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TO : ALL STATE WORKFORCE AGENCIES

**FROM : GRACE A. KILBANE
Administrator
Office of Workforce Security**

SUBJECT : Call Memo for the Fiscal Year (FY) 2003 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2003 SQSP process and to issue supplemental instructions for the State Workforce Agencies (SWAs) to use to prepare the FY 2003 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 SQSP Planning and Reporting Guidelines;" Workforce Investment Act Final Rule, 20 CFR Parts 652, 660-671, and [UIPL 27-02](#), "Government Performance and Results Act of 1993 (GPRA) Fiscal Year (FY) Unemployment Insurance (UI) Program Goals."
3. **Background.** DOL implemented the SQSP nationwide in FY 2001. UIPL No. 41-95 describes the genesis of the UI performance system, UI PERFORMS, and the partnership principles on which it is founded. UIPL No. 37-99, dated July 1, 1999, established the minimum performance criteria for Tier I measures.

The SQSP approaches the UI performance management and planning process with a focus on continuous improvement, while leaving the budget reporting and planning process (Chapter II of ET Handbook 336) largely unchanged from prior years. At the request of state partners, it promotes an exchange of information between the Federal and state partners, reflecting their joint commitment to continuous improvement and client-centered services, with the objective of ensuring that key program administration criteria are met. 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.

As one of the workforce investment system partners, state UI programs may include five-year state UI program planning information in State Workforce Investment Act (WIA) Unified Plans. Such states assure that

they will participate in the annual UI PERFORMS SQSP process.

4. **Federal Emphasis.** As indicated in UIPL 41-95, one of the Federal partner's responsibilities is to provide stewardship of the UI system as a whole, thus requiring a high degree of collaboration and information sharing between the partners. The Call Memo not only initiates the process for the states to use to prepare the annual SQSP, it is the vehicle by which the Federal partner shares information that identifies the areas in which the Employment and Training Administration (ETA) will focus attention and resources for overall UI program planning. The five-year DOL and the ETA Strategic Plans, as well as the DOL and ETA Annual Performance Plans (APPs), form the basis for the Federal Emphasis. Required by Congress under the Government Performance and Results Act of 1993 (GPRA), the Strategic Plans and APPs are an integral part of the budget process. They are outcome-driven and require a commitment from all DOL programs to attain expressed goals and outcomes.

The current DOL and ETA Strategic Plans cover the period Fiscal Years (FY) 1999-2004. These strategic plans and the DOL and ETA FY 2003 APPs may be found on the DOL and ETA web pages (www.dol.gov and www.doleta.gov), located within the "About DOL" or the "About ETA" section.

In December 2001, ETA redefined its goals to achieve a simple yet balanced expression of GPRA's intent to reflect UI's benefit payment, tax and reemployment facilitation responsibilities. The primary DOL strategic goal under which the UI program may be found is A SECURE WORKFORCE and the ETA goals that speak to this are under Outcome Goal 2.2, Protect Worker Benefits:

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.

Under Outcome Goal 2.2, ETA's FY 2003 APP identifies four performance goals, each with one indicator, that focus on the objective of improving the operational performance and effectiveness of the state UI programs in meeting the mission to provide economic security for workers and their families. The achievement of the indicators by the end of the fiscal year will determine the attainment of the following performance goals:

- **Payment Timeliness:** 91 percent of all intrastate first payments will be made within 14/21 days;
- **Payment Accuracy:** Work to improve payment accuracy. A measure and baseline will be established in FY 2002;
- **Facilitate Reemployment:** A measure and baseline will be established during FY 2002 for the reemployment of UI claimants; and
- **Establish Tax Accounts Promptly:** 80 percent of new employer determinations of tax liability will be made within 90 days of the end of the first quarter in which they become liable for the tax.

Performance goals numbers 2 and 3 are under development and targets for FY 2003 will be announced in a separate advisory.

Achieving these outcomes requires the combined efforts of the Federal and state partners. ETA intends to foster and encourage effective management and innovation, and to work cooperatively with states to achieve continuous improvement rather than prescribing mandatory action.

5. **Program Performance.** Strategies to improve operational performance are centered largely on the development and implementation of UI PERFORMS. DOL's underlying strategic approach is to focus efforts on raising the performance of states where performance is below minimum criteria while continuing to develop and implement processes and systems which support continuous improvement above such minimum performance levels and promote performance excellence. The Department will concentrate its technical assistance efforts in states that repeatedly fall below the minimum criterion for Tier I measures.

States are reminded that the SQSP design not only permits but encourages the development of multi-year corrective action plans (CAPs) and continuous improvement plans (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 understood.

6. **Performance Criteria for FY 2003.** UIPL No. 37-99 establishes the minimum performance criteria for Tier I measures and their effective dates and indicates that changes in the First Payment and Lower Authority Appeals Timeliness measures would depend upon promulgation of the final UI PERFORMS regulation. Since regulations are still pending, the Secretary's Standards are still in effect for the FY 2003 SQSP. The attached table displays the Tier I measures and effective dates.
7. **Targeted Funding and Special Planning Considerations for FY 2003.** Funds are included in the President's budget request for the following areas. Special instructions for these targeted funds will be issued in separate advisories.
 - a. **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.
 - b. **Reemployment Service Grants to States.** The FY 2003 ETA budget request for Employment Service (ES) grants to states includes \$35 million for grants to states to provide reemployment services to UI claimants. These funds are allocated to each state employment service agency largely on the basis of UI first payments.
8. **Funding Period.** Proposed appropriation language provides for obligation of FY 2003 UI allocations by states through December 31, 2003 (with 90 additional days to complete expenditure of funds). However, states may obligate FY 2003 UI funds through September 30, 2005, if such obligations are for automation acquisitions. Therefore, the end of the FY 2003 funding period is December 31, 2003, for UI regular allocations, and September 30, 2005, for automation acquisitions.
9. **Data Availability.** The Regional Office (RO) 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 current performance data on the Internet at www.ows.doleta.gov.
10. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2003 that balances the time needed for the states to prepare their respective SQSPs and the time needed for the RO review.
11. **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.
12. **Action Required.** State Administrators are requested to:
 - a. Make this information available to appropriate staff;
 - b. Prepare their SQSP in accordance with this UIPL and the planning and reporting instructions contained in ET Handbook No. 336, 17th Edition;
 - c. Ensure state review of and commitment to plans submitted;

- d. Coordinate specifics with the appropriate RO, if electing to utilize electronic submission of the plan; and
- e. Submit FY 2003 SQSP to the appropriate RO by the date specified by the Regional Administrator.

13. **Inquiries.** Questions should be directed to the appropriate Regional Office.

14. **Attachments:**

[Tier I Measures Criterion Table.](#)

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Tier I Measure	Criterion	
	FY 2003 SQSP	New Regulation & 5-yr Review
First Payments		
% of 1 st Payments within 14/21 days: IntraState UI, full weeks	87	
% of 1 st Payments within 35 days: IntraState UI, full weeks	93	
% of 1 st Payments within 14/21 days: InterState UI, full weeks	70	
% of 1 st Payments within 35 days: InterState UI, full weeks	78	
% of 1 st Payments within 14/21 days: Intra + Inter State UI, UCFE, UCX Programs, full partial weeks		90
% of 1 st 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. (This measure is deferred.)		

*The criterion for the measure of the ratio of the average daily loanable balance in the Clearing Account to the average daily transfer to the UTF has been deferred for FY 2003 SQSP pending the outcome of UI Reform legislation.