Henry McMaster
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

June 29, 2018

The Honorable Henry D. McMaster
Governor, State of South Carolina
1100 Gervais Street
Columbia, SC 29201

Dear Governor McMaster,

In accordance with Act 252, Section 13-1-2030 (B)(1)(f), please find the second annual Coordinating Council for Workforce Development (CCWD) Report for July 1, 2017 through June 30, 2018.

Highlights from this year include the approval of South Carolina's inaugural High School Industry Certifications and Credentials, paving the way for industry alignment with education. The CCWD also approved proposed language for the South Carolina Longitudinal System to create a system from which data-driven informed decisions will be made.

South Carolina is now known worldwide as a leader in industry because we've worked together to ensure a welcoming business environment across the state. As we aim to meet the current and future workforce needs of our existing industries, thinking outside the box will be critical. By collaborating with our many allies to develop innovative solutions, we'll be able to successfully tackle any workforce challenges relating to recruitment or training.

In the next fiscal year, the CCWD will have the opportunity to solidify workforce terminology; convene state and non-profit workforce partners to cultivate and identify resources for a cohesive strategy; and further develop analysis and feedback for the Governor and the General Assembly.

Thank you, and please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Robert M. Hitt III
Chair, Coordinating Council for Workforce Development

RMH/vw
Enclosure

CC: General Assembly

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South Carolina Coordinating Council for Workforce Development

2018 Annual Report

South Carolina Department of Commerce

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COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT

Overview

The South Carolina Coordinating Council for Workforce Development (CCWD) was formed in response to a general need for improved coordination of efforts in the area of workforce development by those state agencies involved in the education and training of the South Carolina workforce. The CCWD was established by the General Assembly in Act 252 of 2016 to "engage in discussions, collaboration, and information sharing concerning the state's ability to prepare and train workers to meet current and future workforce needs."

The CCWD is chaired by the Secretary of Commerce with nine additional members drawn from state agencies or entities involved in education and training, including a representative of the business community appointed by the South Carolina Chamber of Commerce. Employees of the South Carolina Department of Commerce primarily staff the CCWD, with assistance from the Commission on Higher Education and the State Board for Technical and Comprehensive Education.

Council Responsibilities and Membership

The CCWD is charged with:

- Developing and implementing procedures for sharing information and coordinating efforts among stakeholders to prepare the state's current and emerging workforce;
- Making recommendations to the General Assembly concerning matters related to workforce development that exceed the CCWD member agencies' scope of authority to implement and legislation is required;
- Recommending programs intended to increase student access to and incentivize workforce training within state training programs offered by businesses through scholarships, grants, loans, tax credits or other programs documented to be effective in addressing current and future workforce needs;
- Developing a method for identifying and addressing long-term workforce needs;
- Conducting an ongoing inventory of existing workforce programs to identify duplications among and within the programs and identify ineffective programs.

Council Members

Bobby Hitt, Secretary of Commerce, Chairman, CCWD
Dr. Richard Cosentino, President, Lander University
Jeffrey M. Schilz, Interim Executive Director, South Carolina Commission on Higher Education
Dr. Tim Hardee, President, State Board for Technical and Comprehensive Education
Dr. Harris Pastides, President, University of South Carolina
Dr. David Mathis, Deputy Superintendent, SC Department of Education
Molly Spearman, Superintendent, State Department of Education
Cheryl Stanton, Executive Director, South Carolina Department of Employment and Workforce
Mike Williams, Facility Personnel Manager, Michelin North America
Dr. Walt Tobin, President, Orangeburg-Calhoun Technical College

COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT

As the CCWD is comprised of nine public sector representatives, and one business representative, it was determined by the Chair that advisory groups needed to be established. This would allow for board chairs, other stakeholders and the business community to provide comments, guidance and concurrence with recommendations made to and from the CCWD. Therefore, two advisory groups were established: **Strategic Partners** and **Business Advisory Group**.

Strategic partners Group

The Strategic Partners Group includes representatives from state agencies and organizations committed to a diverse and successfully trained workforce. The Strategic Partners Group is tasked with vetting and providing guidance relating to CCWD recommendations, implementation of new programs/initiatives, and/or changes to existing programs/initiatives.

Melanie Barton, Executive Director, SC Education Oversight Committee
Mike Brennan, Chairman, State Department of Education Board
Tim M. Hofferth, Chairman, SC Commission of Higher Education Board
Pat Michaels, Interim Chairman, State Workforce Development Board
Ralph (Nick) Odom, Jr., Chairman, State Board for Technical and Comprehensive Education
Hartley Powell, Chairman, ACT Certified WorkReady Communities National Board
Frank Rainwater, Executive Director SC Revenue & Fiscal Affairs Office
Susie Shannon, President and CEO, SC Council on Competitiveness
Zelda Waymer, Executive Director, SC Afterschool Alliance
Georgia Mjartan, Executive Director, SC First Steps

Business Advisory Group (Manufacturing, IT, Healthcare)

The Business Advisory Group includes representatives from small, medium and large businesses and associations from across the state in the manufacturing, healthcare, and technology sectors, as chosen by the Secretary of Commerce. The Business Advisory Group is tasked with vetting and providing guidance relating to CCWD recommendations, implementation of new programs/initiatives, and/or changes to existing programs/initiatives.

Mike Williams, Chairman, Business Advisory Group
Jeff Bushardt, Senior Vice President of Human Resources, Comporium
Werner Eikenbusch, Manager, Associate Development and Training, BMW
Sarah Hazard, President and CEO, South Carolina Manufacturers Association
Randy Hatcher, President, MAU Workforce Solutions
Roger Heitzeg, Senior Vice President Technical Plant Manager, Bosch
Joerg Klisch, Vice President of Operations, MTU America
Tammy Mainwaring, Chief Operating Officer, IT-oLogy
Courtney Newman, Human Resource Manager, Mercom Corporation
Cynthia Bennett, Vice President of Education, South Carolina Chamber of Commerce
Ben Rex, Chief Executive Officer, Cyberwoven
Elayne Sheridan, Director, Leadership Development, Blackbaud

Carl Smith, Senior Director, Customer Service, Monster
Laura Hewitt, Vice President, Education and Member Services, S.C. Hospital Association
Anita Zucker, CEO and Chairman, The InterTech Group
Angela Long, Human Resources Business Partner, Sandvik Coromant
**Additional Business Advisory Group Members may be identified.*

Coordinating Council Staff And Assistance
Elisabeth Kovacs, Deputy Director-Workforce Development, S.C. Department of Commerce
Robert Davis, Workforce Development Coordinator, S.C. Department of Commerce
Research Division, S.C. Department of Commerce

2017-2018 Activities

The CCWD convened two times during this reporting period: October 5, 2017 and May 1, 2018. During this year, the CCWD began undertaking the mission prescribed in Act 252 by actively reviewing, conversing and voting on activities that would improve the workforce of South Carolina. Both CCWD meetings held this reporting period reached a quorum with active participation from all members.

The October meeting began with the approval of minutes from the previous meeting. The first task, requested by the Chair of the Education Oversight Committee (EOC), was an initial review of High School Industry Certifications and Credentials. This review of the working definitions for certifications and credentials, established by the South Carolina Department of Education along with local educators and Career and Technology Education (CTE)Directors, led to active discussion and feedback. The CCWD was able to provide some additional context for the Department of Education as they moved forward with the current certifications and credentials.

The CCWD received an overview of the federal Evidence-Based Policymaking Act of 2016 and the commission's final report on federal data sharing. The executive summary of the report was presented to the CCWD as a roadmap for the guidelines of South Carolina data sharing. A copy of the executive summary is available in the Appendix.

The Data Sharing committee then presented proposed data sharing recommendations across South Carolina agencies and outlined the working document for data sharing. This document, amending SC Code of Law Section 3-1-2030, established the proposed language for the South Carolina Longitudinal System. After discussion among the members of the CCWD, the CCWD voted unanimously to approve the proposed data sharing legislation. The legislation was to then be presented and taken up by the legislature.

SC Code of Law Section 41-31-160 was also reviewed and presented to include occupational data in quarterly collections from employers to the South Carolina Department of Employment and Workforce. A recommendation was proposed by the Data Governance committee to provide the initial occupation and hours-worked draft language to the Business Advisory Group and the Strategic Partner Group for further vetting and will then be presented back to the CCWD with any recommended changes. The CCWD voted unanimously to approve the proposed recommendation.

The meeting finished with discussions of Workforce Program Cataloging and a presentation on the results of the workforce survey that was mentioned in the 2017 CCWD report. The results of the workforce survey are included as part of the Appendix.

The May meeting commenced with the approval of minutes and an update from the Data Sharing committee on the proposed data sharing legislation. The CCWD was informed of the efforts to file the legislation and the low expectations of the prospective legislation passing both houses of the legislature before the end of the 2018 session. In order to expedite the process of legislative action, the proposed data sharing legislation was introduced as a proviso during the legislative session. The proviso, far more likely to pass this legislative session, will provide the lawful backing that will allow all members of the Data Sharing committee to submit and share data legally. This proviso would mirror Revenue and Fiscal Affairs' (RFA) current health care data and data warehouse statutes ensuring security and proficiency.

While the proviso will only last for one year, it will allow the Data Sharing committee to produce tangible and practical data sharing while the process is perfected. Any lessons learned during this time can be used to tweak the data sharing legislation that will be filed at the beginning of the 2019 legislative session. At the time of this report, the proviso remains on track for passage with the budget when the legislature returns this summer.

The Business Advisory Group updated the CCWD on their work with occupational hours-worked language, industry credentials and the workforce readiness testing. The update on the occupational hours-worked language delved into the amount of communication companies have with state agencies in reporting wages and employee data. The Business Advisory Group stressed their support of the occupational hours-worked data being submitted to track the investment outcomes of South Carolina's education system, while also stating their concern in overburdening companies with another data request.

The Business Advisory Group stated the need for further investigation of the data being collected and submitted by companies to see where efforts could be made to simplify their reporting requirements. The discussion ended with conversation about the hope to file the legislation regarding occupational code data during the 2019 legislative session.

The CCWD was informed of the creation of the "Lean Manufacturing Certificate" pilot and the efforts to fulfill workforce needs in the Lowcountry. This certificate, formed through a partnership with Volvo, Trident Tech, Berkeley County and the Department of Commerce, allows individuals without manufacturing experience to earn a certificate that will be accepted in lieu of one year's manufacturing experience. Volvo, Mercedes-Benz Vans, Dorchester County manufacturers and BMW's supplier network now accept this certificate. The certificate is being rebranded and will have a new name in the coming months.

The success of the Lean Manufacturing Certificate, with over 360 certificate recipients in the Lowcountry, brought about the necessary discussion of expanding the program statewide. In order to expand the Lean Manufacturing Certificate to all South Carolina citizens, funding is required to install the certificate at the other fifteen technical colleges. On June, 7 2018, the Executive Committee of the State Workforce Development Board (SWDB) approved a proposal to use state Reserve Funds to finance the Lean Manufacturing Certificate across the state. The final approval for funding was provided by the full SWDB on June 20, 2018, removing the final barrier for access to the Lean Manufacturing Certificate throughout South Carolina.

The CCWD was presented the revised High School Industry Certifications and Credentials by the Department of Education for final review. The list was endorsed as the starting point for South Carolina Industry Certification and Credentials to be used as a living document and updated annually. Having received the support and endorsement from both the CCWD and the Education and Economic Development Act (EEDA) Councils, the High School Industry Certifications and Credentials were approved by the EOC during the full committee meeting in June 2018.

The CCWD received a presentation from the SC STEM Coalition about the need for an agreed definition of STEM across the state. This presentation cultivated a conversation about other terms used in workforce and education that have definitions that are vague or ambiguous. It is hard to communicate or to track education and workforce achievements without a common understanding of what words mean. This a topic of importance for the CCWD in the coming year.

As the meeting closed, there was a brief conversation about the lack of a unified workforce plan for the state of South Carolina. While several agencies and organizations have individual plans that focus on their core missions, these plans lack cohesion. There is a pressing need for a more overarching strategy to direct South Carolina's workforce development future and align the different workforce plans to develop our workforce. There was verbal agreement that additional work on this topic would be a critical aspect of the CCWD's future.

COMMITTEES

In order to comply with Section 13-1-2030 (B)(1)(a) and (B)(1)(c) of the CCWD, two committees were created to begin to identify, research and develop information and data to be provided to the CCWD: a **Data Sharing** and a **Workforce Development Programs Mapping**.

The committee includes staff from representatives of the CCWD and other related agencies and is tasked with researching, identifying programs, tasks and any proposed recommendations for the CCWD to review and approve.

Data Sharing Committee

The South Carolina State Data Sharing Committee met three times: September 20, 2017, December 11, 2017 and June 26, 2018.

The Data Sharing September meeting focused almost completely on the review of the Data Governance sub-committee proposed legislation. After much discussion the Data Sharing Committee voted to approve the proposed legislation, paving the way for the CCWD final vote.

During the December meeting, the Data Sharing Committee worked on the general fundamentals of sharing data. This included points of contact, data dictionaries and general data sharing ideas. It was agreed that Department of Commerce, Department of Education and the Technical College should do a trial data request to try out the process and show the Data Sharing Committee the visualization of information.

The data request will layer Commerce industrial announcements, Department of Education Career and Technology Classes (CATE) and Technical College certificates and degrees. The layering of this data will show education alignment with industry that has announced in the last seven years. This type of data visualization is a crucial step towards ensuring students graduate with skills locally in demand while providing state agencies the opportunity to plan for the coming demands of regional industry.

The June meeting focused on the proviso and the preparatory work for when the proviso becomes law. Discussions involved all partners entering into MOUs with RFA, the first projects that each partners should undertake and any final structural aspects of data sharing before it becomes law.

Data Governance Sub-Committee

The Data Governance Sub-Committee continued their work on the data governance draft legislative proposal from the previous year. After over a year intense discussion and work a final draft of the proposed legislation was crafted, and agreed to by the sub-committee as a whole. This proposed legislation was then approved by the by the Data Sharing Committee and moved to the CCWD for final approval.

With the completion of this task, the Data Governance Sub-Committee accomplished their assigned work of creating proposed legislation for a South Carolina longitudinal data system. The Data Governance Sub-Committee will not need to meet again unless changes to the proposed legislation are needed or additional work is needed in data governance.

Workforce Development Programs Mapping

Preliminary work was completed to document and account for all workforce program funding across South Carolina. With the state lacking a firm definition of what workforce funding includes, such as childcare services or transportation costs, the mapping remained imperfect. All partners agreed there is a need for a complete breakdown of workforce funding sources. The South Carolina Department of Employment and Workforce is soliciting a consultant, through the Talent Pipeline Initiative Phase III, with one of the key outcomes being the development of an initial asset map of federal and state resources for employment and training services.

Next Steps

As the CCWD finishes its second year, the appointed members other than the agency heads will be completing their two-year term. As Section III of the CCWD bylaws states, there will be a rotation of members allowing for new representatives of the research universities, four year colleges and universities, the technical colleges, and other education, economic development and business interests. The CCWD looks forward to hearing from the new members of the CCWD.

The CCWD will be creating and convening a state and non-profit Workforce Strategy subcommittee to synergize the different workforce plans from public-private sector partners. Ensuring that all the different workforce plans, at least four, endeavor for more than to not duplicate and overlap but rather to interconnect and support. Creating a cohesive systematic strategy that allows everyone to focus on their core strengths providing South Carolinas workforce with a seamless process for assistance and resources.

In much the same vein, the CCWD also looks to engage the EEDA council to increase the coordination and collaboration between the two councils. As the two councils work to identify opportunities in education and workforce development across the state, the support of each other's work helps each council maintain fidelity to their legislative mandates. A united front and shared direction helps each council to address areas of need while providing industry the reassurance of South Carolina's commitment to workforce development.

Another topic that the CCWD wishes to undertake is the solidification of definitions for terms used in workforce development. Terms such as STEM, career readiness, and work based learning do not have well defined or broadly accepted meanings even through these terms are used ubiquitously throughout the workforce dialogue. These terms must have firm definitions for South Carolina's workforce development to move forward with common language and direction.

In order to gain a better understanding of how other states are approaching STEM, South Carolina will be sending three governor appointed representatives to Washington D.C. for a federal STEM initiative. One staff member from the CCWD, the SC STEM Coalition representative from Clemson and a representative from USC will be attending a two-day summit hosted by the White House. This summit is bringing together more than 150 like-minded colleagues from across the United States who will lead the conversation on federal support for STEM education and activities. These attendees will participate in the development of a new Federal 5-Year STEM Education Strategic Plan in compliance with America COMPETES Act of 2010.

Looking at the landscape of economic development it becomes obvious that workforce recruitment and development is the principal topic of this time. Every state, region and city is attempting to cultivate programs and resources that will generate the workforce necessary to fill current openings and develop the skills for future workforce needs.

States such as New York are meticulously accounting for every dollar spent on workforce and even contemplating moving all workforce programs under a newly created Office of Workforce Development. Indiana has been aggressive in streamlining their processes. They recently received a U.S. Department of Labor waiver to use the new Governor's Workforce Cabinet to fill the role of the state's federally-mandated workforce development board. Reducing the number of boards and expediting change.

COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT

Louisiana has invested heavily in their workforce development programs "LED FastStart". LED FastStart partners recruiting, screening and training solutions with state funding targeting education initiatives to help fill long-term workforce needs.

This competition between states, like in economic development, is a race to develop a set of resources used to induce economic investment and growth. South Carolina must vigilantly evaluate current programs, analyze other state's successes for replication and develop processes to streamline for workforce development. If workforce development receives the necessary commitment of resources and time, then South Carolina should see levels of success and national acclaim equal to those economic development has brought to the state.

APPENDIX

Executive Summary: The Promise of Evidence-Based Policymaking

The American people want a government that functions efficiently and responsibly addresses the problems that face this country. Policymakers must have good information on which to base their decisions about improving the viability and effectiveness of government programs and policies. Today, too little evidence is produced to meet this need.

The Commission on Evidence-Based Policymaking (the "Commission") envisions a future in which rigorous evidence is created efficiently, as a routine part of government operations, and used to construct effective public policy. The Federal government has already taken important steps towards accomplishing this vision, but much work remains. The growing interest in producing more and higher-quality evidence to support decision-making led the Congress and the President to enact the Evidence-Based Policymaking Commission Act of 2016, creating the Commission.

The Commission was provided just over a year to study and develop a strategy for strengthening government's evidence-building and policymaking efforts. During the Commission's fact-finding phase, numerous experts, researchers, government leaders, public and private organizations, and members of the public offered their perspectives on the Commission's charge.

Based on this collective input, the Commission determined that greater use of existing data is now possible in conjunction with stronger privacy and legal protections, as well as increased transparency and accountability. The Commission believes that improved access to data under more privacy-protective conditions can lead to an increase in both the quantity and the quality of evidence to inform important program and policy decisions.

Traditionally, increasing access to confidential data presumed significantly increasing privacy risk. The Commission rejects that idea. The Commission believes there are steps that can be taken to improve data security and privacy protections beyond what exists today, while increasing the production of evidence. Modern technology and statistical methods, combined with transparency and a strong legal framework, create the opportunity to use data for evidence building in ways that were not possible in the past. This report describes the Commission's findings and presents recommendations for fundamental improvements to the Federal government's evidence-building systems and capabilities. Specifically, the Commission's report includes recommendations on (1) how the Federal government can provide the infrastructure for secure access to data, (2) the mechanisms to improve privacy protections and transparency about the uses of data for evidence building, and (3) the institutional capacity to support evidence building.

Recommendations for Improving Secure, Private, and Confidential Data Access

There are many barriers to the effective use of government data to generate evidence. Better access to these data holds the potential for substantial gains for society. The Commission's recommendations recognize that the country's laws and practices are not currently optimized to support the use of data for evidence building, nor in a manner that best protects privacy. To correct these problems, the Commission makes the following recommendations:

- Establish a National Secure Data Service to facilitate access to data for evidence building while ensuring privacy and transparency in how those data are used. As a state-of-the-art resource for improving government's capacity to use the data it already collects, the National Secure Data Service will be able to temporarily link existing data and provide secure access to those data for exclusively statistical purposes in connection with approved projects. The National Secure Data Service will do this without creating a data clearinghouse or warehouse.

- Require stringent privacy qualifications for acquiring and combining data for statistical purposes at the National Secure Data Service to ensure that data continue to be effectively protected while improving the government's ability to understand the impacts of programs on a wider range of outcomes. At the same time, consider additional statutory changes to enable ongoing statistical production that, under the same stringent privacy qualifications, may make use of combined data.

- Review and, where needed, revise laws authorizing Federal data collection and use to ensure that limited access to administrative and survey data is possible to return benefits to the public through improved programs and policies, but only under strict privacy controls.

- Ensure state-collected quarterly earnings data are available for statistical purposes, including to support the many evidence-building activities for which earnings are an important outcome.

- Make additional state-collected data about Federal programs available for evidence building. Where appropriate, states that administer programs with substantial Federal investment should in return provide the data necessary for evidence building.

- Develop a uniform process for external researchers to apply and qualify for secure access to confidential government data for evidence-building purposes while protecting privacy by carefully restricting data access to qualified and approved researchers.

Recommendations for Modernizing Privacy Protections for Evidence Building

Enhancements to privacy, coupled with improved methods for secure data access, will revolutionize how government uses and protects the data it collects. Among the Commission's recommendations to achieve this vision are:

- Require comprehensive risk assessments on de-identified confidential data intended for public release to improve how data are protected and risk is managed.

- Adopt modern privacy-enhancing technologies for confidential data used for evidence building to ensure that government's capabilities to keep data secure and protect confidentiality are constantly improving.

- Assign senior officials the responsibility for stewarding data within government departments. Agencies should improve leadership, coordination, and collaboration when implementing protections for the use of confidential data.

- Codify policies for maintaining integrity and objectivity in Federal statistics to promote continued public trust in the accuracy of information being used to guide government decision-making.

Recommendations for Implementing the National Secure Data Service

The Commission's recommendations for improved data access and strong privacy protections rely heavily on the establishment of the National Secure Data Service. Being able to combine data within a secure environment will be an increasingly vital aspect of the evidence-building community's capacity to meet future demand from policymakers. Increased transparency will enable the public to be informed about how data are being used to improve their government, even as data are being stringently protected. The Commission envisions that the National Secure Data Service will operate an effective and efficient service that can be held accountable by policymakers and the American public. The Commission's recommendations to implement the National Secure Data Service include:

- Build on the infrastructure and expertise already developed in government, including at the U.S. Census Bureau, to ensure that data linkages and access to confidential data for

statistical purposes are conducted in the most secure manner possible.

- Require public input, guidance, and participation in the policies and procedures for data linkage activities through public and stakeholder representation on the National Secure Data Service's steering committee.

- Establish a new transparency and accountability portal for evidence-building activities to ensure the public is notified about how confidential data are used for evidence building and to document routine audits for compliance with rules governing privacy, confidentiality, and data access.

- Innovate continuously on privacy-protective data access approaches with sufficient administrative flexibilities to ensure government can adjust as technology advances.

- Increase efforts to make information available about the government's current data inventories and supply related data documentation to help researchers inside and outside government know which data they need to evaluate programs and policies.

Recommendations for Strengthening Federal Evidence-Building Capacity

More privacy protective approaches and improved access to data alone will not improve the volume and quality of evidence. The evidence-building community also needs sufficient capacity, administrative flexibilities, and appropriate program design to enable a strong and effective evidence-generation system to operate. To strengthen the evidence-building capacity within the Federal government, the Commission makes the following recommendations:

- Identify or establish a Chief Evaluation Officer in each department to coordinate evaluation and policy research and to collaborate with other evidence-building functions within Federal departments.

- Develop learning agendas in Federal departments to support the generation and use of evidence to address the range of policymakers' questions.

- Improve coordination of government-wide evidence building by directing the Office of Management and Budget to facilitate cross-government coordination, and consider how a greater commitment to foundational information policy responsibilities can be achieved, including through any consolidation or reorganization at the Office of Management and Budget that may be necessary.

- Align administrative processes with evidence-building activities, including those relating to the approval of information collections and the procurement of services for evidence building.

- Ensure that sufficient resources to support evidence-building activities are available, including resources to support implementation of the Commission's recommendations.

Conclusion

Generating and using evidence to inform government policymaking and program administration is not a partisan issue. The strategy described in this report offers a non-partisan approach to improving how government staff, private researchers, foundations, non-profits, the business community, and the public interact to make sure government delivers on its promises.

The Commission's recommendations represent a comprehensive strategy for tackling the greatest problems facing evidence building today—data access is limited, privacy-protecting practices are inadequate, and the capacity to generate the evidence needed to support policy decisions is insufficient. The Congress, the President, and the American people are ill-served by this state of affairs. Government must do what it takes to increase the quantity and quality of evidence building. The strategy outlined in the Commission's report simultaneously improves privacy protections and makes better use of data the government already collects to support policymaking. Together with leadership from the President and the Congress

in calling for credible evidence to support policy decisions throughout government, implementation of the Commission's recommendations is an important step in providing the country with an effective government.

Whether deciding on funding allocations, assessing proposed regulations, or understanding how to improve processes for efficiently providing services, evidence should play an important role in key decisions made by government officials. The Commission proposes modernizing the country's evidence-building capacity to make sure our government's decision-making process is among the best in the world, now and in the future. ■

Commission on Evidence-Based Policymaking Recommendations

Note: Recommendations in this report are numbered sequentially to align with the discussion. For example, 2-1 refers to the first recommendation in Chapter 2.

Improving Secure, Private, and Confidential Data Access

REC. 2-1: The Congress and the President should enact legislation establishing the National Secure Data Service (NSDS) to facilitate data access for evidence building while ensuring transparency and privacy. The NSDS should model best practices for secure record linkage and drive the implementation of innovative privacy-enhancing technologies.

REC. 2-2: The NSDS should be a service, not a data clearinghouse or warehouse. The NSDS should facilitate temporary data linkages in support of distinct authorized projects.

REC. 2-3: In establishing the NSDS, the Congress and the President should amend the Privacy Act and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) to require new stringent privacy qualifications as a precondition for the NSDS to acquire and combine survey and administrative data for solely statistical purposes. At the same time, the Congress should consider additional statutory changes to enable ongoing statistical production.

REC. 2-4: The Congress and the President should review and amend, as appropriate, statutes such as Title 13 of the U.S. Code to allow statistical uses of survey and administrative data for evidence building within the CIPSEA secure environment.

REC. 2-5: The Congress and the President should consider repealing current bans and limiting future bans on the collection and use of data for evidence building.

REC. 2-6: The Congress and the President should enact statutory or other changes to ensure that state-collected administrative data on quarterly earnings are available for solely statistical purposes. The data should be available through a single Federal source for solely statistical purposes.

REC. 2-7: The President should direct Federal departments that acquire state-collected administrative data to make them available for statistical purposes. Where there is substantial Federal investment in a program, Federal departments should, consistent with applicable law, direct states to provide the data necessary to support evidence building, such as complete administrative data when samples are already provided.

REC. 2-8: The Office of Management and Budget should promulgate a single, streamlined process for researchers external to the government to apply, become qualified, and gain approval to access government data that are not publicly available. Approval would remain subject to any restrictions appropriate to the data in question.

Modernizing Privacy Protections for Evidence Building

REC. 3-1: The Congress and the President should amend the Privacy Act and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) to require Federal departments to conduct a comprehensive risk assessment on de-identified confidential data intended for public release. De-identified confidential data subject to the Privacy Act and CIPSEA should only be made available after a disclosure review board (1) approves the release and (2) publicly provides the risk assessment and a description of steps taken to mitigate risk.

REC. 3-2: The President should direct Federal departments, in coordination with the National

Secure Data Service, to adopt state-of-the-art database, cryptography, privacy-preserving, and privacy-enhancing technologies for confidential data used for evidence building.

REC. 3-3: The President should direct Federal departments to assign a senior official the responsibility for coordinating access to and stewardship of the department's data resources for evidence building in collaboration with senior department information technology, privacy, and other leaders. A Principal Statistical Agency head, or other appropriately qualified senior official, should serve this function.

REC. 3-4: The Congress and the President should enact legislation to codify relevant portions of Office of Management and Budget Statistical Policy Directive #1 to protect public trust by ensuring that data acquired under a pledge of confidentiality are kept confidential and used exclusively for statistical purposes.

Implementing the National Secure Data Service

REC. 4-1: The National Secure Data Service (NSDS) should be established as a separate entity in the Department of Commerce that builds upon and enhances existing expertise and infrastructure in the Federal government, especially at the Census Bureau, to ensure sufficient capacity in secure record linkage and data access for evidence building.

REC. 4-2: The NSDS should establish a Steering Committee that includes representatives of the public, Federal departments, state agencies, and academia.

REC. 4-3: To ensure exemplary transparency and accountability for the Federal government's use of data for evidence building, the NSDS should maintain a searchable inventory of approved projects using confidential data and undergo regular auditing of compliance with rules governing privacy, confidentiality, and access.

REC. 4-4: The NSDS should have specific administrative and implementation flexibilities including the ability to leverage public-private partnerships and to collect and retain user fees.

REC. 4-5: The Office of Management and Budget should increase efforts to make information available on existing Federal datasets including data inventories, metadata, and data documentation in a searchable format.

Strengthening Federal Evidence-Building Capacity

REC. 5-1: The President should direct Federal departments to increase capacity for evidence building through the identification or establishment of a Chief Evaluation Officer, in addition to needed authorities to build a high performing evidence-building workforce.

REC. 5-2: The Congress and the President should direct Federal departments to develop multi-year learning agendas that support the generation and use of evidence.

REC. 5-3: The Congress and the President should direct the Office of Management and Budget (OMB) to coordinate the Federal government's evidence-building activities across departments, including through any reorganization or consolidation within OMB that may be necessary and by bolstering the visibility and role of interagency councils.

REC. 5-4: The Congress and the President should align administrative processes to support evidence building, in particular by streamlining the approval processes for new data collections and using existing flexibilities in procurement policy.

REC. 5-5: The Congress and the President should ensure sufficient resources to support evidence-building activities about Federal government programs and policies. ■

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Introduction: Vision for Evidence-Based Policymaking

With the passage and signing of the Evidence-Based Policymaking Commission Act in the spring of 2016, elected leaders issued a bipartisan call to improve the evidence available for making decisions about government programs and policies.[1] (See the box "Charge to the Commission on Evidence-Based Policymaking.") In an environment of growing partisanship in the country, it is notable that this legislation was embraced by legislators on both sides of the aisle and enacted without dissent. U.S. House of Representatives Speaker Paul Ryan, a co-sponsor of the Act, described the potential for evidence-based policymaking as a "sea change in how we solve problems." Likewise, co-sponsor Senator Patty Murray said: "Whether you think we need more government, or less government—you should agree that we should at least have better government."

1. Evidence-Based Policymaking Commission Act of 2016 (Public Law 114–140, March 30, 2016).

Charge to the Commission on Evidence-Based Policymaking

In the Evidence-Based Policymaking Commission Act of 2016 (see Appendix A), the Congress and the President prescribed a number of duties to the Commission, including the following:

- Study the data inventory, data infrastructure, database security, and statistical protocols related to Federal policymaking. Make recommendations on how data infrastructure, database security, and statistical protocols should be modified.
- Determine the optimal arrangement for which administrative data, survey data, and related statistical data series may be integrated and made available for evidence building while protecting privacy and confidentiality.
- Make recommendations on how best to incorporate evidence building into program design.
- Consider whether a "clearinghouse" for program and survey data should be established and how to create such a "clearinghouse."

The American people want a government that solves problems. This requires that decision makers have good information to guide their choices about how current programs and policies are working and how they can be improved. While the Federal government has already taken steps towards developing an "evidence culture," much remains to be done. A particularly important barrier to government's further progress is lack of access by researchers outside of government and by individuals within government to the data necessary for evidence building, even when those data have already been collected.

While collecting taxes, determining eligibility for government benefits, engaging in economic development, and running programs, government necessarily collects a considerable amount of information. In 2017, the American public will spend nearly 12 billion hours responding to more than 100 billion individual requests for information from the Federal government.[2] Even though the direct costs of collecting these data are funded by taxpayers, these data are not generally available for producing evidence. Addressing barriers to the use of already collected data is a path to unlocking important insights for addressing society's greatest challenges.

As the use of existing government data to support policymaking grows, the American public will be concerned about exactly how those data are being used and whether the privacy and confidentiality of individuals and organizations are being protected. Today, data are protected, in part, through pledges of confidentiality, privacy laws, and legal and policy limitations on how they are used, but the government's approach to data protection has not kept pace with important changes in technology.

Capabilities now exist to improve privacy protections while making better use of already collected administrative data, including recent advances in statistical methodology, computer science, and computational capacity. Growing experience with successful legal models for data stewardship points in the same direction. Government also can dramatically improve transparency about its collection and use of data, improving the American public's ability to hold the government accountable. Adhering to the highest possible standards with respect to privacy and accountability is an important part of earning the public's trust. The improvements to privacy and accountability that the Commission envisions can occur simultaneously with providing policymakers the tools to deliver more effective government services.

The Commission envisions a future in which rigorous evidence is created efficiently, as a routine part of government operations, and used to construct effective public policy. While this may sound like a daunting task, the Commission's vision for the future of evidence-based policymaking in the United States is well within reach (see the box "Examples of the Promise of Evidence-Based Policymaking"). This vision requires that new laws and policies be put into place. When implemented, the Commission is confident that the approaches proposed in this report will greatly improve both the ability to produce evidence in support of better policies and privacy protections for individuals and organizations.

Defining Evidence-Based Policymaking

"Evidence" can be defined broadly as information that aids the generation of a conclusion. Throughout this report, the Commission uses the term in a more specific way—this report uses the shorthand "evidence" to refer to information produced by "statistical activities" with a "statistical purpose" that is potentially useful when evaluating government programs and policies. Following U.S. Office of Management and Budget (OMB) Statistical Policy Directive #1, which in turn follows the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA), we define "statistical activities" as "the collection, compilation, processing, analysis, or dissemination of data for the purpose of describing or making estimates concerning the whole, or relevant groups or components within, the economy, society, or the natural environment, including the development of methods or resources that support those activities, such as measurement of methods, statistical classifications, or sampling frames." A "statistical purpose" is defined as "the description, estimation, or analysis of the characteristics of groups, without identifying the individuals or organizations that

2. Office of Information and Regulatory Affairs, Office of Management and Budget, Inventory of Currently Approved Information Collections; *https://www.reginfo.gov/public/do/PRAReport?operation=11* (accessed August 10, 2017).

Examples of the Promise of Evidence-Based Policymaking

Through transactions with the American public, governments collect a considerable amount of data. These administrative data, collected in the first instance to serve routine program operation purposes, also can be used to assess how well programs are achieving their intended goals.[1] Below are examples where administrative data were used to generate evidence that informed government policies.

Permanent Supportive Housing. There is a growing body of research on the impact of providing permanent supportive housing to chronically homeless individuals.[2] This research demonstrates that an intervention combining long-term housing assistance with supportive services can help chronically homeless individuals maintain stable housing and achieve other positive outcomes, such as improved health outcomes and reduced use of crisis services, including costly emergency room visits or stays in a homeless shelter.[3] Cost-effectiveness studies of the intervention also suggest that offering permanent supportive housing to chronically homeless individuals with the highest service needs can reduce taxpayer costs for other components of the safety net.[4] These studies were carried out using a combination of survey and administrative data, including administrative data from locally operated Homeless Management Information Systems.

As a direct result of this growing body of evidence, in recent years, the U.S. Department of Housing and Urban Development (HUD) has encouraged and incentivized communities to increase their supply of permanent supportive housing for chronically homeless individuals over the past several years.[5] Notably, there has been a 27 percent reduction in chronic homelessness nationally between the years 2010 and 2016.[6]

Substance Abuse Education. The Drug Abuse Resistance Education program (DARE), created in 1983, originally aimed to prevent drug use and gang membership for kindergarten through 12th grade students in Los Angeles. In partnership with local law enforcement officers, DARE grew into a national program focused primarily on drug prevention that at its peak was in over 75 percent of the schools in the United States and in more than 50 countries.[7]

More than 30 rigorous evaluations conducted throughout the 1990s and 2000s suggested that the original DARE program did not produce

—continues

1. The Evidence-Based Policymaking Commission Act of 2016 (Public Law 114–140, March 30, 2016) defines "administrative data" as data "(1) held by an agency or contractor or grantee of an agency (including a State or unit of local government); and (2) collected for other than statistical purposes."

2. The U.S. Department of Housing and Urban Development adopted the Federal definition, which defines a chronically homeless person as "either (1) an unaccompanied homeless individual with a disabling condition who has been continuously homeless for a year or more, or (2) an unaccompanied individual with a disabling condition who has had at least four episodes of homelessness in the past three years." (See 11 Code of Federal Regulations 91 and 578, 2015.)

3. Dennis P. Culhane and Thomas Byrne, *Ending Chronic Homelessness: Cost-Effective Opportunities for Interagency Collaboration*. Federal Strategic Plan Supplemental Document No. 19 (Washington, D.C.: U.S. Interagency Council on Homelessness, 2010); *https://www.usich.gov/resources/uploads/asset_library/DennisCulhane_EndingChronicHomelessness.pdf* (accessed August 10, 2017).

4. S. R. Poulin, M. Maguire, S. Metraux, and D. P. Culhane. "Service Use and Costs for Persons Experiencing Chronic Homelessness in Philadelphia: A Population-Based Study," *Psychiatric Services* 61, no. 11 (2010): 1093–1098; M.E. Larimer, D.K, Malone, M.D. Garner and others, "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems." *Journal of the American Medical Association*, 301, no. 13 (April 1, 2009): 1349–1357.

5. See HUD's Fiscal Year 2018 Congressional Justification for the Homeless Assistance Grant Program for more information; *https://portal.hud.gov/hudportal/documents/huddoc?id=22-HomelessAGrants.pdf* (accessed August 10, 2017).

6. HUD, *The 2016 Annual Homeless Assessment Report (AHAR) to Congress; Part I: Point-in-Time Estimates of Homelessness* (Washington, D.C." U.S. Government Printing Office, 2016).

7. For information about DARE America, go to *http://www.dare.org/about-d-a-r-e* (accessed August 10, 2017).

Examples of the Promise of Evidence-Based Policymaking—continued

substantial reductions in teenage substance abuse over the long-term.[8] One study carried out in a suburban setting even found that the intervention could contribute to increases in drug use.[9] In 2001, the Surgeon General summarized the available research and designated DARE as an "ineffective primary prevention program" but also stated "its popularity persists despite numerous well-designed evaluations and meta-analyses that consistently show little or no deterrent effects on substance abuse."[10]

The DARE program partnered with Pennsylvania State University to adopt a new elementary and middle school curriculum called "keepin it REAL."[11] Today, the DARE program focuses on a broader vision of empowering students to respect others and choose to lead lives free from violence, substance abuse, and other dangerous behaviors.[12] Preliminary evidence from the revised curriculum suggests more promising effectiveness at achieving the stated goals related to decision-making.[13]

Workforce Investment. A large portfolio of evidence about workforce investments and job training programs suggests that program participants can realize improved earnings and employment outcomes, though the evidence is mixed on specific strategies.[14] The U.S. Department of Labor's Adult Program assists people who are economically disadvantaged facing barriers to employment. The Dislocated Workers Program assists workers who have been laid off or who have been notified that they will be terminated or laid off. Both programs provide a range of training and supportive services. In a study using administrative data in a non-experimental program evaluation, researchers found that participants in the adult program experienced an increase in quarterly earnings relative to a comparison group, while participants in the dislocated workers program actually saw reduced earnings in several quarters.[15] When the workforce investment programs were reauthorized in 2014 through the Workforce Innovation and Opportunity Act (WIOA), the new law provided states additional flexibility to shift funding between the adult and dislocated worker aspects of the program to better target local needs. WIOA included numerous other evidence-informed strategies based on the existing portfolio of evidence.

Implementation of the permanent supportive housing, DARE, and workforce investment programs each were influenced by evidence developed to inform the implementation of Federal policies. With more evidence to inform a range of policy interests and questions, policymakers will have a stronger basis for making decisions in the future.

8. Greg Berman and Aubrey Fox, *Lessons from the Battle Over DARE* (Center for Court Innovation and Bureau of Justice Assistance of the U.S. Department of Justice, 2009); *http://www.courtinnovation.org/sites/default/files/DARE.pdf* (accessed August 10, 2017).

9. Dennis P. Rosenbaum and Gordon S. Hanson, "Assessing the Effects of School-Based Drug Education: A Six Year Multi-Level Analysis of Project DARE," *Journal of Research in Crime and Delinquency* 35, no. 4 (1998): 381–412.

10. U.S. Department of Health and Human Services, *Youth Violence: A Report of the Surgeon General* (Washington, D.C: Department of Health and Human Services, 2001): 110.

11. DARE America, "Keepin it Real Elementary School Curriculum;" *https://www.dare.org/keepin-it-real-elementary-school-curriculum* (accessed August 10, 2017).

12. DARE America, "D.A.R.E.'s keepin' it REAL Elementary and Middle School Curriculums Adhere to Lessons From Prevention Research Principles;" *https://www.dare.org/d-a-r-e-s-keepin-it-real-elementary-and-middle-school-curriculums-adhere-to-lessons-from-prevention-research-principles* (accessed August 10, 2017).

13. Randy Borum and David Allan Verhaagen, *Assessing and Managing Violence Risk in Juvenile* (New York: Guilford, 2006).

14. Office of Management and Budget (OMB), "Using Administrative and Survey Data to Build Evidence," white paper for the Commission on Evidence-Based Policymaking (Washington, D.C.: OMB, Executive Office of the President, 2016); *https://obamawhitehouse.archives.gov/sites/default/files/omb/mgmt-gpra/using_administrative_and_survey_data_to_build_evidence_0.pdf* (accessed August 10, 2017).

15. Caroline J. Heinrich, Peter R. Mueser, Kenneth R. Troske, Kyung-Seong Jeon, and Daver C. Kahvecioglu, "Do Public Employment and Training Programs Work?" *IZA Journal of Labor Economics* 2, no. 6 (2013); *https://izajole.springeropen.com/articles/10.1186/2193-8997-2-6* (accessed August 10, 2017).

comprise such groups; and includes the development, implementation, or maintenance of methods, technical or administrative procedures, or information resources that support such purposes."[3] We return to these definitions in Chapter 2 in the discussion of CIPSEA. The essence of a "statistical activity" with a "statistical purpose" is that the result summarizes information about a group rather than a single individual or organization. For example, a statistical activity could include analyzing a "unit," such as a state or a grantee, in order to generate average values for all of the individuals included within that unit, such as residents, clients, or firms.

Data can be used for many purposes other than evidence building. These include non-statistical purposes such as the use of individual-level information to determine benefit amounts, enforce laws, or otherwise affect the rights or privileges of an individual. The identification of a single individual means the information is not being used for statistical activities and thus, would not be termed "evidence" in the Commission's definition. Throughout this report, the Commission has been mindful that, consistent with applicable law, efforts to make data available specifically for statistical purposes might also inadvertently put information about individuals at increased risk for use in other ways. The Commission's proposals attempt to ensure strict structural and institutional separation between statistical and non-statistical uses of data. The Commission's evidence-building reforms are engineered to make data difficult to repurpose for non-statistical uses.

The Commission defines evidence-based policymaking as the application of evidence to inform

3. Statistical Policy Directive No. 1, *Federal Register* 79 (December 2, 2014): 71609–71616; *https://www.gpo.gov/fdsys/pkg/FR-2014-12-02/pdf/FR-2014-12-02.pdf*.

Questions to Answer with More and Better Evidence

The Commission's fact-finding process produced numerous examples of important questions that individuals who provided input to the Commission reported cannot currently be adequately addressed because of difficulty accessing the right data:

- What effects does the Supplemental Nutrition Assistance Program have on health outcomes?
- Are the earnings of veterans improved by training received while in the military?
- Which transition-to-adulthood experiences make students with disabilities less likely to rely on the Supplemental Security Income program?
- To what extent do eligible active-duty military households participate in antipoverty programs and how does this participation affect their economic self-sufficiency?
- Do Farm Service Agency programs ease credit constraints for farmers?
- What impacts do Federal economic development efforts, such as the Appalachian Regional Commission's grants, have on the communities they are trying to help?
- What enforcement approaches are most effective in improving clean air regulation compliance?

Each of these questions could be studied using administrative data that the government already collects. Too often, however, the capacity and infrastructure to study pressing questions faced by decision-makers are lacking. The Commission's vision for evidence-based policymaking would enable each of these important policy questions to be addressed with appropriate information analyzed in a secure and privacy-protected environment, and then used to improve government policies and programs.

decisions in government. For evidence-based policymaking to occur, a supply of evidence must first exist. Thus, the Commission recognizes that evidence-based policymaking requires the generation of evidence, which relies on access to data. As the evidence base becomes stronger, the American public should expect that policymakers increasingly will incorporate new and better evidence into their decisions about the operation of government programs and funding for government services.

Different types of evidence are relevant for policymaking and may involve a variety of methods.[4] Descriptive statistics provide insights about trends and context. Performance metrics support monitoring of policy outputs and efficiency. Implementation and process studies can identify how well the application of programs and policies aligns with their intended design and goals. Impact evaluations provide insights about whether desired outcomes are achieved. Each of these types of evidence and others are relevant for evidence-based policymaking, and the appropriate approach depends on the policymakers' question (see the box "Questions to Answer with More and Better Evidence").

This report uses the term "evidence-building community," which is meant to describe the collective set of individuals located both inside and outside the Federal government who fulfill a set of roles key to generating evidence for use in policymaking. The evidence-building community includes individuals situated across government and in the business, non-profit, and academic sectors. The community includes individuals who perform statistical activities, such as collecting data to produce national indicators relevant to the country. The community includes researchers who study ways to improve government's programs and policies and evaluators who assess whether those programs and policies are achieving their intended goals. The community also includes individuals who support program administrators with analysis to achieve targeted improvements to their programs and policies.

4. OMB, "Using Administrative and Survey Data to Build Evidence," 2016.

Evolution of Evidence Building in the United States

The nation's founders recognized the importance of information for governance, requiring in the U.S. Constitution a census of the population (see Figure 1).[5] James Madison argued that collecting more data about the populace could guide congressional decisions about government actions as the young country grew.[6] Early censuses gathered information about industry, agriculture, and the population. Census questions changed over time, reflecting important societal and governmental information needs of the day.

By the mid-nineteenth century, the Congress had established several permanent units to produce national statistics in specific policy areas. More statistical units were added in subsequent years and formed the basic information infrastructure of the nation's first two centuries. Over the years, the statistics on population size, education, employment, gross domestic product, and others became a routine dashboard on what was happening in society.

Today, the evidence-building community operates under a range of laws, regulations, and policies that evolved over time, a state of affairs that has contributed to a lack of coordination and collaboration across the community. Numerous commissions or committees were convened during the 20th century to recommend improvements for the country's evidence-building system (see online Appendix H). These included recommendations for greater coordination of activities and for enhancements to the protection of privacy.[7]

Information policy setting and coordination across government began in earnest in 1939 when President Franklin D. Roosevelt issued an Executive Order directing the Bureau of the Budget "to plan and promote the improvement, development and coordination of Federal and other statistical

5. U.S. Constitution Article I, Section 2.

6. Annals of Congress, House of Representatives, 1st Congress, 2nd Session "Remarks by James Madison on the Bill for the 1790 Census" (1790): 1145.

7. Janet Norwood, *Organizing to Count: Change in the Federal Statistical System* (Washington, D.C.: Urban Institute Press, 1995).

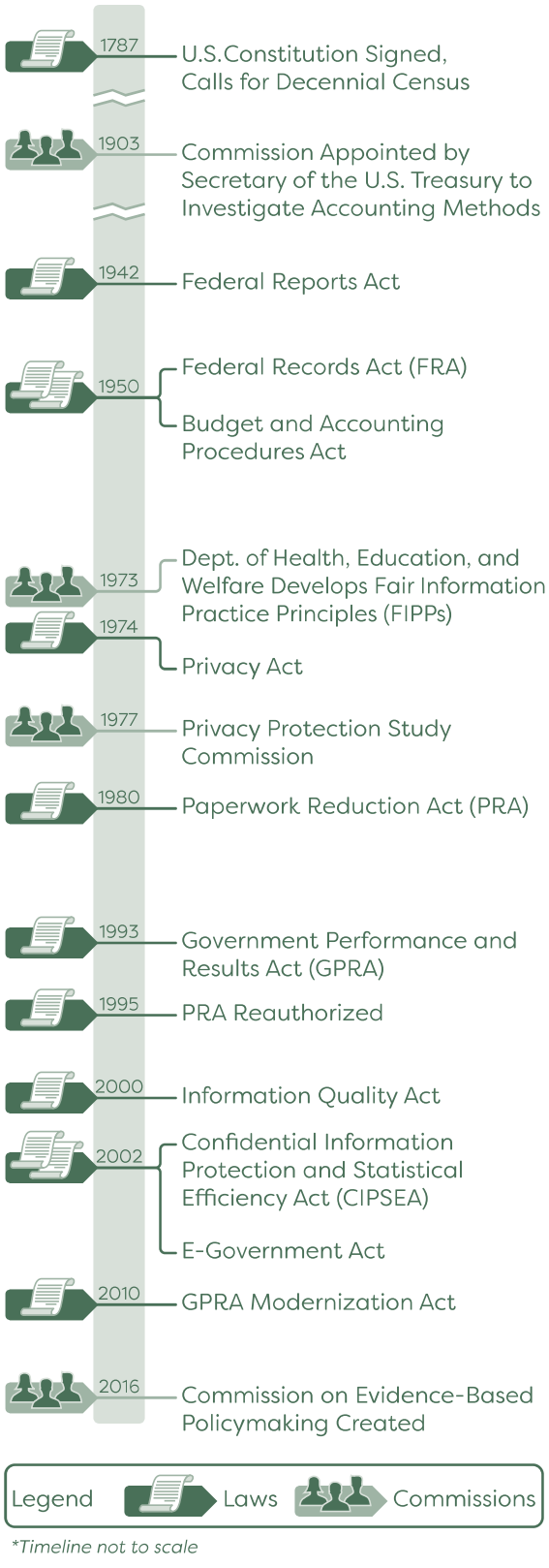
services."[8] The Congress subsequently provided additional authority to conduct central reviews for new data collections in government with the Federal Records Act of 1942.[9]

1960s and 1970s: Expansion of Evidence Building and Privacy Protections

As more data were collected and used by government for implementing programs and for statistical activities, the need for privacy protections became increasingly apparent. In 1973, the U.S. Department of Health, Education, and Welfare developed the Fair Information Practice Principles (FIPPs), recommending that the Congress enact them into what eventually became the Privacy Act of 1974.[10] The principles include transparency, individual participation, purpose specification, data minimization, use limitation, data quality and integrity, security, and accountability and auditing. These principles strive to balance the need for information with privacy protections for the benefit of the American public.

The Privacy Act also codified some U.S. information practices, establishing common requirements related to collecting, maintaining, using, and disseminating government records about individuals. The Privacy Act articulated basic transparency requirements and limitations on how data collected by the government may be disclosed. In 1977, the Privacy Protection Study Commission created by the Privacy Act conveyed two central tenets for evidence building. First, research and statistical uses of data about individuals must exclude any result that would directly affect an individual's rights, privileges, or benefits. Second, government statistical and non-statistical uses of data should be separated by a bright line, a principle referred to as "functional separation."[11] These

Figure 1. Key Milestones in the U.S. Evidence-Building System



*Timeline not to scale

8. Executive Order 824: Establishing the Divisions of the Executive Office of the President and Defining Their Functions and Duties, 3 C.F.R. (September 8, 1939); *https://www.archives.gov/federal-register/codification/executive-order/08248.html* (accessed August 10, 2017).

9. Records Management by Federal Agencies, 44 USC § 3101 et. seq.

10. U.S. Department of Health, Education, and Welfare, *Records, Computers, and the Rights of Citizens: Report of the Secretary's Advisory Committee on Automated Personal Data Systems* (1973).

11. *Personal Privacy in an Information Society,* The Report of the Privacy Protection Study Commission, July 1977.

CCWD Workforce Survey (Manufacturing)

September 5, 2017

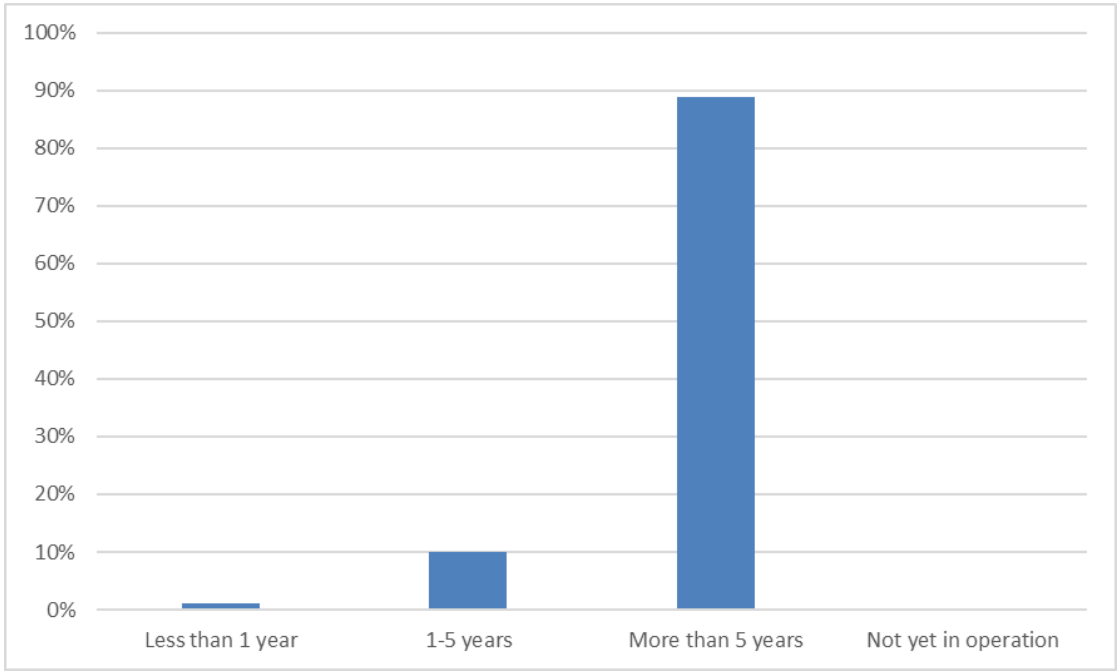
1527

Total Responses

Date Updated: September 5, 2017

Q3: How long has this facility been in operation?

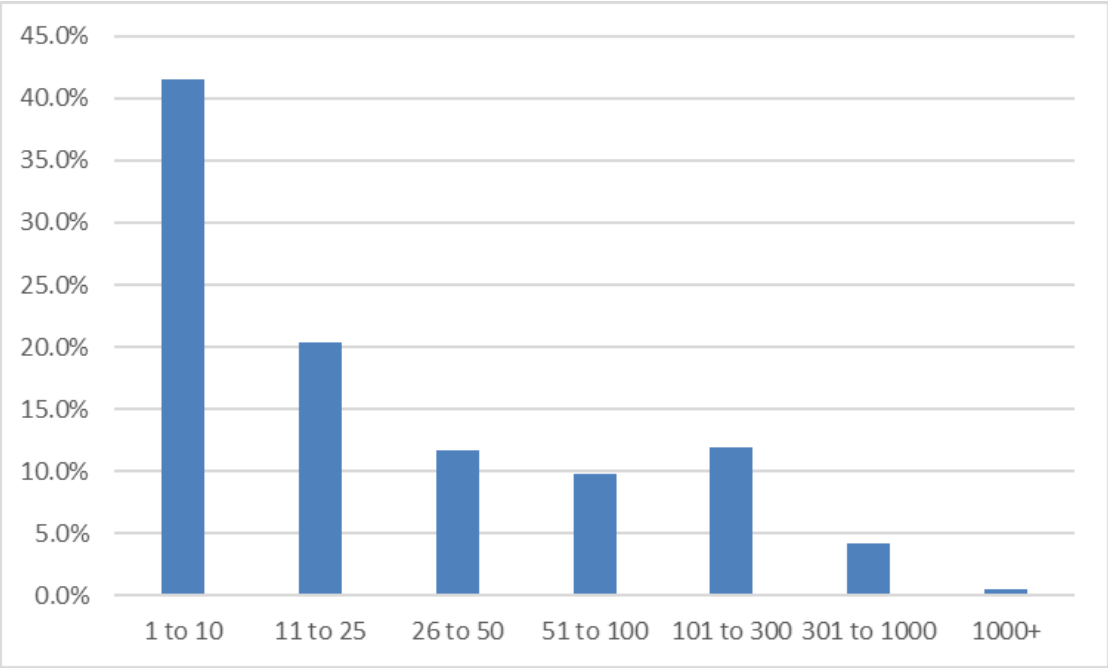
Answered: 1527 Skipped: 0



Answer Choices	Responses	
Less than 1 year	1%	15
1-5 years	10%	151
More than 5 years	89%	1357
Not yet in operation	<1%	4

Q4: How many people are employed at this location?

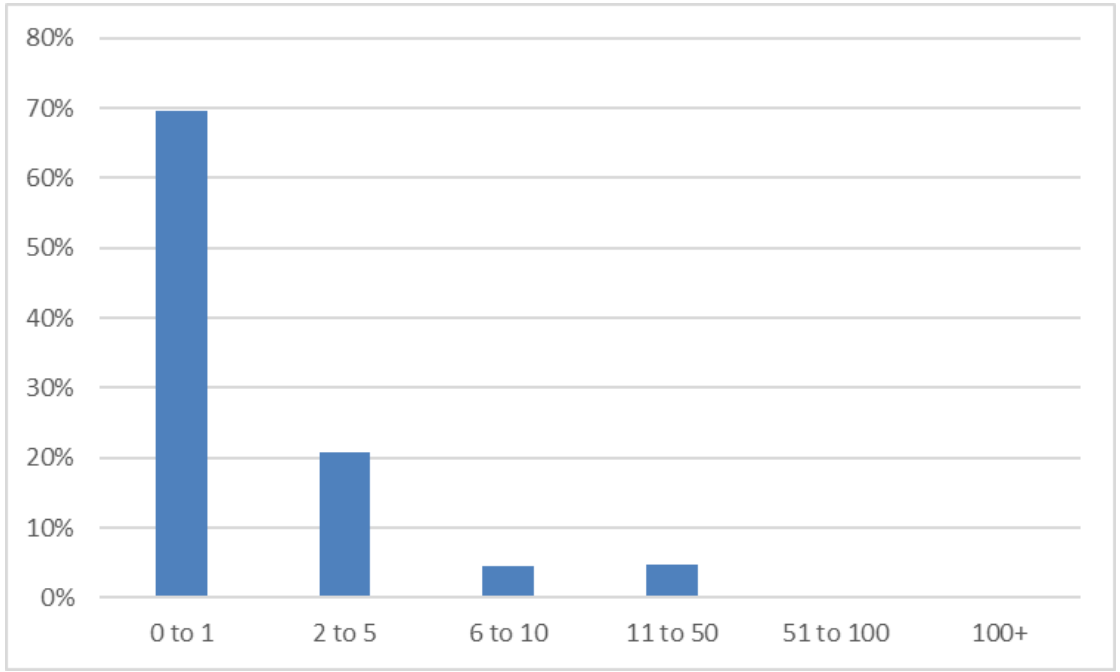
Answered: 1527 Skipped: 0



Answer Choices	Responses	
1 to 10	42.5%	616
11 to 25	20.4%	302
26 to 50	11.7%	173
51 to 100	9.8%	145
101 to 300	11.9%	177
301 to 1000	4.2%	63
1000+	0.5%	7

Q5: Approximately how many positions are currently “open”?

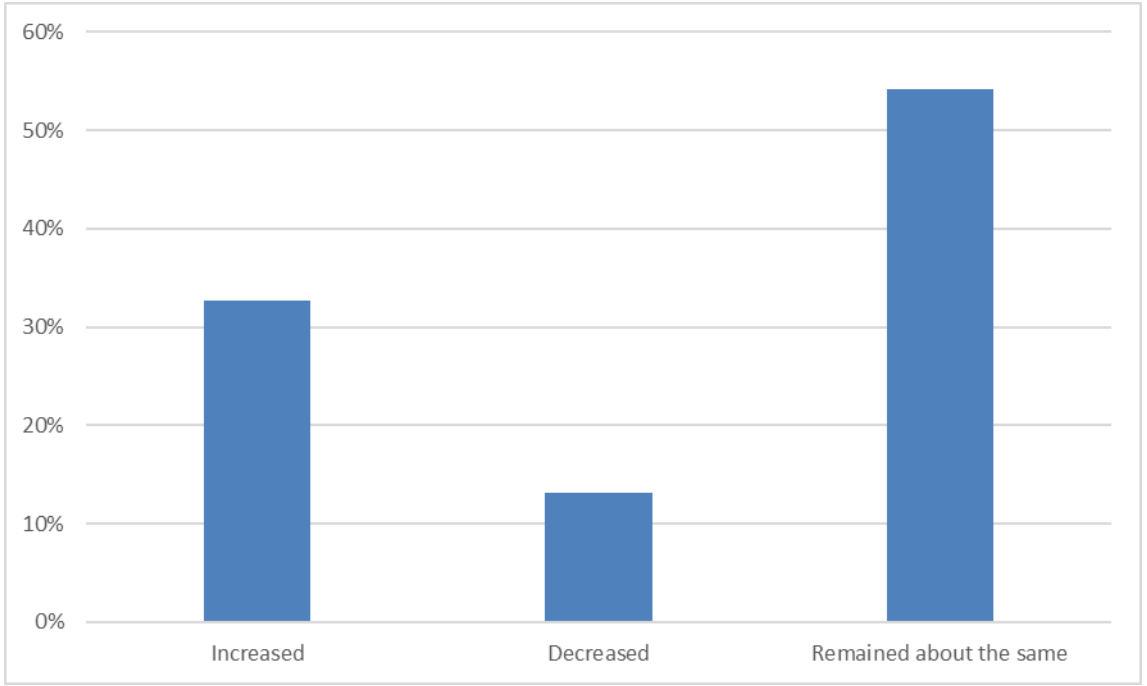
Answered: 1527 Skipped: 0



Answer Choices	Responses	
0 to 1	69.6%	1062
2 to 5	20.7%	316
6 to 10	4.5%	69
11 to 50	4.8%	73
51 to 100	0.3%	5
100+	0.3%	2

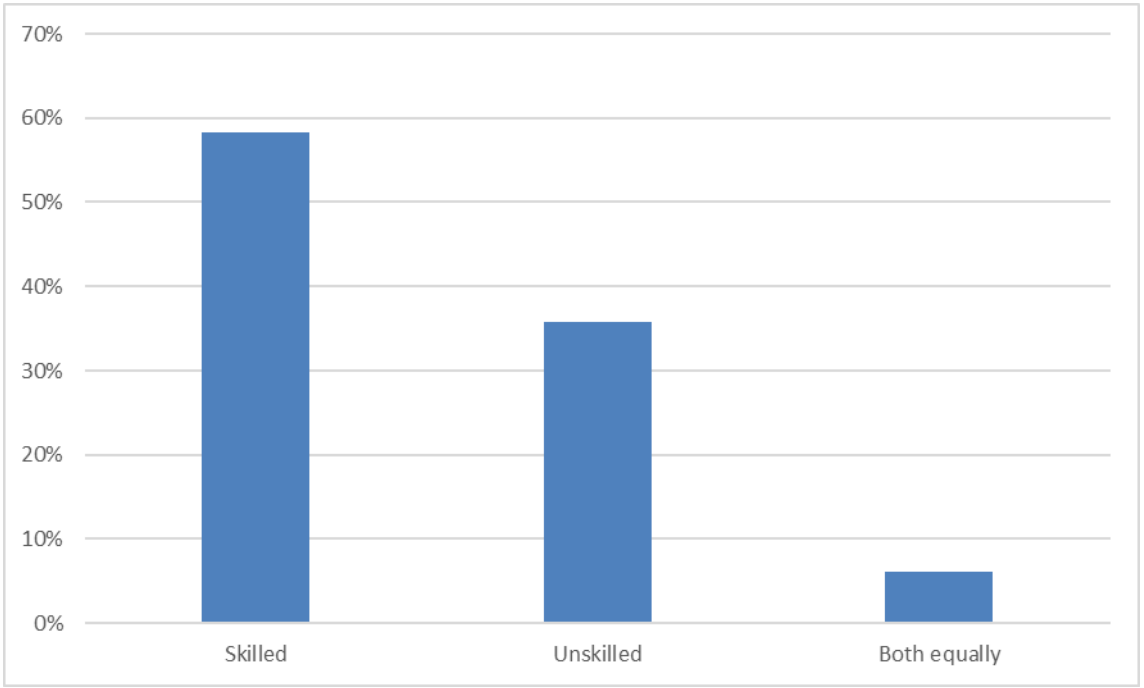
Q6: In the last 12 months, the number of employees at this location has:

Answered: 1527 Skipped: 0



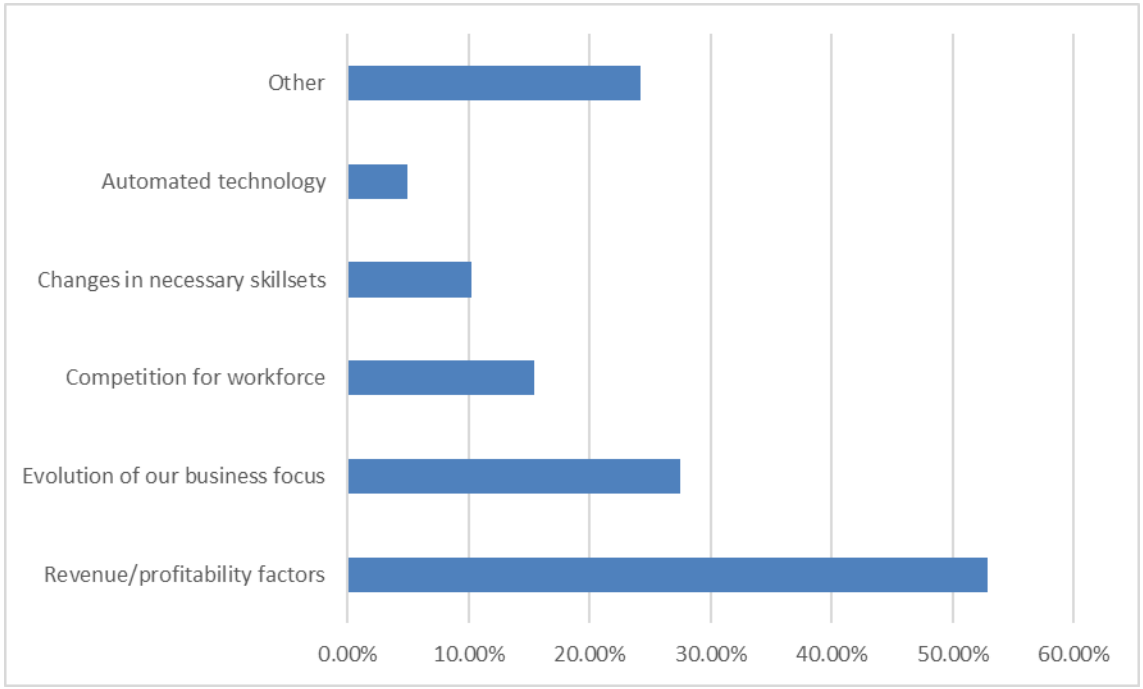
Q7: What type of employees accounted for the majority of the increase or decrease experienced over the past year?

Answered: 938 Skipped: 589



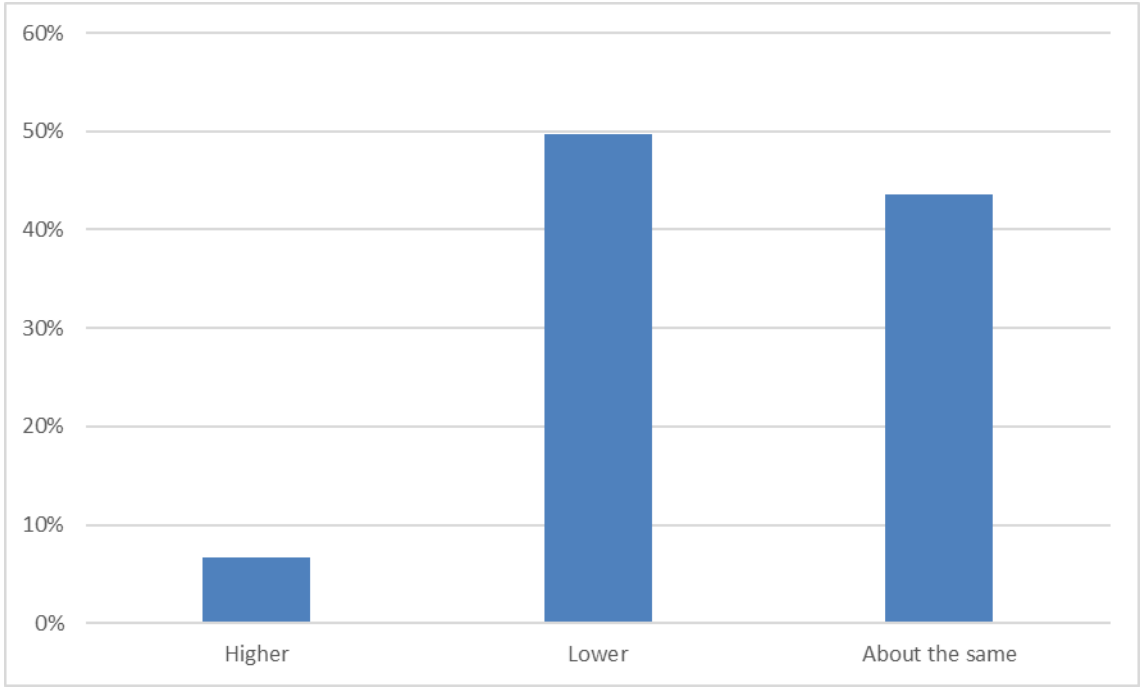
Q8: What circumstances would you attribute the increase or decrease in the number of employees over the past year? (select all that apply)

Answered: 896 Skipped: 631



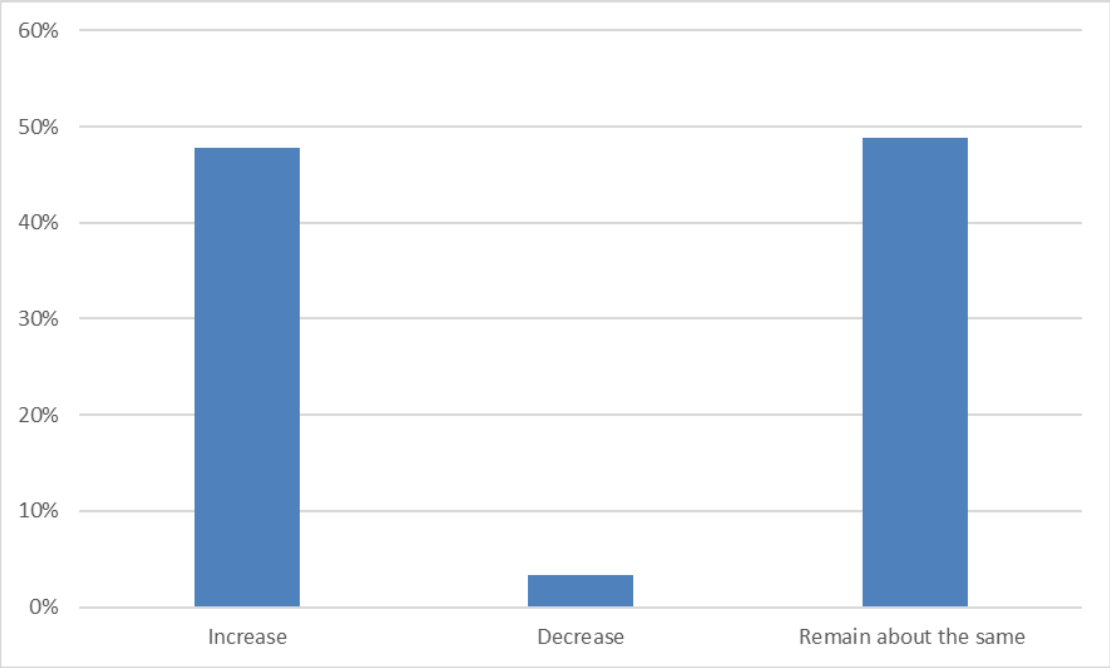
Q9: How does your turnover rate compare to the industry average?

Answered: 1426 Skipped: 101



Q10: In the next 1-5 years, your number of employees is expected to:

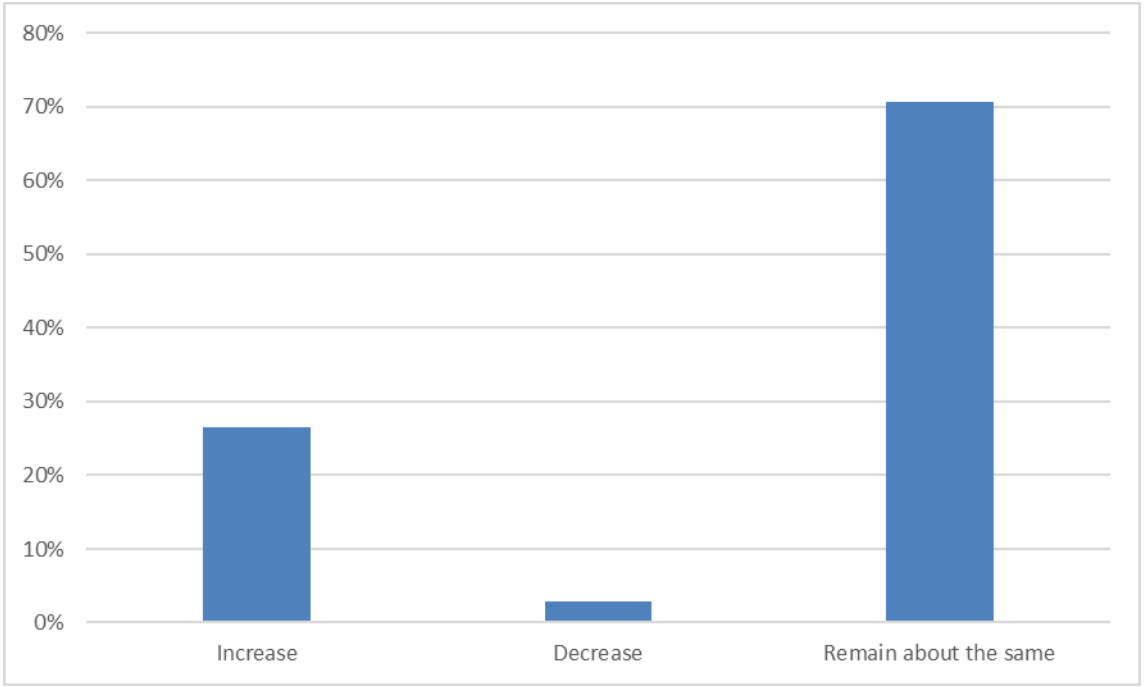
Answered: 1527 Skipped: 0



Answer Choices	Responses	
Increase	47.8%	730
Decrease	3.3%	51
Remain the same	48.9%	746

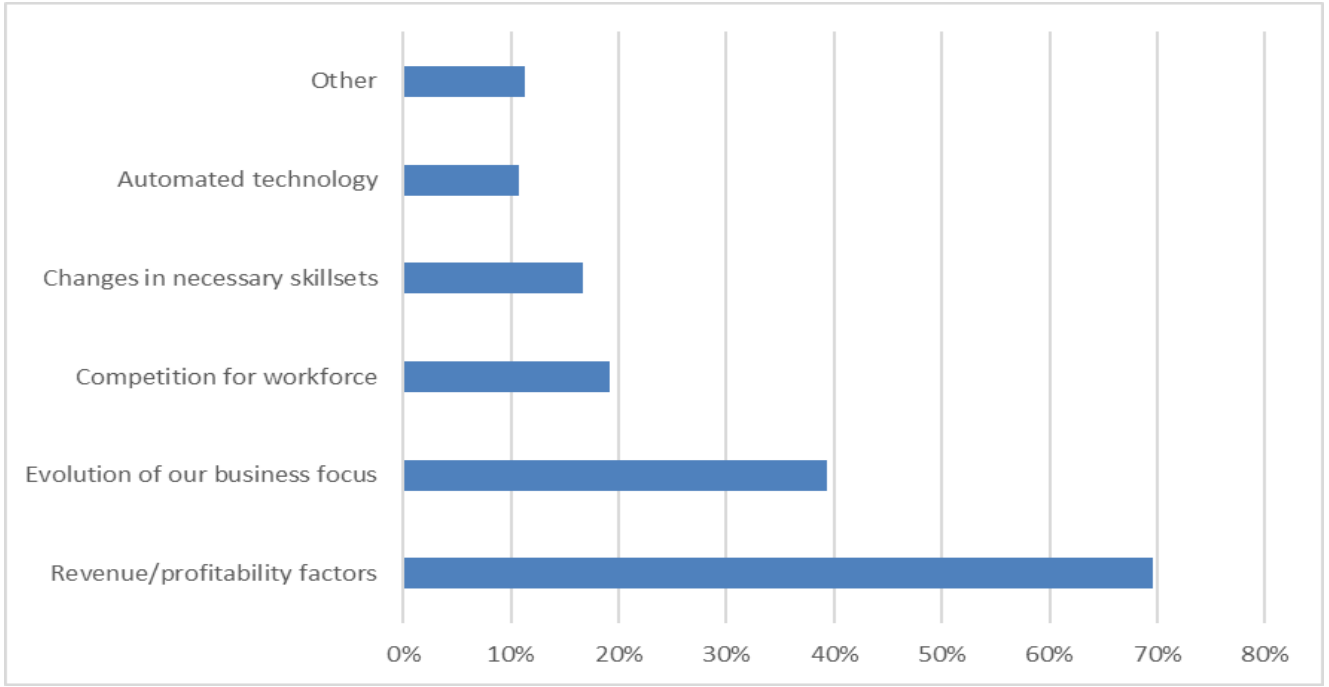
Q11: Over the next 1-5 years, retirement attrition is expected to:

Answered: 1137 Skipped: 390



Q13: What circumstances are expected to drive hiring over the next 1-5 years?

Answered: 1130 Skipped: 397



Q14: What specific skills are expected to be the MOST difficult to fill?

Answered: 1168 Skipped: 359

Most Reported Responses

1. Technical Skills
2. CNC Machinists
3. Machine Operators
4. Soft Skills
5. Welders
6. Programmers
7. Math and Writing Skills
8. Equipment Maintenance
9. Computer Skills
10. Production Experience

Q14: Why are these skills expected to be the most difficult to fill?

Answered: 1060 Skipped: 467

Most Reported Responses

1. Competition
2. Need More Experience
3. Poor Education
4. Poor Soft Skills
5. Need More Training
6. Lack of Interest
7. Math and Writing Skills
8. Location
9. Low Wages
10. Skills are Specialized

Q16: How concerned are you regarding the availability of a local workforce with the following qualifications?

Answered: 1294 Skipped: 233

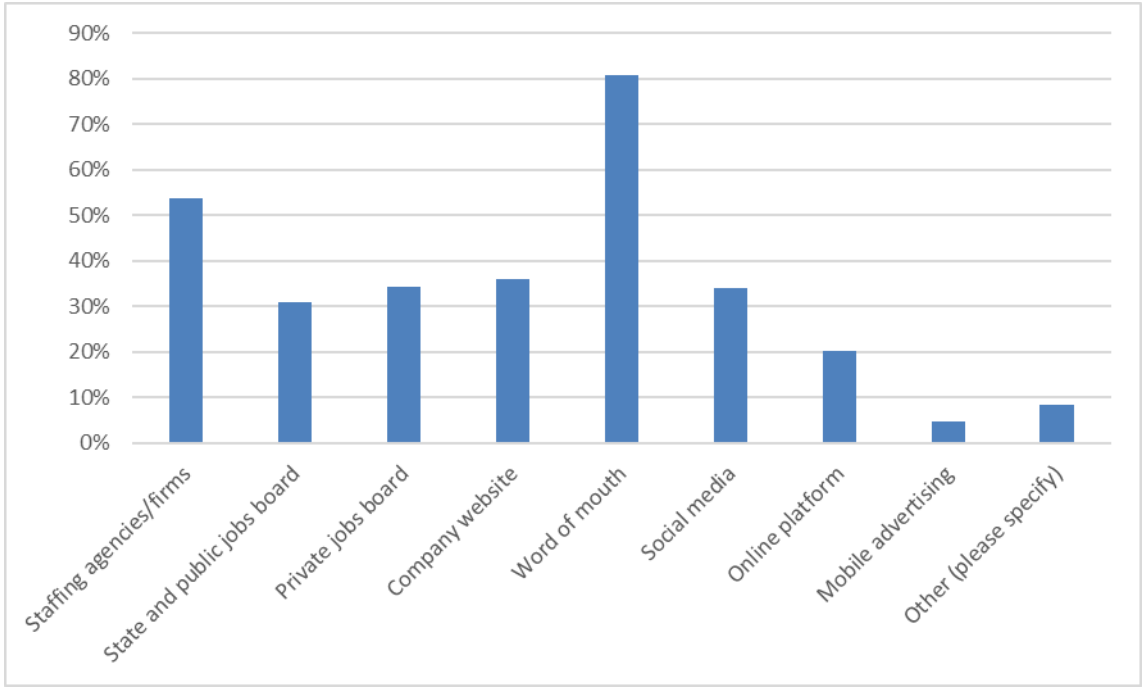
	Not at All Concerned	Very Concerned
Entry-level	582	153
1-3 years' experience	278	229
4-10 years' experience	206	348
Management level	292	186
High school diploma	578	85
Special skill certificates	285	199
Associates degree	417	83
Four-year degree	436	97
Post graduate degree	525	120
Executive management	466	145
Sales management	388	110

Key Takeaways

Companies are least concerned about **entry-level positions** and positions that require HS Diplomas. They are most concerned about positions that require **4-10 years experience** or special **skills certificates**, and **management** positions.

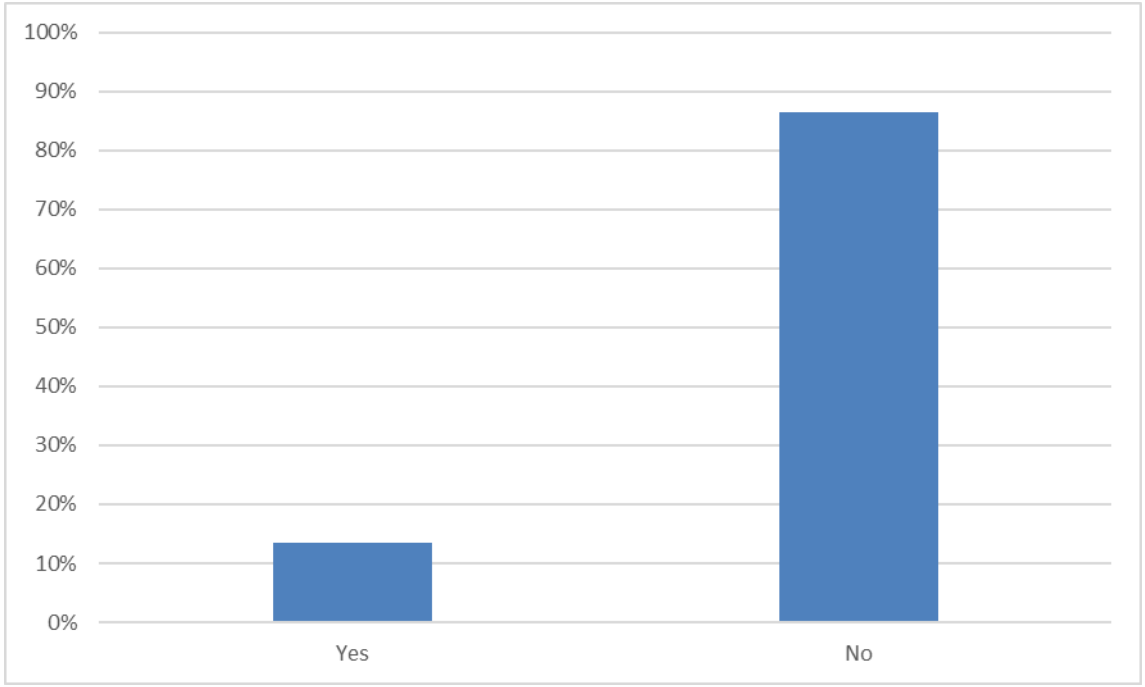
Q17: What resources are used for workforce recruitment?

Answered: 1378 Skipped: 149



Q18: Are you interested in a follow-up call to discuss opportunities?

Answered: 1448 Skipped: 79



Proposed language for the South Carolina Longitudinal System[1]
SC Code Ann.

13-1-2030

13-1-2031 Purpose

(A) There is established the Workforce and Education Data Oversight Committee (WEDOC) created to support the mission of the Coordinating Council for Workforce Development as established in S.C. Code Ann. §13-1-2030. The WEDOC is comprised of:

(1) The Secretary of the Department of Commerce or his designee.

(2) The State Superintendent of Education or his designee.

(3) The president of the State Board for Technical and Comprehensive Education or his designee.

(4) The Executive Director of the Department of Employment and Workforce or his designee.

(5) The Executive Director of the Commission on Higher Education or his designee.

(6) The president or provost of a public college or university who shall be selected by the Council of presidents of the public universities.

(7) The president or provost of a senior independent college or university who shall be selected by the presidents of such universities.

(8) The president of a technical college who shall be appointed by the Chairman of the State Board for Technical and Comprehensive Education

(9) A person appointed by the Superintendent of Education who has particularized expertise regarding Chapter 59, Title 59, the South Carolina Education and Economic Development Act.

(B) A vacancy on the committee is filled in the same manner as the original appointment.

(C) The governor shall appoint the chair of the committee from its voting members. The chair serves for one (1) year, or until a successor is selected.

(D) The committee shall meet at least quarterly or at the call of the chair.

(E) A majority of the voting members of the committee constitutes a quorum for the purpose of conducting business. The affirmative vote of a majority of the members of the governance committee is required for the committee to take official action.

[1] The Subcommittee reviewed and used language from Indiana Code of Laws Title 22, Labor and Safety and Maryland Code of Laws, Title 24 Miscellaneous Education Agencies for proposed language for South Carolina.

(F) The WEDOC and the Health & Demographics Division of the South Carolina Revenue and Fiscal Affairs Office shall be considered authorized representatives of the State Department of Education and the South Carolina Commission on Higher Education under applicable federal and state statutes for the purposes of accessing and compiling student record data for audit and evaluation purposes.

13-1-2032 Definitions

(a) As used in this section

1. "Office" means the Health & Demographics Division of the South Carolina Revenue and Fiscal Affairs Office.
2. "Committee" means the Workforce and Education Data Oversight Committee.
3. "Partner Agencies" refer to The Office of First Steps to School Readiness, the South Carolina Department of Education, the South Carolina Commission on Higher Education, the Department of Social Services, the South Carolina Technical College System, the Department of Commerce, and the Department of Employment and Workforce.

13-1-2033 Requirements

(a) The Committee, working in conjunction with the staff of the Office, shall:

(1) Effectively organize, manage, and analyze educational, workforce, and other data as necessary to achieve the objectives of the Coordinating Council for Workforce Development.

(2) Generate timely and accurate information and reports about student progress and outcomes over time, including students' preparation for postsecondary education and the workforce.

(3) Support the economic development and other activities of state and local governments.

(4) Work with state agencies and other entities participating in the Office's South Carolina Health and Human Services Data Warehouse to develop and implement appropriate policies and procedures concerning data quality, integrity, transparency, security, and confidentiality.

(5) Coordinate the provision and delivery of data, as determined by the Committee, to ensure that research project timelines and deliverables to stakeholders are met.

(b) In consultation with the Committee, the Office may hire staff as necessary to administer the tasks of this section and to ensure compliance with statutory, regulatory, and other obligations.

(c) The Committee, in conjunction with staff of the Office, may oversee the collection, use, and/or linking of data as necessary to meet its obligations only after:

(1) Evaluating the security risks, privacy risks, compliance obligations, and financial requirements, and
(2) Implementing and/or overseeing processes to ensure compliance with statutory, regulatory, and other obligations.

(d) The Office may link workforce and education data, as outlined in S.C. Code Ann. §13-1-2034 with medical and health records provided that the Office complies with S.C. Code Ann. §44-6-180 and with the requirements of S.C. Code Ann. §13-1-2036.

(e) All information disseminated will conform to state and federal privacy laws.

(f) The Office, with the consent of the Committee, may promulgate regulations to formalize the process to collect, use, analyze, and generate reports on data to be overseen by the Committee.

13-1-2034 Submission of Data

(a) The Office of First Steps to School Readiness, the South Carolina Department of Education, the South Carolina Commission on Higher Education, the Department of Social Services, the South Carolina Technical College System, the Department of Commerce, and the Department of Employment and Workforce, and other agencies of the state, as deemed necessary by the General Assembly, that collect relevant data related to educational and workforce outcomes shall submit that data to the Office on a timely basis upon the development of the oversight requirements, as listed in S.C. Code Ann. §13-1-2035 and shall ensure the following:

(1) Routine and ongoing compliance with the federal Family Educational Rights and Privacy Act (20 U.S.C. 1232g), Federal-State Unemployment Compensation (UC) Program; Confidentiality and Disclosure of State UC Information (20 C.F.R. Part 603), and other relevant privacy laws and policies, including the following:

(A) The required use of de-identified data in research and reporting information relating to a specific individual or entity.

(B) The required disposition of information that is no longer needed.

(C) The provision of a data security plan, including the capacity for audit trails and the performance of regular audits for compliance with data privacy and security standards.

(D) The implementation of guidelines and policies to prevent the reporting of other data that may potentially be used to

identify information relating to a specific individual or entity.

(2) The use of data only in aggregate form in reports and responses to information requests.

(3) Data that may be identifiable based on the size or uniqueness of the data may not be reported.

(b) Other entities, both public and private, may submit to the Office relevant data, including data at the individual level, as determined by Committee and working through the staff of the Office.

(c) The data submitted to the Office under subsections (a) and (b):

(1) remains under the ownership and control of the agency submitting the data; and

(2) may be used only for the purposes of this chapter, unless the agency that submitted the data consents to the additional use.

13-1-2035 Use of Data

(a) Except as provided in S.C. Code Ann. § 13-1-2035(b), workforce and education data collected pursuant to this chapter may be used as follows:

(1) For the purposes of improving the effectiveness of the state's educational delivery system on the economic opportunities of individuals and the state's workforce, and to guide state and local decision makers; and

(2) To respond to requests from the state, local agencies, and the General Assembly.

(b) The Partner Agencies as specified in S.C. Code Ann. § 13-1-2032 agree to the following limitations on the use of their education and workforce data:

(1) All data, material, and information gathered by or disclosed to partner agencies pursuant to this chapter will not be disclosed or discussed with any third party without the prior written consent of the relevant Partner Agency unless that information is already in the public domain.

(2) Prior to public disclosure, any reports, studies, or other research using matched data shall be sent to the Partner Agencies whose data is being used 30 days prior to publication.

(3) Partner Agencies reserve the right to request adjustments to research, analysis, or suppression methodology as appropriate.

(4) Partner Agencies reserve the right to analyze the matched data prior to its release to the person or entity requesting the data for accuracy and appropriate interpretation.

(c) Partner Agency data may never be accessed, used, or disclosed for any:

(1) Purpose not wholly within the spirit and intent of this Chapter;

(2) Purpose to identify any particular individual or set of individuals on an individual basis except as required by law enforcement or a court order, or

(3) Illegal purpose.

13-1-2036 Administrative Oversight

(a) The Committee shall provide administrative oversight for the usage of the workforce and education data outlined in S.C. Code Ann. § 13-1-2034.

(b) Administrative oversight of workforce and education data includes all the following:

(1) Work with staff of the Office and other participating state agencies to establish the following:

(A) A standard compliance time frame for the submission of data to the office.

(B) Interagency policies and agreements to uphold the security, privacy, and accuracy of all workforce and education data.

(2) Develop and implement a detailed data security and safeguarding plan that includes:

(A) access by authenticated authorization;

(B) privacy compliance standards;

(C) notification and other procedures in case of a data breach;

(D) privacy and security audits; and

(E) policies for data retention and disposition.

(3) Develop and implement policies to provide routine and ongoing compliance with the federal Family Educational Rights and Privacy Act (20 U.S.C. 1232g), and other relevant privacy laws and policies.

(4) Establish the policy and research agenda for workforce and education related data.

(5) Establish policies for responding to data requests from the state, local agencies, and the General Assembly. The policies established under this subdivision must provide for access to data requested by the legislature. If the data requested by the legislature includes data that is restricted by federal law, regulation, or executive order, the Committee shall provide access to the legislature to the restricted data only to the extent permitted by the applicable federal law, regulation, or executive order.

(6) Submit, as part of the annual report required in S.C. Code Ann. §13-1-2030(B)(1)(g), the following information for the most recent fiscal year:

(A) An update concerning the administration of workforce and education data and the committee's activities.

(B) An overview of all studies performed.

(C) Any proposed or planned contractions, changes, or expansions of the data overseen by the Committee.

(D) Any other recommendations made by the Office staff or the Committee.

(7) The Committee may review research requirements and set policies for the approval of data requests.

(c) Funding for the development, maintenance, and use of workforce and education data housed at the Office will be obtained from appropriations made by the General Assembly for this purpose. The Office may obtain supplemental funding from any of the following sources:

(1) Grants or other assistance from local educational agencies or institutions of higher education.

(2) Federal grants.

(3) User fees.

(4) Grants or amounts received from other public or private entities.

(d) The Office, with the consent of the Committee, may contract with public or private entities for the following purposes:

(1) To develop and maintain workforce and education data housed at the office, including analytical and security capabilities. Contracts made under this subdivision must include:

(A) express provisions that safeguard the privacy and security of all workforce and education data; and

(B) penalties for failure to comply with the provisions described in clause (A).

(2) To conduct research in support of the activities and objectives listed in S.C. Code Ann. § 13-1-2033.

(3) To conduct research on topics at the request of the Committee, the governor, or the General Assembly.

SUMMARY

Education, Workforce Development and Economic Development programs depend on data about earnings and occupations to develop programs and devote resources. However, available data on workplace earnings and occupations is sparse due to survey and estimation techniques, resulting in the inability to accurately assess the needs of the workforce or the value of education and training programs. This proposal improves the accuracy of data by transitioning employers to an electronic platform which captures employee occupation and hours worked. The change will enable accurate assessment of state needs and outcomes while increasing the efficiency of filing and eliminating unnecessary, burdensome surveys of employers.

ISSUES

Every quarter, each employer submits a "Employer Quarterly Contribution and Wage Report" which contains for each employee: name, social security number, and total wages for the quarter. Multiple state and federal programs use, or need to use, this data to evaluate outcomes and assess workforce needs. For example:

1. WIOA 4-116(b)(2)(A)(iii) requires matching post training occupation with participant credentials and training.
2. WIOA 4-116(b)(2)(A)(i) requires reporting median earnings Q2 after exit.
3. State education entities (Department of Education, Technical Colleges, and Public 4-year Colleges) request employment data on students to track earnings and occupational outcomes for state and federal reporting (i.e.- TAACCCT grants to Tech Colleges to develop curriculum for TAA workers).
4. Economic development entities require identification of occupational supply to help recruit companies and train workers where necessary.
5. The Commission on Higher Education requires information on whether graduates from post-secondary institutions find gainful employment in their degree area to aid in evaluating program effectiveness.

Unfortunately, the current data collected does not identify an employee's occupation. To compensate, some entities undertake costly surveys to obtain more detailed occupational information. More often, as a workaround, an estimate of the occupation is used. This estimation can often be inaccurate, as it is based on surveys of larger employers. For example, the follow-up report for participants in a federally-funded healthcare training program shows a number of participants end up working in a hospital system. However, it is unknown if these participants actually have careers in their trained field versus in the cafeteria, janitorial, or administrative staff. Or, a participant trained in an accounting program may work for the same hospital. Again, it is unknown whether the individual obtained employment in an accounting occupation.

Additionally, while wages are collected, the total hours worked is not available, creating an inaccurate picture of how much the person is working. For example, if the quarterly earnings of a participant one year after training is low, the cause may be due to a low hourly wage, working part time, or having just started the job in the last month of the quarter. Without hours worked, it is not possible to differentiate between these scenarios.

PROPOSAL

Expand SC Code of Law Section 41-31-160 to

1. Require submission of occupation code, monthly hours and monthly wages
2. Require all employers to file Quarterly Wage & Contribution Reports electronically.

IMPACT ON EMPLOYERS

Most employers file quarterly wage in electronic format already. Among very large employers who utilize proprietary payroll systems, many already track occupations. Among smaller and medium-sized employers, many use services such as PayChex, ADP, Intuit, etc. For these employers, hours worked are likely already maintained by these systems and would require no additional employer burden. Further, setting up each employee's occupation would typically be a one-time event. Each subsequent quarter, the occupation code would be pre-populated. Payroll software providers would need to be notified of the change in advance, but their systems should be able to accommodate the change, as they are providing service to clients in Louisiana and Alaska where such requirements already exists.

Further, due to the lack of occupation code, SCDEW is required by the Bureau of Labor Statistics annually to survey 10% of state businesses to build occupational estimates. Quarterly collection of this data would render this program obsolete, freeing up SC employers from responding to yet another survey, which falls on the shoulders of larger employers (those over 20 employees). As a result, small employers, who make up 18%[1] of the employees, are not represented in SC occupation counts.

While the updates will require some initial additional effort from employers, they can be mitigated through phasing them in over time, and providing free training and set-up assistance to SC employers.

BENEFITS FOR SOUTH CAROLINA

Going forward, enhanced occupation and hours worked data collection will provide

- Accurate counts and *projections* of occupations in the state throughout both large and small companies,
- Fewer data entry errors and more rapid availability of data for performance reporting and feedback to better serve participants,
- Ability to better identify and deliver training/education to actual workforce needs,
- Ability to measure the effectiveness of state and federal programs in increasing educational attainment, employment and wages, employer productivity, state GDP, and reducing crime and dependence on public assistance programs,
- Accurate data to make decisions when choosing education programs and careers.

[1] Small Business Profiles for the States and Territories, February 2015. Office of Advocacy of the U.S. Small Business Administration. (online: https://www.sba.gov/sites/default/files/advocacy/SB%20Profiles%202014-15_0.pdf)

SECTION 41-31-160. Contribution reports shall not be required more frequently than quarterly.

The department shall not require contribution and wage reports more frequently than quarterly. Effective with the quarter ending March 31, 2019, every employer with fifty or more employees and every individual or organization that, as an agent, reports wages on a total of fifty or more employees on behalf of one or more subject employers, and effective with the quarter ending March 31, 2020, every employer and every individual or organization that, as an agent, reports wages on behalf of one or more subject employers, shall file that portion of the "Employer Quarterly Contribution and Wage Reports" containing the employee's social security number, name, occupation code, monthly hours, and monthly wages on magnetic tapes, diskettes, online, or electronically, in a format approved by the department. The department may waive the requirement to file using electronic media if hardship is shown. In determining whether a hardship has been shown, the department shall take into account, among other relevant factors, the ability of the taxpayer to comply with the filing requirement at a reasonable cost.

HISTORY: 1962 Code Section 68-187; 1952 Code Section 68-187; 1942 Code Section 7035-87; 1936 (39) 1716; 1939 (41) 487; 1941 (42) 369; 2002 Act No. 306, Section 7, eff June 5, 2002; 2010 Act No. 234, Section 1, eff January 1, 2011.

Effect of Amendment

The 2002 amendment rewrote the section.

The 2010 amendment substituted "department" for "commission" throughout.