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ADVISORY : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 21-04

TO : STATE WORKFORCE AGENCIES

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

SUBJECT : Proposed Changes to UI Performs

- Purpose.** To provide an opportunity for comment on proposed changes to the unemployment insurance (UI) performance management system "UI Performs."
- References.** Federal Unemployment Tax Act; Title III of the Social Security Act; 20 Code of Federal Regulations (CFR) Parts 640 and 650; [Unemployment Insurance Program Letter \(UIPL\) 41-95](#), "Draft Narrative Describing the System for Enhancing Unemployment Insurance (UI) Performance: The "UI Performs" System" (August 24, 1995); [UIPL 06-03](#), "Review of UI Performs" (November 25, 2002); [UIPL 37-99](#), "UI PERFORMS Tier I and Tier II Performance Measures, and Minimum Performance Criteria for Tier I Measures" (July 31, 1999); [Employment and Training \(ET\) Handbook No. 336, 17th Edition](#), "Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines" (June 18, 2002); ET [Handbook No. 401, 3rd Edition](#), "Unemployment Insurance Reports Handbook" and subsequent changes.
- Background.** Over the period 1993 to 1997 two joint federal-state workgroups designed a comprehensive performance management system for the UI program and gave it the name UI Performs. Two kinds of measures emerged from this process: Tier I measures for which minimum national criteria were set and Tier II measures for which criteria were not set. Tier I and Tier II measures and Tier I criteria were promulgated in July 1999. Planning and budget cycles at the state level are structured around State Quality Service Plans (SQSP) which include performance objectives related to Tier I and Tier II measures.

The UI Performs design also called for a review of the system within five (5) years of implementation. This initial review and resulting recommendations are discussed below.

- The Review.** The review of UI Performs, which began with the publication of [UIPL 06-03](#) asking state agencies to identify issues relevant to the UI Performs system, addressed: (a) the performance measures; (b) the criteria used to gauge success against the measures; and (c) the administration of UI Performs. Issues raised by the 21 states that responded to [UIPL 06-03](#), a proposal by the National Association of State Workforce Agencies (NASWA), and issues raised by Federal staff formed the basis for the review, which was conducted in consultation with a NASWA workgroup. The consultative process clarified the issues and informed many of the proposed changes described below.

Two overarching themes were found in the issues raised: (1) the large number of measures to which the

states are held accountable diffuses management attention and (2) the administration of UI Performs is too complex and burdensome on the states. The review resulted in the following proposal to streamline UI Performs.

5. **Proposal.** The Department proposes to streamline UI Performs in three (3) ways:

- a) *Reduce the number of measures for which performance goals are set to a few "core" measures.* This will allow states to better focus on the most critical program areas.
- b) *Recognize remaining measures as management information for which no performance goals will be set.* All current performance measures not designated as "core" will be available to state and Federal partners as management information.
- c) *Streamline the SQSP narrative.* The narrative requirement will be reduced and will focus on performance issues.

The Department proposes two categories of measures for the streamlined UI Performs: 1) Core Measures and 2) Management Information Measures. The measure categories and the review and reporting requirements that would underlie the revised UI Performs system are described below.

Measures.

- **Core Measures** are the 11 measures that would replace the current 19 Tier I measures and would be indicators of how well states perform critical activities. Core Measures would be comparable among states and would be assigned Acceptable Levels of Performance (ALPs) criteria. States would be expected to submit Corrective Action Plans (CAPs) when their performance falls below acceptable levels. The proposed measures and performance criteria are:

<i>Tax Measures</i>	<i>Acceptable Levels of Performance</i>
<ul style="list-style-type: none"> ■ New Employer Status Determinations Time Lapse 	70% within 90 days of quarter ending (Q/E) date.
<ul style="list-style-type: none"> ■ Measure of Tax Quality 	Failure of no more than 3 samples reviewed under the Tax Performance System (TPS) in a year and no sample failing the TPS review for 3 consecutive years.
<i>Benefits Measures</i>	<i>Acceptable Levels of Performance</i>
<ul style="list-style-type: none"> ■ First Payment Promptness 	87% of all first payments made within 14/21 days (14 days if a waiting week is required, and 21 days if no waiting week is required) after the compensable week.
<ul style="list-style-type: none"> ■ Nonmonetary Determination Time Lapse 	ALP deferred until state performance using the new parameters (days elapsed between the week-ending date of the first week affected and the date of the determination) has been recorded for four quarters.
<ul style="list-style-type: none"> ■ Nonmonetary Determination Quality Nonseparation Issues 	75% of nonseparation determinations meeting quality.
<ul style="list-style-type: none"> ■ Nonmonetary Determination Quality Separation 	75% of separation determinations meeting quality.

Issues

- **Detection of Overpayments** % of detectable/recoverable overpayments established for recovery. ALP will be set after a 1-year review of the data.

Appeals Measures

Acceptable Levels of Performance

- **Average Age of Pending Lower Authority Appeals** ALP deferred until state performance using the new parameters has been recorded for four quarters.
- **Average Age of Pending Higher Authority Appeals** ALP deferred until state performance using the new parameters has been recorded for four quarters.
- **Lower Authority Appeals Quality** 80% of lower authority appeals have quality scores of at least 85% of potential points.

Reemployment Measure

Acceptable Levels of Performance

- **Facilitate Reemployment** % of UI claimants who are reemployed within the quarter following their first UI payment. ALP deferred until data have been collected from all states for four quarters.

Appendix A is a comparison of current to proposed measures.

- **Management Information Measures** would consist of currently collected performance data that provide additional insight into UI program operations. Some Management Information Measures are subsets of data included in Core Measures, such as timeliness of benefit payments to ex-military personnel and those claiming benefits on an interstate basis. These data alert state and Federal managers to performance issues that could result in lower performance on Core Measure goals and are useful for performance analysis.

No performance criteria would be assigned to Management Information Measures. However, several measures' criteria are currently in regulation and will remain in effect until the regulation is replaced. Descriptions of the Management Information Measures can be reviewed in Handbook 401, 3rd Edition, Change 9. The Management Information Measures are listed in **Appendix B**.

Regulations. Secretary's Standards for benefit payment promptness and lower authority appeals promptness are found in 20 CFR Parts 640 and 650, respectively. Changes to the regulations will be proposed to reflect the measures and criteria noted above for first payment promptness and average age of pending appeals. (The change to the appeals promptness measure is contingent upon the outcome of a pilot test currently underway. See Appendix C.) Until the regulations are changed, the current measures and criteria will remain in force. Failure to meet criteria established in regulation will require corrective action.

Program Reviews and Reporting Requirements. States perform a variety of reviews and submit various reports as part of the overall performance management system. No changes to these reviews and reports (listed below) are proposed. However, efforts to correct deficiencies regarding these reviews and reports will be addressed in the SQSP narratives rather than by CAPs.

- Performing required program reviews, such as internal security, Federal programs, benefit payment control, tripartite reviews for nonmonetary determination quality, and reviews of lower authority appeals

- quality;
- Submitting required reports; and
- Meeting the requirements for performing the Benefits Accuracy Measurement (BAM), the Tax Performance System (TPS), and Data Validation (DV).

6. **Administering UI Performs.** The SQSP, which each state negotiates annually with the Federal partner, will continue to be central to the administration of UI Performs. The Department proposes that the SQSP will include narratives and CAPs:

- **Narratives.** Unlike the current SQSP format that requires a "Summary" narrative and "Focus" narratives, we propose that the states describe in a single narrative:
 - State performance in comparison to the GPRA goals;
 - Results of customer satisfaction surveys (optional);
 - Actions planned to correct deficiencies regarding the review and reporting requirements described in Section 5.

Pending the outcome of a review of the Benefits Timeliness and Quality nonmonetary determination measurement instrument discussed in Appendix C, states will address nonmonetary determination quality performance deficiencies in the narrative. Upon completion of the review and implementation of resulting changes, nonmonetary determination deficiencies will be addressed in CAPs.

States will no longer be asked to address environmental factors, such as economic conditions, political climate, labor/business relationships, or state legislative issues in the SQSP.

- **CAPs** States would be expected to submit CAPs as a part of the SQSP when their annual performance on Core Measures does not meet the ALPs. With the exception of the Secretary's Standards currently in regulation, no CAPs will be required based on Management Information Measures. However, if a state's performance in one or more Management Information Measure is so conspicuously poor that a state's compliance with the Federal law is in question, the Department would require corrective action. States will provide quarterly updates for each CAP. The Federal partner will strive to attain uniform administration of CAP requirements among the states and regions.
- **Continuous Improvement Plans (CIPs).** Under the current UI Performs structure, states prepare CIPs to improve Tier II performance or Tier I performance that is above the established criteria. However, CIPs proved to be administratively burdensome without demonstrating improved performance. States would no longer be asked to develop CIPs under UI Performs.

7. **Studies Affecting Core Measures.** In order to improve several Core Measures, the Department is conducting a number of studies. They are described in **Appendix C**.

8. **Publishing Data.** Three categories of performance data will be published each year:

- The GPRA goals and national aggregate data;
- Core Measures with state-specific data;
- Management Information will be published in a format that does not compare states' performance.

9. **Effective Dates for Implementing Changes.** The Department proposes to begin implementing the changes in UI Performs with the SQSP for FY 2006 that states will prepare during the summer of 2005. UI Performs will use data from the Performance Year that extends from April 1, 2004, to March 31, 2005, for the FY 2006 SQSP. Implementation of the few measures for which data are not currently available will be phased in as the measures are finalized and the requisite programming is completed.

10. **Action.** State Workforce Agency administrators are requested to review and comment on the recommended changes to the UI Performs system by July 23, 2004. In addition to comments about specific measures, we would appreciate comments on preferred nomenclature for CAPs and ALPs. Please provide the following information for each comment:

- a. Identify the section of this UIPL being commented on by topic or by section number.
- b. Include supporting data or rationale along with the comment.
- c. Recommend a course of action, with rationale.
- d. Provide the name, phone, fax, and e-mail address for the person who can answer questions or provide further information about the comment and recommendation.

Address mailed or faxed comments to:

Cheryl Atkinson, Administrator
Office of Workforce Security
U.S. Department of Labor
Room S4231
Washington, DC 20210
Attention: Geri Oberloh
Telephone: 202-693-3194 (Not a toll-free number)
Fax number: 202-693-3975

E-mail comments are welcome and should be directed to Oberloh.Geri@dol.gov

11. **Inquiries.** Direct inquiries to your regional office.

12. **Appendices.**

[Appendix A:](#) Comparison of Current to Proposed Measures.

[Appendix B:](#) Management Information.

[Appendix C:](#) Studies Affecting Core Measures

Comparison of Current to Proposed Measures

Current Tier I Measure	Proposed Core Measure
<p>New Employer Status Determinations: % of new status determinations within 90/180 days of Q/E date.</p> <ul style="list-style-type: none"> 60% within 90 days of Q/E date. <hr/> <ul style="list-style-type: none"> 80% within 180 days of Q/E date 	<p>New Employer Status Determinations: % of new status determinations within 90 days of Q/E date.</p> <ul style="list-style-type: none"> 70% within 90 days of Q/E date
<p>Acceptance Sample for Accuracy: 60 New Status Determinations--Pass with no more than 6 Failed Cases</p>	<p>Tax Quality: New measure using data currently collected under TPS as sample scores for the tax functions.</p> <ul style="list-style-type: none"> No more than 3 samples failing in a year, and no sample failing for 3 consecutive years.
<p>Timeliness of Transfer to the UTF: Ratio of the monthly average daily loanable balance to the average daily transfer to the Trust Fund divided by the number of days in the month. (No criterion set)</p>	
<p>Timeliness of deposit into state's clearing account :</p> <ul style="list-style-type: none"> % of employer contributions deposited into the state's clearing account within three days of receipt. (Criterion not set) 	<p>(Included in the Tax Quality Core Measure above.</p> <ul style="list-style-type: none"> 90% of employer contributions deposited into the state's clearing account within 3 days.)
<p>First Payment Timeliness: Number of days elapsed from week-ending date of the first compensable week in benefit year to date payment is made in person, mailed, or offset/intercept is applied on the claim.</p> <ul style="list-style-type: none"> 87% of first payments within 14/21¹ days: Intrastate UI, full weeks² 	<p>First Payment Timeliness: Number of days elapsed from week-ending date of the first compensable week in benefit year to date payment is made in person, mailed, or offset/intercept is applied on the claim.</p> <ul style="list-style-type: none"> 87% of all first payments including Intra + Interstate UI, UCFE, UCX, full & partial weeks, made within 14/21¹ days. Excludes Workshare, episodic claims, such as DUA, and retroactive payments for a compensable waiting period.
<hr/> <ul style="list-style-type: none"> 93% of 1st Payments within 35 days: Intrastate UI, full weeks² 	

<ul style="list-style-type: none"> 70% of 1st Payments within 14/21¹ days: Interstate UI, full weeks ² 	
<ul style="list-style-type: none"> 78% of 1st Payments within 35 days: Interstate UI, full weeks ² 	
<ul style="list-style-type: none"> 90% of all first payments, including Intra + Interstate UI, UCFE, UCX, full & partial weeks, within 14/21¹ days 	
<ul style="list-style-type: none"> 95% of all first payments, including Intra + Interstate UI, UCFE, UCX, full & partial weeks, within 35 days 	
<p>Nonmonetary Determinations Timeliness: Number of days elapsed from date of detection by the state of any nonmonetary issue that had the potential to affect the claimant's past, present or future benefit rights to the date on the determination.</p> <ul style="list-style-type: none"> 80% of Separation Determinations within 21 days of Detection Date: Intra + Interstate UI, UCFE, UCX Programs, full + partial weeks 	<p>Nonmonetary Determinations Timeliness: Number of days elapsed from the week-ending date of the first week affected by the determination to the date on the determination for any issue that had the potential to affect the claimant's past, present or future benefit rights. The new starting parameter will require a change to the 9052 report.</p> <ul style="list-style-type: none"> ___ % (to be determined) of all determinations made within 21 days of the week ending date of the first week affected. Excludes issues detected through BAM and BPC. Performance goal deferred until state performance using the new parameters has been recorded for four quarters.
<ul style="list-style-type: none"> 80% of Nonseparation Determinations within 14 days of Detection Date: Intra + Interstate UI, UCFE, UCX Programs, full + partial weeks 	
<p>Nonmonetary Determinations Quality: Evaluation results of quarterly samples of nonmonetary determinations selected from the universe of nonmonetary determinations reported by the 9052 report. Intra + Interstate UI, UCFE, UCX.</p> <ul style="list-style-type: none"> 75% of Separation and Nonseparation Determinations with Quality Scores >80 points: 	<p>Nonmonetary Determinations Quality: Evaluation results of quarterly samples of nonmonetary determinations selected from the universe of nonmonetary determinations reported on the 9052 report. Intra + Interstate UI, UCFE, UCX.</p> <p>Separation and nonseparation samples must each meet the threshold criteria for case material found and issue validity without reference to the validity of the other. Results will be reported separately for separation and nonseparation issues.</p>

	<ul style="list-style-type: none"> • 75% of separations scoring >80 points. • 75% of nonseparations scoring >80 points.
	<p>Detection of Overpayments: Overpayments (dollars) established for recovery as a percent of the overpaid amount estimated through BAM that the state can detect and recover. (Categories of overpayments that vary greatly from state to state or may be "technical" overpayments – failure to meet work search requirements and be registered with ES – are excluded from the measure.)</p> <ul style="list-style-type: none"> • % of all detectable/recoverable overpayments established for recovery: ALP will be set after a 1-year review of the data.
<p>Lower Authority Appeals Timeliness: Number of days elapsed from the date the request for a lower authority appeals hearing is filed to the date of the decision.</p> <ul style="list-style-type: none"> • 60% of Lower Authority Appeals Decided within 30 days of filing: Intra + Interstate UI, UCFE, UCX ² 	<p>Average Age of Pending Lower Authority Appeals: a count of all pending Lower Authority Appeals divided into the sum of their age in days.</p> <ul style="list-style-type: none"> • Performance goal deferred until state performance using the new parameters has been recorded for four quarters.
<ul style="list-style-type: none"> • 80% of Lower Authority Appeals Decided within 45 days of filing: Intra + Interstate UI, UCFE, UCX ² 	
<ul style="list-style-type: none"> • 95% of Lower Authority Appeals Decided within 90 days of filing: Intra + Interstate UI, UCFE, UCX (no criterion set) 	
<p>Higher Authority Appeals Timeliness: Number of days elapsed from the date a higher authority appeal is filed to date of the decision.</p> <ul style="list-style-type: none"> • 50% of Higher Authority Appeals Decided within 45 Days of filing: Intra + Interstate UI, UCFE, UCX 	<p>Average Age of Pending Higher Authority Appeals: a count of all pending Higher Authority Appeals (Intra + Interstate UI, UCFE, UCX) divided into the sum of their age in days.</p> <ul style="list-style-type: none"> • Performance goal deferred until state performance using the new parameters has been recorded for four quarters.
<ul style="list-style-type: none"> • 80% of Higher Authority Appeals Decided within 75 Days of filing: Intra + Interstate UI, UCFE, UCX 	

<p>95% of Higher Authority Appeals Decided within 150 Days of filing: Intra + Interstate UI, UCFE, UCX</p>	
<p>Lower Authority Appeals Quality: Evaluation results of quarterly samples of lower authority benefit appeals hearings selected and evaluated as instructed in ET Handbook #382 (2nd edition). Intra + Interstate UI, UCFE, UCX.</p> <ul style="list-style-type: none"> • 80% of Lower Authority Appeals with quality scores at least 85% of potential points. 	<p>Lower Authority Appeals Quality: Evaluation results of quarterly samples of lower authority benefit appeals hearings selected and evaluated as instructed in ET Handbook #382 (2nd edition). Intra + Interstate UI, UCFE, UCX.</p> <ul style="list-style-type: none"> • 80% of Lower Authority Appeals with quality scores at least 85 % of potential points.
	<p>Facilitate Reemployment: The percent of UI claimants who become reemployed within the quarter following their first UI payment. Performance goal deferred until data have been collected from all states for four quarters.</p>

~~1 "14/21" days. States requiring a waiting week before the payment of a week of benefits must make the first payment within 14 days of the week-ending date of the first compensable week claimed. States with no waiting week requirement must make the first payment within 21 days of the week-ending date of the first compensable week claimed.~~

2 Current measurement for Secretary's Standards.

Management Information Measures

Benefits Payment Timeliness Measures

1. Intrastate UI First Payments Timeliness, full weeks, within 35 days
2. Interstate UI First Payments Timeliness
3. UI First Payments Timeliness (Partials/Part Totals)
4. UCFE First Payments Timeliness
5. UCX First Payments Timeliness
6. Continued Weeks Payment Timeliness
7. Continued Weeks Payment Timeliness (Partials/Part Totals)
8. Workshare First Payments Timeliness
9. Workshare Continued Weeks Timeliness
10. Intrastate Separation Determinations Timeliness
11. Intrastate Nonseparation Determinations Timeliness
12. Interstate Separation Determinations Timeliness
13. Interstate Nonseparation Determinations Timeliness
14. UCFE/UCX Nonmonetary Determinations Timeliness
15. Nonmonetary Determinations Implementation Timeliness

Appeals Timeliness Measures

16. Implementation of Appeals Decision Timeliness
17. Lower Authority Appeals Timeliness – 45 Days
18. Lower Authority Appeals Timeliness – 90 Days
19. Higher Authority Appeals Timeliness – 75 Days
20. Higher Authority Appeals Timeliness – 150 Days
21. Lower Authority Appeals, Average Pending Case Age
22. Higher Authority Appeals, Average Pending Case Age

Combined Wage Claims Timeliness Measures

23. Combined Wage Claim Wage Transfer Timeliness
24. Combined Wage Claim Billing Timeliness
25. Combined Wage Claim Reimbursements Timeliness

Tax Timeliness Measures

26. Contributory Employer Report Filing Timeliness
27. Reimbursing Employer Report Filing Timeliness
28. Securing Delinquent Contributory Reports Timeliness
29. Securing Delinquent Reimbursing Reports Timeliness
30. Resolving Delinquent Contributory Reports Timeliness
31. Resolving Delinquent Reimbursing Reports Timeliness
32. Contributory Employer Payments Timeliness
33. Reimbursing Employer Payments Timeliness
34. Successor Status Determination Timeliness (within 90 days of Quarter Ending Date)
35. Successor Status Determination Timeliness (within 180 days of Quarter Ending Date)

Appeals Quality Measures

36. Lower Authority Appeals Due Process Quality

Tax Quality Measures

- 37. Delinquent Reports Resolution Quality
- 38. Collection Actions Quality
- 39. Turnover of Contributory Receivables to Tax Due
- 40. Turnover of Reimbursing Receivables to Tax Due
- 41. Write off of Contributory Receivables to Tax Due
- 42. Write off of Reimbursing Receivables to Tax Due
- 43. Contributory Accounts Receivable as a Proportion of Tax Due
- 44. Reimbursing Accounts Receivable as a Proportion of Tax Due
- 45. Field Audits Quality
- 46. Field Audit Penetration, Employers
- 47. Field Audit Penetration, Wages
- 48. Percent Change as a Result of Field Audit

Benefits Accuracy Measures

- 49. Paid Claim Accuracy
- 50. Denied Claim Accuracy

Tax Accuracy Measures

- 51. Posting New Determinations Accuracy
- 52. Successor Determinations Accuracy
- 53. Posting Successor Determinations Accuracy
- 54. Inactivating Employer Accounts Accuracy
- 55. Posting Inactivations Accuracy
- 56. Employer Reports Processing Accuracy
- 57. Contributory Employer Debits/Billings Accuracy
- 58. Reimbursing Employer Debits/Billings Accuracy
- 59. Employer Credits/Refunds Accuracy
- 60. Benefit Charging Accuracy
- 61. Experience Rating Accuracy

Cash Management Measure

- 62. Timeliness of Transfer to UTF

Benefit Payment Control Measures

- 63. Benefit Payment Control, Establishment Effectiveness
- 64. Benefit Payment Control, Collection Effectiveness

Studies Affecting Core Measures

Nonmonetary Determination Quality. The Department convened a nonmonetary determinations Federal/state team to study the measurement instrument used in the quality review. The team is exploring ways to refine the measurement instrument to ensure the most accurate review results. During the interim, states will continue the current system of tripartite reviews using the existing instrument, but the Department will immediately begin to display separation and nonseparation scores separately in published reports. Pending the conclusion of the study, states will address performance below the established performance goals in narratives in the State Quality Service Plan rather than in corrective action plans.

Overpayment Detection Measure. The Department proposes to include as a Core Measure the percent of estimated detectable, recoverable overpayments that the state establishes for recovery. The Benefit Accuracy Measurement data provide the overpayment estimate, while Benefit Payment Control data provide the amount of overpayments established for collection. For a recent period, six states reported establishing over 100% of estimated recoverable overpayments, while at the same time several other states' ratios were extremely low. The Department will examine the BAM methods, procedures and results in an attempt to explain the phenomenon of inverse ratios in some states, and over the coming year will explore possible adjustments to the measure.

Average Age of Pending Appeals. The Department proposes that the promptness measure for Higher Authority and Lower Authority Appeals be changed and regulations amended appropriately. To determine if cases are being decided with the greatest promptness that is administratively feasible, UI Performs would no longer use the elapsed time between filing the appeal and the date of the decision, but would instead use the average age of all cases pending in the state on a given date. The Department thinks the new measure will encourage states to decide cases more quickly overall and is currently conducting a six-state pilot of the proposed measure. State agencies and other commentators are asked to address how the new measure might drive operational changes in the states' higher and lower authority appeals systems and how those changes might affect services to claimants and employers.