

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D. C. 20210	CLASSIFICATION
	UI
	CORRESPONDENCE SYMBOL
	OWS/DPM
RESCISSIONS	ISSUE DATE
	June 24, 2004
None	EXPIRATION DATE
	June 30, 2005

ADVISORY : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 26-04

TO : STATE WORKFORCE AGENCIES

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

SUBJECT : Call Memo for the Fiscal Year (FY) 2005 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

- Purpose.** To initiate the FY 2005 SQSP process and to issue supplemental instructions for the State Workforce Agencies to use to prepare the FY 2005 SQSP.
- 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 et al;](#) [UIPL No. 3-04](#), "Unemployment Insurance Data Validation (UI DV) Status and Guidance;" and [UIPL 21-04](#), "Proposed Changes to UI Performs."
- Background.** The 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. General 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. While 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, they also must participate in the annual UI Performs SQSP process.

- Federal Emphasis.** Each year, the Employment and Training Administration (ETA) identifies program areas that warrant special attention. The five-year Department of Labor (DOL) Strategic Plan forms the basis for the Federal emphasis for FY 2005. Required by Congress under the Government Performance and Results Act of 1993 (GPRA), the Strategic Plan is an integral part of the budget process and requires a commitment from all DOL programs to attain expressed goals and outcomes.

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

Make timely and accurate benefit payments to unemployed workers, and facilitate their reemployment.

The GPRA goals and targets for FY 2004 are as follows:

- *Make Timely Benefit Payments*
 - Target: 89.2% of all intrastate first payments will be made within 14/21 days.
- *Establish Tax Accounts Promptly.*
 - Target: 82.2% of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.
- *Detect Benefit Overpayments.*
 - Target: Overpayments detected will be at least 59% of the estimated detectable, recoverable overpayments.
- *Facilitate the Reemployment of Claimants.*
 - DOL is currently seeking Office of Management and Budget (OMB) approval for all states to collect and report data for the reemployment measure.

Achieving these outcomes requires the combined efforts of the Federal and state partners. States where performance is expected to be below these targets for FY 2004 are requested to describe in the SQSP narrative the steps they will take to improve performance during FY 2005.

5. **Program Performance.** DOL's strategic approach of UI Performs is to focus efforts on raising the performance of states where performance is below minimum criteria while promoting performance excellence.

Corrective Action Plans (CAPs) are required whenever a state's performance is below the established criteria for the SQSP measurement period. The measurement period for the FY 2005 SQSP is April 1, 2003 – March 31, 2004. Multi-year CAPs continue to be an option for states 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 do not need to provide quarterly targets or milestones as are required for the SQSP year, but should provide sufficient information to explain anticipated progress and results.

6. **Performance Criteria and Special Planning Requirements for FY 2005.** As a result of an intensive review, DOL is considering making changes to UI Performs, the UI performance management system. The proposed changes were issued for comment in UIPL 21-04, dated May 18, 2004. The FY 2006 SQSP is the implementation target for the changes. For the FY 2005 SQSP, DOL will administer the current SQSP process (ET Handbook 336, 17th Edition) with the following modifications. This interim process will allow for the efficient administration of UI Performs while states continue to strive to improve performance.

Modifications for FY 2005 SQSP:

- **Continuous Improvement Plans** have proven to be administratively burdensome without leading to demonstrated improved performance and therefore will not be administered with the FY 2005 SQSP.
- **SQSP Narratives** provide an opportunity for states to share their key program objectives for the coming year. The components to be addressed are described in ET Handbook No. 336, 17th Edition; however, states need not address environmental factors, such as economic conditions, political climate, labor/business relationships, and state legislative issues. Separate Focus Narratives need not be submitted.
- **CAPs** for timeliness measures will be limited to performance below the criteria set for a single reporting interval, except for the criteria established by regulation.
 - **Appeals:** No CAPs will be required for failure to meet the criteria for the percent of High Authority Appeals decided within 75 and 150 days of filing.

- **Tax:** No CAPs will be required for failure to meet the criteria for the percent of New Status Determinations within 180 days of quarter end date.
- **Nonmonetary Determinations Timeliness:** For purposes of CAPs, the criteria for Nonseparations will be 80% within 21 days of the detection date – the same as for separations- rather than the 14-day interval previously used. This synchronizes both parts of Nonmonetary Determination Timeliness and acknowledges their commonality.

The attached table displays the Tier I measures and criteria for the FY 2005 SQSP.

- **Data Validation.** States were required to submit CAPs for the 2004 SQSP only for failure to implement UI DV. For FY 2005, however, states that will not fully implement and "pass" data validation by September 30, 2004, must submit CAPs. (See UIPL 03-04, dated November 21, 2003.) In preparing CAPs, states should give priority to full implementation of data validation and to "passing" validation of the reports used to measure performance of the GPRA goals.

There are two facets to passing UIDV: Report Validation and Data Element Validation.

- **Report Validation:** The determinations of pass/fail will be made for Report Validation based on the Mathematica Policy Research validation software used by the states. This software has defined groups of report cells at which to make pass/fail determinations; these groups are generally subgroups of the Populations used to conduct validation. To pass Report Validation, the report counts must be within $\pm 1\%$ for data used in GPRA measures and $\pm 2\%$ for all others.
- **Data Element Validation:** To pass data element validation, benefits random samples must fall within a 5% error tolerance. The numbers of allowable errors for the different sample sizes are in Appendix A, page A.79 of the Benefits Validation Handbook.

Tax validation has no random samples. For FY 2005, the determinations of pass and fail for Tax validation will be made only on the basis of whether report counts are within the established $\pm 2\%$ or $\pm 1\%$ tolerances of validation counts.

This structure of groups and samples, and rules for determining pass and fail, is being reviewed in conjunction with writing the validation software for the Sun-Unix environment. These changes will not affect state extract files. The new structure will be the subject of a forthcoming UIPL.

7. **Funding Period.** The proposed appropriation language provides for obligation of FY 2005 UI allocations by states through December 31, 2005 (with 90 additional days to complete expenditure of funds). However, states may obligate FY 2005 UI funds through September 30, 2007, if such obligations are for automation acquisitions. Therefore, the end of the FY 2005 obligation period is September 30, 2007, for automation acquisitions and December 31, 2005, for all other funds.
8. **Data Availability.** The regional offices will provide states with reports showing their performance against the Tier I measures, the GPRA goals, and other information relative to completing the SQSP (i.e., reporting deficiencies).
9. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2005.
10. **Electronic Submission of the SQSP.** States are encouraged to submit the SQSP electronically and should contact the RO SQSP Coordinator prior to submittal to coordinate specific details. Standard forms required as part of the budget reporting process (Chapter II of ET Handbook No. 336, Edition) are available in PDF format and may be downloaded from the OMB 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.

11. **Action.** State Administrators are requested to:

- a. Make this information available to appropriate staff;
- b. Prepare their SQSPs in accordance with instructions in 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 2005 SQSP to the appropriate RO by the date specified by the Regional Administrator.

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

13. **Attachment.** [Tier I Measures Criterion Table](#)

Tier I Measures	Criteria for FY 2005 SQSP
Benefit Payment Timeliness	
% of 1 st Payments within 14/21 days: IntraState UI, full weeks (Regulation)	87
% of 1 st Payments within 35 days: IntraState UI, full weeks (Regulation)	93
% of 1 st Payments within 14/21 days: InterState UI, full weeks (Regulation)	70
% of 1 st Payments within 35 days: InterState UI, full weeks (Regulation)	78
Nonmonetary Determinations	
Separations, % within 21 days of Detection Date (Intra + Inter State UI, UCFE, UCX)	80
Nonseparations, % within 21 days of Detection Date (Intra + Inter State UI, UCFE, UCX)	80
% of Separation and Nonseparation Determinations with Quality Scores >80 points	75
Appeals	
% of Lower Authority Appeals Decided within 30 Days of Filing (Regulation)	60
% of Lower Authority Appeals Decided within 45 Days of Filing (Regulation)	80
% of Higher Authority Appeals Decided within 45 Days of Filing	50
% of Lower Authority Appeals with Quality Scores at least 85% of potential points	80
Tax Operations	
% of New Status Determinations within 90 days of Quarter End Date	60
Acceptance Sample for Accuracy of 60 New Determinations – Pass with No More than 6 Failed Cases	Pass