

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI Performs
	CORRESPONDENCE SYMBOL OWS/DPM
	DATE May 18, 2004

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

1. **Purpose.** To provide an opportunity for comment on proposed changes to the unemployment insurance (UI) performance management system “UI Performs.”
2. **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.
3. **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.

4. **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>
➤ New Employer Status Determinations Time Lapse	70% within 90 days of quarter ending (Q/E) date.
➤ 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>
➤ 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.
➤ 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.
➤ Nonmonetary Determination Quality Nonseparation Issues	75% of nonseparation determinations meeting quality.
➤ Nonmonetary Determination Quality Separation Issues	75% of separation determinations meeting quality.
➤ Detection of Overpayments	% of detectable/recoverable overpayments established for recovery. ALP will be set after a 1-year review of the data.
<i>Appeals Measures</i>	<i>Acceptable Levels of Performance</i>
➤ 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.

<i>Reemployment Measure</i>	<i>Acceptable Levels of Performance</i>
-----------------------------	---

- | | |
|---------------------------|--|
| ➤ 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