

<b>EMPLOYMENT AND TRAINING ADMINISTRATION          ADVISORY SYSTEM          U. S. Department of Labor          Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
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	<b>DATE</b> February 22, 2002

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.14-02

TO: ALL STATE WORKFORCE ADMINISTRATOR

FROM: GRACE A. KILBANE  
 Administrator  
 Office of Workforce Security



SUBJECT: Unemployment Insurance Data Validation (UI DV) Program  
 Implementation Plan

1. **Purpose.** To announce the Office of Management and Budget's (OMB) approval on December 17, 2001, of the UI DV Program, provide target dates for the implementation, and provide instructions for implementing the validation program.

2. **Background.** In October 2000, UIPL 03-01 advised State Workforce Agencies (SWAs) to continue Workload Validation (WV) according to the existing WV cycle until collection authority expired on 12/31/2000, or if they preferred, they could begin the transition to implementing the UI DV system using the draft UI DV Handbooks. The WV/DV contractor, Sparhawk Group, Inc., provided technical assistance with either WV operations or UI DV implementation as needed. Most states required to perform a workload validation opted to continue WV; however, other states began an early implementation of UI DV. To date, sixteen states have received on-site training from the contractors and are proceeding to implement UI DV.

In June 2001, ETA contracted with Mathematica Policy Research Inc. to design software for the states to use in performing the automated common functions for the UI DV Program. The standardized software ensures consistency in how states implement the validation specifications and significantly reduces the state programming requirements. The software will produce validation counts for each of the 19 populations (14 benefits and 5 tax); compare the counts to

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the federal report item counts; detect duplicate entries of transactions in the extract files; calculate time lapse for payments, non-monetary determinations, and appeal decisions; select samples from the populations; generate worksheets with sampled observations; and produce final summary and analytical reports of transaction validation.

3. **Implementation Status for the UI DV Program.** The transition to UI DV will take approximately eighteen months to complete nationwide. The phase-in will be gradual: not all states will be ready to begin the UI DV implementation immediately; and individual-state training on-site will lengthen the training period. Thus the Department has set a required implementation date of July 31, 2003, for all states to complete the validation process. The on-site training session in the UI DV system and follow-up technical assistance in the implementation process will be largely provided by Sparhawk Group, Inc., and Mathematica Policy Research, Inc. staff.

States ready to begin the implementation process for UI DV in calendar year 2002 will use DV as their validation system and be waived from any WV requirements. States that will not be ready to begin implementing UI DV before January, 2003, and are required to validate certain workload data will use WV to validate those data items in 2002.

4. **Implementation Steps for the Mandatory Program.** To prepare for implementation, UI DV Handbooks (Modules 1, 2 & 4, Appendices A-F) have been revised to reflect the new software and to incorporate the changes made in the ETA 227 and ETA 5159 reports. These revised UI DV Handbooks for benefits and tax are currently available on the OWS website. States may access this site at [www.ows.doleta.gov/dv](http://www.ows.doleta.gov/dv). The software for benefits has been tested by several states and is also available on the website. The software for the tax validation program is being finalized by Mathematica, and will be tested in several states before making it available for all states. It is anticipated that this tax software will be available on the website before March 1, 2002.

State-specific components (Module 3) of the handbooks were produced by the contractor for both benefits and tax and provided to all states in 1997. Some states provided updates for these handbooks and Mathematica incorporated the revisions. Many states, however, have made no updates to their individual handbooks since they were originally compiled in 1996. The most recent version of each individual state specific handbook has been transmitted via e-mail to all state agency UI DV coordinators. State staff should review their handbooks, make necessary changes, provide them to appropriate ADP staff to use in programming for UI DV, and submit an updated copy to the appropriate Regional Office.

States are responsible for the programming required to construct the extract transaction files the Mathematica software will use to perform the automated validation functions. States will have to complete this required programming in order to use the designated software for identifying the samples

required for validation of benefits and tax reports data.

The increased emphasis on performance accountability (e.g., UI Performs, Government Performance and Results Act, and Chief Financial Officers Act) and the implementation of the Resource Justification Module for allocating UI administrative resources elevate the importance of data validity. It is important that SWAs take appropriate action to begin these implementation steps as soon as possible.

5. **Funding.** It is estimated that implementation of UI DV for both benefits and tax will take about 2700 hours or 1.5 full time equivalent position (FTE). Allocations for FY 2002 for state workforce agencies includes the 1 FTE position previously designated for WV. Another 0.5 FTE from the Program Improvements line has been allocated for DV for FY 2002. This means that all states will initially have 0.5 an FTE more to operate DV than they did to operate WV. The UI DV Program is a significant undertaking and will validate much more data than WV, but after the initial implementation phase, it will be less labor intensive because it is highly automated.

6. **Actions Required.** State Workforce Agency Administrators are requested to:

- a. Distribute this advisory to appropriate staff;
- b. Communicate interest in implementing UI DV to the appropriate Regional Office as the first step in arranging the on-site training and technical assistance for starting the implementation process (such interest should be communicated to the Regional Office as soon as possible);
- c. Review Module 3 (State-specific Handbook), make necessary revisions, and provide updated copy to appropriate Regional Office (the updates for Module 3 should be completed no later than 09/30/02);
- d. Review reports data, noting possible misreported elements, and take appropriate corrective action to correct such reporting problems in conjunction with beginning the UI DV implementation process; and
- e. If the implementation of UI DV will not begin prior to January, 2003, and a WV is required, complete a proposal and submit schedule for conducting a WV to the appropriate Regional Office by March 29, 2002.

7. **Inquiries.** Questions should be directed to the appropriate Regional Office or Gail Eulenstein at 202-693-3013.