

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI/SQSP
	CORRESPONDENCE SYMBOL OWS/DPM
	DATE May 20, 2008

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 18-08

TO: STATE WORKFORCE AGENCIES

FROM: BRENT R. ORRELL *Brent R. Orrell*
 Acting Assistant Secretary

SUBJECT: Call Memo for the Fiscal Year (FY) 2009 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2009 SQSP process and to issue supplemental instructions for the preparation of the FY 2009 SQSP.
2. **References.** ET Handbook No. 336, 18th Edition, "Unemployment Insurance State Quality Service Plan (SQSP) Planning and Reporting Guidelines"; Unemployment Insurance Program Letter (UIPL) No. 14-05, "Changes to UI Performs"; UIPL No. 14-05, Change 1, "Performance Criterion for the Overpayment Detection Measure; Clarification of Appeals Timeliness Measures; and Implementation of Tax Quality Measure Corrective Action Plans (CAPs)"; UIPL No. 14-05, Change 2, "Performance Criteria for Appeals Case Aging Measures and the Starting Date for Measuring Nonmonetary Determinations Time Lapse"; UIPL No. 14-05, Change 3, Acceptable Levels of Performance (ALP) Criteria for Appeals Case Aging Measures, and Nonmonetary Determination Quality Review; UIPL No. 41-95, "Draft Narrative Describing the System for Enhancing Unemployment Insurance Performance: The 'UI PERFORMS' System"; Workforce Investment Act Final Rule, 20 CFR Parts 652, 660 et al; UIPL No. 22-05, "Unemployment Insurance Data Validation (UI DV) Program Software and Policy Guidance; UIPL No. 22-05, Changes 1, Unemployment Insurance Data Validation (UI DV) Program Activities During Validation Years (VY) 2007 and 2008 and Policy Clarification; UIPL No. 22-05, Change 2, Unemployment Insurance Data Validation (UI DV) Program Activities during Validation Years (VY) 2008 and Beyond; UIPL No. 3-07, Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits ; UIPL No. 3-07, Change 1, Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits; UIPL No. 12-08, Establishing an

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Acceptable Level of Performance (ALP) for the Unemployment Insurance (UI) Reemployment Rate Measure; and TEGL 20-07, Government Performance and Results Act (GPRA) Unemployment Insurance (UI) Program Goals: Fiscal Year (FY) 2007 Performance and Performance Targets for FY 2008 and FY 2009).

3. **Background.** As part of UI Performs, the comprehensive performance management system for the UI program, the SQSP is the principal vehicle that the state UI programs use to plan, record, and manage improvement efforts as they strive for excellence in service. Additionally, it is the grant document through which states receive Federal UI administrative funding. ET Handbook No. 336, 18th Edition, contains general instructions for the SQSP.

The Handbook is designed as a permanent instruction for the annual planning and budget process 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 two-year Strategic Unified State Plan submitted under Section 501 of the Act, they must participate in the annual UI Performs SQSP process.

4. **Federal Emphasis.** Each year, the Employment and Training Administration (ETA) identifies program areas that warrant special attention. The five-year Department of Labor (Department) Strategic Plan forms the basis for the Federal emphasis for FY 2009. 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 Department programs to attain expressed goals and outcomes. Achieving these outcomes requires the combined efforts of the Federal and state partners.

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

Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of unemployment insurance beneficiaries, and set up unemployment tax accounts promptly for new employers.

In recognition of ETA's priorities, we are focusing our attention on the following GPRA goals for FY 2009. States are expected to describe in the SQSP Narrative the steps they will take to reach and/or maintain these GPRA goals and targets in FY 2009:

- *Make Timely Benefit Payments.*
 - ◆ **Target:** 88.5% of intrastate first payments for full weeks of unemployment will be made within 14/21 days from the week ending date of the first compensable week.
- *Facilitate the Reemployment of Claimants.*
 - ◆ **Target:** 65.3% of UI claimants will be reemployed by the end of the first quarter after the quarter in which they received their first payment.

- *Detect Benefit Overpayments.*
 - ◆ **Target:** Overpayments established will be at least 56.2% of the estimated detectable, recoverable overpayments.
- *Establish Tax Accounts Promptly.*
 - ◆ **Target:** 85.1% of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.

5. **Program Performance and Planning Requirements for FY 2009.** The Department's strategic approach to UI Performs is to focus efforts on raising the performance of states where performance is below minimum criteria, while promoting overall excellence. To that end, corrective action plans (CAPs) are expected whenever a state's performance does not meet established criteria for the SQSP measurement period. The measurement period for the FY 2009 SQSP is April 1, 2007 – March 31, 2008, unless otherwise indicated. CAPs are expected for:

- a. state's performance below the Acceptable Levels of Performance (ALPs) for Core Measures;
- b. state's performance below the criteria for Secretary Standards established in regulation for the SQSP measurement period;
- c. improper administration of Benefit Accuracy Measurement (BAM) and/or Benefit Payment Control (BPC) activities or misreporting of data on the ETA 227 (Overpayment Detection and Recovery Activities) report resulting in an overpayment detection rate above 95%. The CAP should be designed to produce valid data for the Overpayment Detection Measure;
- d. State BAM operations that are not compliant with the NDNH matching requirements in UIPL 3-07 and UIPL 3-07, Change 1 for calendar year (CY) 2008 BAM paid claims sample cases;
- e. failure to submit Data Validation results.

States will address all other performance deficiencies in the SQSP Narrative as described in the SQSP Handbook.

CAPs and Narratives addressing performance deficiencies are the components of the state's formal plan and schedule for improving performance. To that end, a thorough analysis to identify the cause of performance shortfalls should be performed prior to the development of the state's plan. The formats for CAPs and Narratives are in the SQSP Handbook.

Multi-year CAPs continue to be an option for states so that efforts which must extend beyond a fiscal year due to their size, scope, or complexity can be realistically portrayed. Out-year portions of such multi-year plans need not 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.** ET Handbook 336, 18th Edition provides guidelines for the completion and submittal of the SQSP and should be used when preparing the FY 2009 state plans.

CAPs will be expected for annual performance that does not meet ALPs on Core Measures as listed in Attachment A, with the following exceptions:

- ***Average Age of Pending Lower and Higher Authority Appeals:*** ALPs for the Average Age of Pending Appeals Core Measures were established in UIPL 14-05, Change 3, to be effective for Performance Year 2009 (April 1, 2008 – March 31, 2009) and thereafter. States that do not meet the ALPs for this period will be expected to submit CAPs with their FY 2010 SQSP. For the FY 2009 SQSP, states should describe in the Narrative the steps they are taking to minimize the age of pending appeals and reduce backlogs. The ALPs for the average age of appeals are:

<i>Lower Authority Appeals:</i>	30 days
<i>Higher Authority Appeals:</i>	40 days
- ***Detection of Overpayments:*** The Detection of Overpayments Measure is the percent of detectable/recoverable overpayments established for recovery. States reporting an overpayment detection rate below 50% are expected to address the low performance in a CAP. The performance period for the BPC component is the three-year period ending March 31, 2008; the performance period for the BAM component is the three-year period ending September 30, 2007.

Because states generally cannot detect and establish more than 80%-90% of estimated overpayments, an upper limit of 95% has been established for monitoring purposes. States reporting ratios over 95% are expected to explain in the Narrative section the reasons for the higher than expected ratios. As noted in section 5 (c), if an overpayment rate above 95% is the result of improper administration of BAM or BPC activities or misreporting of BAM or BPC data, the state is expected to submit a CAP designed to produce valid data for the Detection of Overpayment Measure.

- ***Nonmonetary Determination Timeliness – Issue Detection Date (IDD) and Determination Date (DD).*** Validity of the UI Performs nonmonetary determination timeliness measure depends on the accuracy of the state's IDD and DD data. IDD and DD data are considered accurate if dates were correct in at least 95 percent of the nonmonetary determinations evaluated in the quarterly quality samples (obtained from the ETA 9056 report). Because the accuracy of IDD and DD data is based on sample results, sampling variation will be taken into account in setting the percentage below which a state's data will be considered inaccurate. States with invalid IDD or DD data are expected to address in the SQSP Narrative the steps they will take to record the IDD and DD correctly.

Although accurate reporting of IDD and DD data is critical to the system, states may achieve the ALP for the nonmonetary timeliness measure with incorrect data, because the timeliness of the determination may not change materially. For example, an incorrect IDD might increase completion of a determination from 12 to 17 days; however, this is still less than the 21-day timeliness standard.

The Department will conduct further analyses of the impact of inaccurate IDD and DD on the validity of the state's nonmonetary timeliness results, and may, in future SQSP cycles, expect to develop a CAP if the inaccuracy of IDD and DD reporting significantly affects the validity and reliability of the state's nonmonetary timeliness data.

States must take corrective action for Management Information Measures where performance is so conspicuously poor that compliance with Federal law requirements is in question.

States will be expected to describe in the SQSP Narrative the actions planned to correct deficiencies regarding program reviews and reporting requirements as defined in the SQSP Handbook with the following exceptions:

- ***Data Validation (DV)***. States are expected to prepare a CAP for Validations of populations that were due for validation year (VY) 2008 but for which the state submitted no results; this includes any of
 - the 15 DV Benefits populations and the 5 DV Tax populations validated and submitted using the state DV software;
 - The six Module 4 reviews of quality samples--two Benefits samples and four Tax samples--that are to be submitted by e-mail to dvrpts@uis.doleta.gov using the template on the DV web site; and
 - Wage Item validations (Tax Module 5) submitted using the DV state software.

DV items that were due for VY 2008 for which failing or incomplete results were submitted is expected to be addressed in the SQSP narrative.

- ***Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits***.

UIPL No. 3-07 (October 31, 2006) informed state agencies that the requirement to incorporate crossmatches of UI benefit recipients with the NDNH as a mandatory part of the BAM case investigation methodology for paid claims would be effective with BAM batch 200801 (sampling week beginning December 30, 2007, and ending January 5, 2008).

State BAM operations that are not compliant with the NDNH matching requirements in UIPL 3-07 and UIPL 3-07, Change 1 for calendar year (CY) 2008 BAM paid claims sample cases will be expected to prepare a CAP that:

- Describes the steps the agency will take to implement NDNH matching of BAM paid claims sample cases according to the requirements established in UIPL No. 3-07 and UIPL No. 3-07, Change 1;
- Specifies an implementation date; and
- Certifies that all CY 2008 BAM paid claims sampled prior to the implementation of NDNH matching will be submitted for NDNH matching once it has been implemented and that all issues with the potential to affect the claimant's eligibility for UI identified through

NDNH matching will be investigated according to the procedures in ET Handbook 395.

7. **CAPs In Action (CIA) Project.** As part of the SQSP review process, the National Office, in partnership with the Regional Offices, started a pilot project in FY 2008 to improve internal communication and analysis of the state corrective action plans at the federal level; and to assist the regions and the states in analyzing and monitoring the progress towards performance goals. States were selected based on performance significantly below the ALPs established for Core Measures and/or the performance level established in the Secretary's Standards. States participating in the CIA project will be notified by their Regional Office.
8. **Funding Period.** The proposed appropriation language provides for obligation of FY 2009 UI allocations by states through December 31, 2009, with 90 additional days to liquidate the obligations and complete the expenditure of funds. However, states may obligate FY 2009 UI funds through September 30, 2011, if such obligations are for automation acquisitions. Therefore, the end of the FY 2009 obligation period is December 31, 2009, for all funds except automation acquisitions, which have an obligation deadline of September 30, 2011.
9. **Data Availability.** The Regional Offices (ROs) will provide states with reports showing their performance against the Core Measures, the GPRA goals, and other information relevant to the SQSP (i.e., reporting deficiencies.)
10. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2009.
11. **Electronic Submission of the SQSP.** States are required to submit the SQSP electronically and should contact their 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, 18th Edition) are available in PDF format and may be downloaded from the Office of Management and Budget Web site at http://www.whitehouse.gov/omb/grants/grants_forms.html. 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.
12. **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, 18th Edition;
 - c. Coordinate specifics, as appropriate, with the RO for electronic submission of the plan; and
 - d. Submit the FY 2009 SQSP to the appropriate RO by the date specified by the Regional Administrator.

13. **Inquiries.** Questions should be directed to the appropriate RO.
14. **Attachment.** Measures/Programs to be addressed in the FY 2009 SQSP

Measures/Programs to be Addressed in the FY 2009 SQSP

Core Measures	Measurement Period	ALP	CAP	Narrative
First Payment Promptness	Apr 1, 2007 – Mar 31, 2008	87	√	
Nonmonetary Determination Time Lapse	Apr 1, 2007 – Mar 31, 2008	80 (combined score)	√	
Nonmonetary Determination Quality - Nonseparations	Apr 1, 2007 – Mar 31, 2008	75	√	
Nonmonetary Determination Quality - Nonseparations	Apr 1, 2007 – Mar 31, 2008	75	√	
Detection of Overpayments	BPC: Apr 1, 2005 – Mar 31, 2008; BAM: Oct. 1, 2004 – Sept. 30, 2007	50	√	
Average Age of Pending Lower Authority Appeals	Apr 1, 2007 – Mar 31, 2008	30		√
Average Age of Pending Higher Authority Appeals	Apr 1, 2007 – Mar 31, 2008	40		√
Lower Authority Appeals Quality	Apr 1, 2007 – Mar 31, 2008	80	√	
New Employer Status Determinations Time Lapse	Apr 1, 2007 – Mar 31, 2008	70	√	
Tax Quality (Part A: No more than 3 tax functions failing TPS in a year)	Jan 1, 2008 – Dec 31, 2008	←	√	
Tax Quality (Part B: The same tax function cannot fail for 3 consecutive years)	Jan 1, 2008 – Dec 31, 2008	←	√	
Facilitate Reemployment	1st Payments: October 1, 2006 to September 30, 2007 Reemployment: January 1, 2007 to December 31, 2007	See UIPL No. 12-08	√	
Secretary Standards in Regulation	Measurement Period		CAP	Narrative
First Payment Promptness (IntraState 14/21 Days)	Apr 1, 2007 – Mar 31, 2008		√	
First Payment Promptness (IntraState 35 Days)	Apr 1, 2007 – Mar 31, 2008		√	
First Payment Promptness (InterState 14/21 Days)	Apr 1, 2007 – Mar 31, 2008		√	
First Payment Promptness (InterState 35 Days)	Apr 1, 2007 – Mar 31, 2008		√	
Lower Authority Appeals (30 Days)	Apr 1, 2007 – Mar 31, 2008		√	
Lower Authority Appeals (45 Days)	Apr 1, 2007 – Mar 31, 2008		√	

Programs	Measurement Period		CAP	Narrative
Improper Administration of BAM and BPC	BPC: Apr 1, 2005 – Mar 31, 2008; BAM: Oct. 1, 2004 – Sept. 30, 2007		√	
Data Validation <ul style="list-style-type: none"> ▪ No results submitted ▪ Failing/incomplete submission 	Apr 1, 2007 – Mar 31, 2008		√	√
Use of National Directory of New Hires	Effective Jan 1, 2008		√	