

<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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**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 12-08

**TO:** STATE WORKFORCE AGENCIES

**FROM:** DOUGLAS F. SMALL *Douglas F. Small*  
 Deputy Assistant Secretary

**SUBJECT:** Establishing an Acceptable Level of Performance (ALP) for the Unemployment Insurance (UI) Reemployment Rate Measure

1. Purpose. To solicit comments on the proposed definition for the UI Performs core measure, "Facilitate the Reemployment of UI Claimants," and the approach used for setting the ALP.
2. References. Unemployment Insurance Program Letter (UIPL) No. 14-05, "Changes to UI Performs," (February 18, 2005); UIPL 1-06, "Collection of Data on the Facilitation of Reemployment of Unemployment Insurance (UI) Benefit Recipients" (October 6, 2005); Training and Employment Guidance Letter (TEGL) 24-05, Change 1, "Baseline Value and the Fiscal Year (FY) 2007 Target for the Indicator used for the Government Performance and Results Act (GPRA) Goal to Facilitate the Reemployment of Unemployment Insurance (UI) Claimants," (January 19, 2007).
3. Background. In March 2006, states began submitting data on the number of beneficiaries who received a UI first benefit payment in one quarter and for whom earnings were reported in the quarter following their first payment. These data were used to calculate a baseline for the UI GPRA reemployment rate measure. In TEGL 24-05, Change 1, ETA announced that the baseline reemployment rate was 62.4%, and set the fiscal year (FY) 2007 GPRA Facilitate Reemployment goal at 65%. The TEGL also advised states that the development of a UI Performs measure "with a criterion by which to assess individual states' success in facilitating UI reemployment" was in progress.

Each calendar quarter, on the ETA 9047 report, states report separate counts for beneficiaries receiving first payments who are exempt from work search/employment service registration "exempt", in most cases because they are job-attached with definite recall dates, and those who must conduct work search or

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register “nonexempt”. They also report on the ETA 9047 report the number of beneficiaries for whom intrastate or interstate wages are reported in the subsequent quarter. (The latest ETA 9047 report indicates that all but 9 states are crossmatching their first payments against both interstate and intrastate wage record databases). The GPRA measure is defined as the percentage of all UI claimants receiving a first payment in a calendar quarter who were paid wages in the following quarter that appear in UI wage records.

4. Defining the UI Performs Core Measure. We are proposing using the same definition for the UI Performs core measure as for the GPRA measure for purposes of consistency and its uniform application to all states.
  
5. Establishing the Reemployment ALP. One of the basic tenets of UI performance measure criteria is that they be comparable across all states. Our analysis showed that state performance in reemployment of beneficiaries is influenced by forces outside the control of the agency administering the state UI law, most notably by the economic conditions in the state, as measured by the Total Unemployment Rate (TUR), and the percent of beneficiaries that are on temporary layoff, as measured by the percent of claimants who are not required to search for work or register with the state employment office. Our analysis, made using the statistical technique of multiple regression to identify those factors that most influenced state reemployment rates, identified the two described above as particularly significant. In most states, claimants who are exempt from work search/employment service registration (mostly due to job attachment) have much higher rates of reemployment in the succeeding quarter. Also, the state reemployment rates are highly sensitive to state economic conditions, as measured by the TUR. Therefore, it is essential for the ALP to take into account differences in the proportion of exempt/nonexempt claimants and the TUR.
  
6. Development of Proposed Criteria. A regression equation using 1<sup>st</sup> payment data for the four calendar year (CY) 2006 quarters and total reemployment rates for the following quarters (April 2006 through March 2007) was used to generate the table of ALPs on the next page. Each state will be assigned its ALP by finding the row that reflects the state TUR and the column that reflects the percent of state claimants who are not on temporary layoff; the cell where the appropriate row and column intersect is the state’s ALP.

FY 2008 ALPs for Reemployment of UI Beneficiaries Based on Quarterly 1 <sup>st</sup> Payments During CY 2006						
TUR (%)	% of Non-Exempt Claimants					
	>90	>80 -90	>70 - 80	>60 - 70	>50 - 60	≤50
≤2	66	67	69	72	74	77

>2 to 3	64	65	67	70	72	75
>3 to 4	61	62	65	67	70	72
>4 to 5	59	60	62	65	67	70
>5 to 6	57	57	60	62	65	67
>6 to 7	54	55	58	60	63	65
>7 to 8	52	53	55	58	60	63
>8 to 9	50	50	53	55	58	60
>9 to 10	47	48	50	53	55	58
>10 to 11	45	46	48	51	53	56

The attached table shows each state's ALP associated with its CY 2006 TUR and its percent of claimants receiving a first payment who are not exempt from work search. Based on reemployment rates for first pays made during CY 2006, 15 states (highlighted) would fall short of their appropriate ALP.

7. Administering the Reemployment Core Measure. This measure differs from the typical UI Performs core measure in two ways.
  - First, results for the other UI Performs core measures are based on the performance period of April - March. Because the reemployment ALP relies on wage-record crossmatches, states will not be able to report their reemployment data for the April- March performance period until September. This is too late to be used in development of the State Quality Service Plans (SQSP) for the following fiscal year, which begins in early June each year.
  - Second, all other core measures have only one ALP, while for this measure a matrix of ALPs is proposed.

In light of these differences, we plan to administer the Facilitation of Reemployment core measure as follows:

- Period of Performance. The SQSP performance period will be the calendar year. That is, it will be based on the number of claimants receiving first payments during the 12 month period ending in September who are reemployed one quarter later, during the 12 months ending in December. These data will be available in mid-to-late June, early enough for the SQSP process.
- Performance Against ALP. In May, OWS will provide states with information through the Regional Offices on reemployment rates for the period ending September 30 as an advance indication of performance. At that time, OWS will also provide each state's TUR for the calendar year, and the proportion of first payments that are nonexempt from work search for the year ending June 30 of the previous year. This will inform states of their expected ALPs for the SQSP performance period. A state will not know its actual ALP until it can combine its percent of nonexempt claimants from the ETA 9047 report, with its calendar year TUR.

A state reporting a reemployment rate below its ALP will be expected to prepare

and include a Corrective Action Plan in its SQSP for the succeeding fiscal year.

OWS will continue to work with states to improve ETA 9047 reporting accuracy and will re-estimate regression models as more data are gathered. This may lead to revisions in the matrix of ALPs. Although it seems probable that the proposed procedures will accurately accommodate changes in state TURs for the short run, and in light of Administration economic assumptions, substantial changes in economic conditions may affect how the TUR and the division of exempt/nonexempt claimants relate to reemployment. If these relationships change materially, we will provide a new set of ALPs for this core measure.

8. Action Required. State Administrators are requested to:
  - Provide the above information to appropriate staff for comment;
  - Within 45 days, provide comments on the proposed definition for the measure to facilitate reemployment, on the approach to be used to set ALPs, and on the approach to be used to administer this core measure after publication of the final directive; and
  - Ensure that the data provided on the ETA 9047 report are accurate and reflect interstate job matches.
9. Inquiries. All inquiries should be directed to the appropriate Regional Office.
10. Attachment. Reported CY 2006 Reemployment Rates by State against ALPs proposed.

<b>Reported CY 2006 Reemployment Rates against ALPs</b> (ALPs are Derived from 2006 Regression Equation Using TUR and %-Nonexempt Claimants as Explanatory Variables)					
State	TUR* (%)	% Non-exempt	Reported	ALP	Reported Less ALP
AK	6.5	57.7	63.7	63	0.7
AL	3.5	54.9	73.4	70	3.4
AR	5.3	87.6	70.9	57	13.9
AZ	4.1	73.6	64.9	62	2.8
CA	4.9	79.3	60.7	62	-1.3
CO	4.2	81.3	61.0	60	1.0
CT	4.3	91.8	63.4	59	4.4
DC	6.0	95.2	57.8	57	0.8
DE	3.5	64.5	70.2	67	3.2
FL	3.3	90.6	58.8	61	-2.2
GA	4.6	65.1	67.1	65	2.1
HI	2.4	55.0	69.2	72	-2.8
IA	3.6	40.5	76.6	72	4.6
ID	3.4	49.1	87.2	72	15.2
IL	4.4	90.4	64.3	59	5.3
IN	4.9	54.0	67.9	67	0.9
KS	4.4	66.3	67.3	65	2.3
KY	5.6	45.4	75.7	67	8.7
LA	3.9	87.5	62.6	62	0.6
MA	5.0	91.1	57.9	57	0.9
MD	3.9	83.1	66.6	62	4.6
ME	4.6	91.9	65.0	59	6.0
MI	6.9	48.6	67.1	65	2.1
MN	4.1	44.9	68.5	70	-1.5
MO	4.9	78.1	71.0	62	9.0
MS	6.7	81.6	63.7	55	8.7
MT	2.9	38.9	77.2	75	2.2
NC	4.8	67.4	61.5	65	-3.5
ND	3.3	27.0	81.7	72	9.7
NE	3.0	63.3	67.1	70	-2.9
NH	3.5	64.0	66.6	67	-0.4
NJ	4.5	81.5	59.0	60	-1.0
NM	4.0	92.4	49.5	59	-9.5
NV	4.3	66.7	66.0	65	1.0
NY	4.4	79.0	61.0	62	-1.0
OH	5.3	84.9	66.4	57	9.4
OK	4.0	86.8	60.1	62	-1.9
OR	5.4	66.0	67.5	62	5.5
PA	4.6	51.3	67.8	67	0.8
PR	10.4	79.8	43.7	46	-2.3

RI	5.0	70.3	60.4	62	-1.6
SC	6.5	75.2	62.8	58	4.8
SD	3.2	57.0	75.4	70	5.4
TN	5.1	56.2	63.7	65	-1.3
TX	4.7	89.7	63.9	60	3.9
UT	2.7	68.7	72.3	70	2.3
VA	3.0	81.4	69.3	65	4.3
VT	3.7	43.0	68.5	72	-3.5
WA	5.0	77.2	71.2	62	9.2
WI	4.8	31.4	80.2	70	10.2

\* Note: TUR is 12-month average of monthly State rates published by the Bureau of Labor Statistics.