

November 14, 2022

The Honorable Shalanda D. Young
Director
Office of Management and Budget
725 17th ST NW
Washington, DC 20503

Dear Director Young:

The Biden Administration has outlined an ambitious policy agenda to address historic inequities and implement strategies that put individuals on pathways to success as they navigate the early childhood to workforce (P–20W) pipeline. Decisions and investments about how best to implement this policy agenda require the support of statewide longitudinal data systems (SLDS), which are the only data systems that link individual-level data from early childhood through the workforce over time. While states and their federal partners have built a strong data foundation over the last two decades, current SLDS are not up to the task of supporting individuals and policymakers in the ways needed to fully achieve this vision for integrated individual-level data. Modernizing these systems will require additional investment in the coming years. **The Data Quality Campaign (DQC) and undersigned organizations urge the Office of Management and Budget (OMB) to include significant federal investments in state data systems in its forthcoming fiscal year 2024 (FY24) budget request.**

Strong SLDS are an essential aspect of implementing and scaling effective, evidence-based, equitable education and workforce pathways. For example:

- For more high school students to get an early start on college and career preparation, they need to know about the options available to them (e.g., dual enrollment programs, work-based learning opportunities) and how they map to their future goals and earning potential.
- For more postsecondary students to complete college without the burden of unmanageable debt, they must have information about the cost and quality of their program and their likely salary upon completion of their program.
- For more workers to find high-quality jobs, they need to understand the landscape of available credentials and which will set them up for success and lead to further opportunity in the labor market.

The Administration has improved federal data and evidence practices through a number of [policy actions](#). For these policies to be successful, they need to be accompanied by a robust federal investment in *state* data infrastructure. States have dedicated years to building data systems and made great strides, thanks in part to federal action that has galvanized progress. For example, in 2009, only [eight states](#) were budgeting state funds for their education data systems. That same year, the federal government included within the American Recovery and Reinvestment Act three separate funding mechanisms states could use to build an SLDS. As a result, barely five years later (in 2014), [41 states](#) were budgeting state funds for their education data systems. By 2021, all 50 states were budgeting state funds for an SLDS, and [43 of those systems](#) could link their K–12 data to both postsecondary and workforce data. In other words, federal incentive dollars worked to drive immediate and long-term investments in state data systems.

Over the years, however, federal investment in the SLDS grant program and Workforce Data Quality Initiative (WDQI) grants has waned. As a result, by our last count, there are [only 16 states](#) that can link data across the early childhood, K–12, postsecondary, and workforce sectors. Further, existing systems have been unable to evolve from serving primarily state policymaker and researcher needs. They remain inaccessible to other potential users like students, workers, and local governments that could benefit from modernized SLDS. States have limited resources to evolve their systems to meet the needs of these users at this moment. Federal investments could go a long way toward addressing current data system challenges, including connecting data across sectors, updating outdated source systems, navigating a complex privacy landscape, improving access, and increasing human capacity.

With this context in mind, we recommend including the following policy and funding priorities in the administration’s forthcoming FY24 proposed budget request and management agenda:

- **Make bold, new investments in modernizing state data infrastructure.** Adopt the Advisory Committee on Data for Evidence Building’s [year 2 recommendation](#) to establish a new block grant to support cross-program data infrastructure improvements and data modernization. The Advisory Committee’s recommendation recognizes the critical need to make significant investments that are not tied to a specific program, but rather are designed and administered in a manner that requires collaboration in service of consolidating state data to support individual needs.
- **Include full funding for grant programs that support source systems.** A big new investment in integrated data will only be successful if the underlying source systems (such as a state’s workforce data system) that provide data are strong. Consequently, continued investment in these systems is critical and should be supported in the following ways:
 - Fully fund the SLDS and WDQI grant programs, which are critical sources of funding that state agencies use to address priority projects and make updates to their existing education and workforce data systems.
 - Create financial incentives for states to modernize Unemployment Insurance systems so that accurate earnings data can be extracted and integrated with SLDS.
 - Provide dedicated funding for the early childhood and postsecondary sectors, which currently do not have resources specifically to support their data systems.
 - Allow funding through these programs to be used to expand data privacy technical assistance, including through the U.S. Department of Education’s Privacy Technical Assistance Center (PTAC).
- **Support the following programs that address longstanding barriers to cross-sector data use:**
 - Fully fund the newly passed National Secure Data Service (NSDS) demonstration project. While oriented toward supporting federal decisionmaking, the NSDS can also fill gaps in state and local data collections so state and local policymakers can access that information.
 - Fund a pilot to explore the feasibility of a cross-sector national privacy center that can elevate innovative approaches to data privacy and security, demystify existing privacy requirements, and help state and local leaders navigate specific privacy questions.
 - Adopt the Advisory Committee on Data and Evidence Building’s recommendation to issue the Presumption of Accessibility rule. States still report difficulties accessing important administrative data in federal programs across education, workforce, health and human service silos.

- **Make it easier for states to braid and blend federal funding from multiple programs to finance efficient integrated data infrastructure and analytics capacity.** Create a common sense, simplified cost allocation approach to encourage states to use existing federal funding streams to build more efficient, robust SLDS that incorporate education, workforce, health, human services and other relevant data on populations served by multiple federal programs. This effort would overcome the unintended financial barriers that result from outdated, poorly aligned OMB and agency rules and guidance regarding permissible uses of grant funds for data-related activities.

Whether an individual trying to make choices about a career, a community group trying to understand and address inequities in opportunity, or a local leader assessing the effectiveness of past investments, everyone from individuals to policymakers is forced to make choices with insufficient information. State data systems—the primary source of this information—must be updated to better serve learners and workers, policymakers, and other data consumers. Through intentional investments in the upcoming FY24 budget request, OMB can encourage states to modernize their data systems in a way that leads to improved opportunities and outcomes for individuals.

Thank you for considering our requests. Please do not hesitate to contact Jane Clark (jane@dataqualitycampaign.org) or Kate Tromble (kate@dataqualitycampaign.org) at DQC with questions or if you would like to discuss these recommendations further.

Sincerely,

Data Quality Campaign
All4Ed
America Forward
City Year
Data Coalition
Institute for Higher Education Policy (IHEP)
Knowledge Alliance
National PTA
New America Higher Education Program
Results for America
State Higher Education Executive Officers Association (SHEEO)
StriveTogether

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