and Technical Education Act and accountability requirements of the Adult Education and Family Literacy Act, Title II of the Workforce Investment Act.
- Assisting colleges in their evaluation of academic programs by assessing the employment outcomes of their former students
- Providing advisors and students with information to assist in career planning
- Helping colleges comply with federal Gainful Employment reporting requirements

The Honorable Andrew C. Brock
The Honorable Brent Jackson
The Honorable Tom Murry
The Honorable Roger West
February 20, 2014
Page 2

Most recently, NCCCS and the University of North Carolina General Administration (UNC-GA) have been working with the Department of Commerce to enhance the analytical capacity and outcome information from the system. These efforts have led to Commerce's development of a new publically accessible web-based information delivery tool that reports on employment and wage outcomes for all of our curriculum programs. This tool will make information even more assessable to students, administrators, faculty, and staff across the community college system.

Our state's current and future economic success is dependent upon on our ability to develop and sustain a well-educated and trained workforce. The continued operation and funding of the CFS is essential for our ability to provide critical evaluative and outcome information regarding our programs that can help guide strategic education and workforce investment and policy decisions. We are proud of our past and continued collaborative efforts in data sharing, integration, evaluation and longitudinal analyses. We look forward to our continued support, participation and collaborative efforts in the CFS.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Scott Ralls', with a stylized, cursive script.

R. Scott Ralls



The University of North Carolina

General Administration
Post Office Box 2688, Chapel Hill, NC 27515-2688

THOMAS W. ROSS, President

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University

Winston-Salem
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February 17, 2014

The Honorable Sharon Decker
North Carolina Secretary of Commerce
4301 Mail Service Center
Raleigh, North Carolina 27699-4301

Dear Secretary Decker:

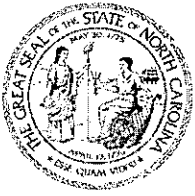
I have been asked to provide a perspective from the University of North Carolina concerning the Common Follow-up System, in conjunction with that system's legislative review. Please accept the following comments.

The University of North Carolina has been providing data on our enrolled students and graduates to the Common Follow-up system for over two decades, and the value of that system to the University is growing. The database has become a valuable repository for longitudinal data analysis that we have used to answer important policy questions about the role of the University in the North Carolina economy. Most recently, we have used those data to support tuition policy discussions and to inform the Board of Governors in deliberations over its strategic plan. Of particular interest to me and to the Board is the soon-to-be-completed Common Follow-up System data tool that your Labor and Economic Analysis Division has developed. That tool will directly support students in their deliberations over which majors to pursue, inform Board members when they consider campus proposals for opening or closing academic programs, and provide useful feedback to campuses concerning employment opportunities in North Carolina for their graduates.

We appreciate the opportunity to provide input to you and the General Assembly on this important program. It provides a great service to the University and to the State, and we support the continuation of this valuable, collaborative endeavor.

Sincerely,


Thomas W. Ross



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

WWW.NCPUBLICSCHOOLS.ORG

February 19, 2014

Senator Andrew C. Brock
Senator Brent Jackson
Chairmen, Appropriations Committee on Natural and Economic Resources
North Carolina State Senate

Representative Tom Murry
Representative Roger West
Chairmen, Appropriations Subcommittee on Natural and Economic Resources
North Carolina House of Representatives

RE: Continuation Review of the North Carolina Common Follow-up System

Dear Chairmen Brock, Jackson, Murry and West:

At the request of the NC Department of Commerce, I've been asked to comment on the continued funding of the North Carolina Common Follow-up System (CFS). My awareness of the CFS goes back many years prior to becoming the State Superintendent of the NC Department of Public Instruction (NCDPI). The CFS report is one that always interests me in that it allows me to see the extent to which individuals in the state access the services of the various state agencies. Therefore, I am very supportive of continued funding of the CFS.

NCDPI has been working collaboratively with the NC Department of Commerce and the other education and workforce partners for many years and we each have been making improvements in our data systems during that time. One specific example of this collaboration, other than providing data for the CFS, has been the federal grant we received in 2012 from the US Department of Education (USED) that we call the P-20W system.

Recently, one of my staff members informed me that he and several other NCDPI staff members were given the opportunity to preview a new (not yet released) information delivery tool for the Web developed by the Department of Commerce that allows one to make informed decisions regarding education programs by selecting parameters of interest from information collected through the CFS. For example – one can select graduates of a certain degree program (as a group) within the NC Community College or UNC system and look at their average wages several years out from graduation. These NCDPI staff members have been asked to pilot the system and provide feedback before it goes live. We are excited about this tool and we look forward to our continued participation and collaborative efforts with the Department of Commerce regarding the CFS.

Please let me know if you have any questions or if I can be of further assistance in making the continuation review decision.

Sincerely,

June St. Clair Atkinson

JSA:lmf

OFFICE OF THE STATE SUPERINTENDENT

June St. Clair Atkinson, Ed.D., *State Superintendent* | june.atkinson@dpi.nc.gov
6301 Mail Service Center, Raleigh, North Carolina 27699-6301 | (919) 807-3430 | Fax (919) 807-3445
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North Carolina Department of Public Safety

Adult Correction and Juvenile Justice

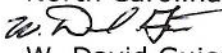
Pat McCrory, Governor
Frank L. Perry, Secretary

W. David Guice, Commissioner

MEMORANDUM

TO: Senator Andrew C. Brock
Senator Brent Jackson
Chairmen, Appropriations Committee on Natural and Economic Resources
North Carolina State Senate

Representative Tom Murry
Representative Roger West
Chairmen, Appropriations Subcommittee on Natural and Economic Resources
North Carolina House of Representatives

FROM: 
W. David Guice

RE: Continuation Review of the North Carolina Common Follow-up System

DATE: February 21, 2014

On behalf of the North Carolina Department of Public Safety, Division of Adult Correction and Juvenile Justice, I am pleased to express my commitment and support to the continued funding of the North Carolina Common Follow-up System (CFS). NCDPS has been working collaboratively with the North Carolina Department of Commerce and our educational and workforce partners for many years on the CFS. Our collaborative efforts on the CFS have helped us to develop a rich repository of longitudinal information regarding North Carolina's education and workforce programs and participants and their employment patterns.

The information from the CFS has allowed us to evaluate programs offered to individuals in prison as a means of focusing our planning efforts on interventions that demonstrate positive outcomes for offenders who participated. Similarly, the ability to access data about inmates and offenders who have been in our system has allowed us to respond to legislative requests and fulfill federal grant reporting requirements. As a result our agency is working in collaboration with the Department of Commerce to improve and enhance the data that we supply to the CFS in an effort to strengthen our analytical capacity and measurement of outcomes with information from the system.

Our state's current and future economic success is dependent upon on our ability to develop and sustain a well-educated and trained workforce. The continued operation and funding of the CFS is essential for our ability to provide critical evaluative and outcome information regarding our programs that can be utilized to help guide strategic decision making. We are proud of our past and continued collaborative efforts in data sharing, integration, evaluation and longitudinal analyses. We look forward to our continued support, participation and collaborative efforts in the CFS.

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