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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 28-03

TO : ALL STATE WORKFORCE AGENCIES

**FROM : CHERYL ATKINSON /s/
Administrator
Office of Workforce Security**

SUBJECT : Call Memo for the Fiscal Year (FY) 2004 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2004 SQSP process and to issue supplemental instructions for the State Workforce Agencies to use to prepare the FY 2004 SQSP.
2. **References.** Unemployment Insurance Program Letter ([UIPL No. 41-95](#), "Draft Narrative Describing the System for Enhancing Unemployment Insurance Performance: The 'UI PERFORMS' System;" [UIPL No. 37-99](#), "UI PERFORMS Tier I and Tier II Performance Measures and Minimum Performance Criteria for Tier I Measures;" [ET Handbook No. 336, 17th Edition](#), "Unemployment Insurance State Quality Service Plan (SQSP) Planning and Reporting Guidelines;" Workforce Investment Act Final Rule, 20 CFR Parts 652, 660-671, (UI); [UIPL No. 10-03](#), Unemployment Insurance Data Validation (UI DV) Status and Guidance for Fiscal Year (FY) 2003; and [UIPL 15-03](#), "Government Performance and Results Act (GPRA) Fiscal Year (FY) 2003 Unemployment Insurance (UI) Program Goals."
3. **Background.** Implemented nationwide in FY 2001, SQSP serves two purposes: (a) it is the state UI performance management and service plan with a focus on continuous improvement; and (b) it is the grant document through which states receive federal UI administrative funding. Core instructions for the SQSP are contained in ET Handbook No. 336, 17th Edition. The Handbook is designed as a permanent instruction for the annual planning and budget process in each state and provides states with planning guidelines and instructions for reporting UI financial and staff year information. The annual Call Memo supplements those instructions and provides guidance and instructions specific to the year in question.

UI is one of the Workforce Investment Act Title I partners. States have the option to include their UI programs as part of their Five-Year Strategic Unified State Plan submitted under Section 501 of the Act. States which do so also will participate in the annual UI PERFORMS SQSP process.

4. **Federal Emphasis.** Each year, the Employment and Training Administration (ETA) identifies program areas that warrant additional attention. The five-year Department of Labor (DOL) and ETA Strategic Plan, as well as the DOL and ETA Annual Performance Plans (APPs), form the basis for the Federal emphasis for FY 2004.

Required by Congress under the Government Performance and Results Act of 1993 (GPRA), the Strategic Plan and APPs are an integral part of the budget process. Both are outcome-driven and require a commitment from all DOL programs to attain expressed goals and outcomes.

The UI program's goal, shown below, supports the DOL strategic goal of "A Secure Workforce."

Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of unemployment insurance claimants, and set up unemployment tax accounts promptly for new employers.

ETA's FY 2004 APP identifies four performance goals that focus on improving the operational performance and effectiveness of the state UI programs to meet this goal:

- a. **Make Timely Benefit Payments to Unemployed Workers:** 91.3 percent of all intrastate first payments will be made within 14/21 days;
- b. **Improve Payment Accuracy/Integrity for Unemployed Workers:** Establish for recovery at least 59 percent of the amount of estimated overpayments that states can detect and recover.
- c. **Facilitate the Reemployment of Claimants:** A baseline for the entered employment rate of UI claimants receiving first payments in 2002 will be established from a pilot test conducted in FY 2003; authority to collect nationwide data will be sought from OMB;
- d. **Establish Tax Accounts Promptly :** 80 percent of determinations about the UI tax liability of new employers will be made within 90 days of the end of the first quarter they become liable for the tax.

Achieving these outcomes requires the combined efforts of the federal and state partners. States whose performance is below these goals are encouraged to develop performance plans cooperatively with their respective ETA Regional Office (RO).

5. **Corrective Action Plans (CAPs)/Continuous Improvement Plans (CIPs).** The underlying strategic approach of UI Performs is to:
 - raise the performance of states where performance is below minimum criteria;
 - develop and implement processes and systems which support continuous improvement above such minimum performance levels; and
 - promote performance excellence.

CAPs are required whenever a state's performance is below the established criteria for the SQSP measured period. The measurement period for the FY 2004 SQSP is April 1, 2002 – March 31, 2003. CIPs, on the other hand, are not required. They are instead submitted either at the state's option, or as a result of negotiations between the state and the RO. CIPs may be directed at improving performance in Tier II areas (which have no criteria), or Tier I areas where performance is above the criteria. States are reminded that there is no requirement to devote resources, nor develop improvement plans towards Tier II performance. The lone exception to this is where Tier II performance is so far below the national experience as to be considered egregious. ROs must have National Office agreement before requiring a state to submit a CIP because of egregious performance.

States are reminded that the SQSP design not only permits but encourages the development of multi-year CAPs and CIPs so that efforts which, due to their size, scope or complexity must extend beyond a fiscal year, can be realistically portrayed. Out-year portions of such multi-year plans need not provide quarterly targets or milestones as are required for the SQSP year but should provide sufficient information so that the anticipated progression of activity and results is clearly understood.

6. **Performance Criteria for FY 2004.** ETA, in conjunction with states and the National Association of State Workforce Agencies, is currently engaged in a comprehensive review of UI PERFORMS. The review will examine the performance measures, established criteria and the effectiveness of UI PERFORMS. (See [UIPL 06-03](#).) Performance measures and criteria will remain at the FY 2003 levels pending the outcome of the review; however, states are encouraged to maintain their efforts to improve performance. The attached table

displays the current Tier 1 measures and criteria.

7. Special Planning Requirements for FY 2004.

- a. **Data Validation Implementation.** States are to have fully implemented the UI DV program by the target date of July 31, 2003. States not able to complete their validations by July 31, 2003, and to report the results to DOL by September 30, 2003, must include a detailed CAP in their FY 2004 SQSP specifying (1) when they plan to complete UI DV implementation, and (2) the steps they will take to ensure full implementation. If CAPs involve training, the training must occur before December 31, 2003. In addition, states that cannot begin the implementation of UI DV by September 30, 2003, must conduct a full Workload Validation (WV) according to the requirements of Handbook 361. The WV must be completed by September 30, 2003, unless the National Office grants a waiver based on the RO's recommendation.

Failed populations from the initial validation need not be addressed in the FY 2004 SQSP; however, states are expected to work to correct problems identified in the initial validation through FY 2004. States will be asked to provide CAPs for failed populations beginning with the FY 2005 SQSP.

- b. **Budget Worksheet, UI-1.** The Resource Justification Model (RJM) has changed the collection of data for UI budget formulation and allocation. The RJM now collects the data that states previously reported in blocks 1 through 4 of the UI-1. Therefore, the report has been modified to eliminate these blocks.

In addition, the remaining data on the UI-1 can be reported at a later date because they affect only the UI-3 reports. Therefore, the date for UI-1 submission has been changed from April 1 to October. A revised UI-1 form is attached. Special instructions for the UI-1 will be issued in a separate advisory.

8. **Targeted Funding and Special Planning Considerations for FY 2004.** Funds are included in the President's budget request for Remote UI Access Grants. The budget request contains \$9 million for grants that promote access to the UI system by telephone, Internet, or other remote means. Special instructions for these targeted funds will be issued in separate advisories.
9. **Funding Period.** The proposed appropriation language provides for obligation of FY 2004 UI allocations by states through December 31, 2004 (with 90 additional days to complete expenditure of funds). However, states may obligate FY 2004 UI funds through September 30, 2006, if such obligations are for automation acquisitions. Therefore, the end of the FY 2004 funding period is December 31, 2004, for UI regular allocations, and September 30, 2006, for automation acquisitions.
10. **Data Availability.** The ROs will provide states with data reports to judge performance against the Tier I and Tier II measures and the GPRA goals. States may also access performance data on the Internet at www.ows.doleta.gov.
11. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2004. The deadline shall balance the time needed for the states to prepare their respective SQSPs and the time needed for the RO review.
12. **Electronic Submission of the SQSP.** States are encouraged to submit the SQSP electronically but should contact the RO SQSP Coordinator prior to submittal to identify and coordinate specific details. Generally, plans may be submitted in MS Word 2000 or an earlier version. Standard forms required as part of the budget reporting process (Chapter II of ET Handbook 336) are available in PDF format and may be downloaded from the Office of Management and Budget website at www.omb.gov. If electronic signatures are approved by the state for use in the submission of legal documents to the National Office and ROs, states may submit the SQSP signature page electronically. States that do not submit an electronic signature page must submit the signature page in hard copy by mail or facsimile by the deadline set by the RO.
13. **Action Required.** State Administrators are requested to:

- a. Make this information available to appropriate staff;
- b. Prepare their SQSPs in accordance with this UIPL and the planning and reporting instructions contained in ET Handbook No. 336, 17th Edition;
- c. Coordinate specifics as appropriate with the RO for electronic submission of the plan; and
- d. Submit FY 2004 SQSP to the appropriate RO by the date specified by the Regional Administrator.

14. **Inquiries.** Questions should be directed to the appropriate RO.

15. **Attachments.**

- [Tier I Measures Criterion Table](#)
- [The revised UI-1 budget form and instructions for the UI-1.](#)

Tier I Measure	Criterion	
	FY 2004 SQSP	Proposed in UIPL 37-99
First Payments		
% of 1st Payments within 14/21 days: IntraState UI, full weeks	87	
% of 1st Payments within 35 days: IntraState UI, full weeks	93	
% of 1st Payments within 14/21 days: InterState UI, full weeks	70	
% of 1st Payments within 35 days: InterState UI, full weeks	78	
% of 1st Payments within 14/21 days: Intra + Inter State UI, UCFE, UCX Programs, full + partial weeks		90
% of 1st Payments within 35 days: Intra + Inter State UI, UCFE, UCX Programs, full + partial weeks		95
Nonmonetary Determinations		
Separations, % within 21 days of Detection Date (Intra + Inter State UI, UCFE, UCX)	80	80
Nonseparations, % within 14 days of Detection Date (Intra + Inter State UI, UCFE, UCX)	80	80
% of Separation and Nonseparation Determinations with Quality Scores >80 points	75	75
Appeals		
% of Lower Authority Appeals Decided within 30 Days of Filing	60	60
% of Lower Authority Appeals Decided within 45 Days of Filing	80	85
% of Lower Authority Appeals Decided within 90 Days of Filing		95
% of Higher Authority Appeals Decided within 45 Days of Filing	50	50
% of Higher Authority Appeals Decided within 75 Days of Filing	80	80
% of Higher Authority Appeals Decided within 150 Days of Filing	95	95
% of Lower Authority Appeals with Quality Scores at least 85% of potential points	80	80
Tax		
% of New Status Determinations within 90 days of Quarter End Date	60	60
% of New Status Determinations within 180 days of Quarter End Date	80	80
Acceptance Sample for Accuracy of 60 New Status Determinations --Pass with No More than 6 Failed Cases	Pass	Pass
Cash Management		
*Timeliness of Transfer to UTF: Ratio of average daily loanable balance in Clearing Account to average daily Transfer to UTF: Ratio of the monthly average daily loanable balance (line 10, ETA 8414 report) to the average daily transfer to the Trust Fund (line 3, ETA 8405 report) divided by the number of days in the month.		
**Timeliness of Deposit to the Clearing Account: Elapsed time from the State's receipt of employer contributions to their deposit in the clearing account, estimated from a random sample of contributions received by the state during a specified time interval.		

*The criterion for the measure of the ratio of the average daily loanable balance in the Clearing Account to the average daily transfer of the UTF has been deferred for FY 2004 SQSP pending the outcome of UI Reform legislation.

**The measures was deferred pending development of a methodology that would provide uniform results for states that use a lock-box operation as opposed to an in-state cashiering operation.

U.S. DEPARTMENT OF LABOR
 Employment and Training Administration

Exp. Date
 OMB Approval #1205-0132

WORKSHEET UI-1	UI STAFF HOURS				
State	Fiscal Year			Date	
Annual Hours Per Staff Year and Quarterly Distribution					
Hours Per Staff Year	Annual	First	Second	Third	Fourth
a. Hours Worked					
b. Hours Paid					
Comments					

ETA 8623A (June 1994)

INSTRUCTIONS FOR THE UI-1

Public Report Burden for the collection of this information is estimated to average 15 minutes per response, including time for reviewing instructions, search existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0003), Washington, DC 20503.

Please type or print legibly. The following general instructions explain how to use the form itself.

Item Entry

- a. Enter the annual staff year hours worked and distribution by quarter.
 The annual hours for this item must equal the annual hours for item 3.

- b. Enter the annual staff year hours paid and distribution by quarter.
 The annual hours for this item must equal the annual hours for item 4.

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