

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI/SQSP
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 25-09

TO: STATE WORKFORCE AGENCIES

FROM: DOUGLAS F. SMALL /s/
Deputy Assistant Secretary

SUBJECT: Call Memo for the Fiscal Year (FY) 2010 Unemployment Insurance (UI)
State Quality Service Plan (SQSP)

1. **Purpose.** To initiate and issue supplemental instructions for the preparation of the FY 2010 SQSP.
2. **References.** ET Handbook No. 336, 18th Edition, Unemployment Insurance Program Letter (UIPL) No. 14-05; UIPL No. 14-05, Change 1; UIPL No. 14-05, Change 2; UIPL No. 14-05, Change 3; Workforce Investment Act Final Rule, 20 CFR Parts 652, 660 et al.; UIPL No. 22-05; UIPL No. 22-05, Change 1; UIPL No. 22-05, Change 2; UIPL No. 3-07; UIPL No. 3-07, Change 1; UIPL No. 12-08; TEGl 20-07; and UIPL 17-08.
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. This annual Call Memo supplements those instructions and provides guidance and instructions specific to the upcoming fiscal year.

States must participate in the annual UI Performs SQSP process regardless of whether or not they opt to include the UI program as part of their two-year Strategic Unified State Plan submitted under Section 501 of the Workforce Investment Act of 1998.

4. **Federal Emphasis.** The five-year Department of Labor (Department) Strategic Plan forms the basis for the Federal emphasis for FY 2010. 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

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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 the Employment and Training Administration's (ETA's) priorities, we are focusing our attention on the following GPRA goals for FY 2010. States should continue to strive to reach or exceed these GPRA goals and targets in FY 2010:

- *Make Timely Benefit Payments*
 - **Target:** 87.9% 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 Claimant.*
 - **Target:** 64.9% 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 55.4% of the estimated detectable, recoverable overpayments.
- *Establish Tax Accounts Promptly*
 - **Target:** 86.3% of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.

5. **SQSP Performance Criteria.** 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. 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 2010 SQSP is April 1, 2008 – March 31, 2009, unless otherwise indicated. CAPs are expected for:

- performance below the acceptable levels of performance (ALPs) for Core Measures;
- performance below the criteria for Secretary's Standards established in regulation (20 CFR Parts 640 and 650);
- 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; and

- state BAM operations that, based on the BAM Administrative Determination, are not compliant with the National Directory of New Hires (NDNH) matching requirements in UIPL 3-07 and UIPL 3-07, Change 1, effective for BAM paid claims sample cases beginning with batch 200801.

States are expected to address all other performance deficiencies in the SQSP Narrative which includes:

- Actions planned to correct deficiencies identified during program reviews;
- Failure to meet reporting requirements. Reporting deficiencies are defined as missing reports; monthly and quarterly reports submitted late more than 50 percent of the time (7 of 12 months for monthly reports; 3 of 4 quarters for quarterly reports); and annual reports late 3 consecutive years; and
- Invalid recording of the Issue Detection Date (IDD) and Determination Date (DD). The 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 the steps they will take to record the IDD and DD correctly.

Attachment A lists the performance criteria for the Core Measures, Secretary's Standards and other program requirements where CAPs or Narratives may be required if annual performance is not acceptable. Attachment B lists the preliminary state-specific ALPs for the UI Reemployment measure. Per UIPL No. 17-08, final ALPs will be transmitted to the states after the ET 9047 reports for July to September 2008, due May 31, 2009, have been received.

6. **Additional SQSP Performance Criteria.**

Data Validation (DV)

- Any DV items due for validation year (VY) 2009 but not submitted must be addressed in a CAP.

- A DV CAP must also be done if a state has a combination of non-submitted and submitted-but-failing items. In this case, the submitted-but-failing items may not be addressed in the narrative.
- The deadline for submitting DV results has been changed permanently from May 10 to June 10. This change is being made to enable states to validate tax results for the first calendar quarter for inclusion in the SQSP performance period by allowing three weeks from the May 20 submission date for the 1st quarter ETA 581 report.
- Failing/Incomplete DV Submissions. If a state had DV items due for VY 2009 and submitted them all, it may address those that did not pass in the narrative, explaining the cause of the failure and the actions the state will take to correct the failure during VY 2010.

Detection of Overpayments

The detection of overpayments measure is the percent of detectable/recoverable overpayments established for recovery. While states are expected to submit a CAP for reporting an overpayment detection rate below 50%, 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 for the performance period, unless, as discussed in section 5 above, the overpayment detection ratio of over 95% is due to the improper administration of the BAM and/or BPC program. The performance period for the BPC component is the three-year period ending March 31, 2009; the performance period for the BAM component is the three-year period ending September 30, 2008.

Tax Performance System

For program year 2008, states will continue to address deficiencies in conducting Tax Performance System (TPS) sampling in the SQSP as a Narrative, not a CAP. Additionally, non-sampled tax functions will not be included in the number of total failing functions of Tax Quality Part A and Part B for program year 2008.

Upcoming SQSP Performance Criteria for UI Tax: Added to the 2011 SQSP will be a failure to conduct one or more TPS sample reviews during the 2009 performance period. This is to ensure that UI tax operations are also in compliance with Federal reporting and oversight requirements. Exceptions include universes that are too small to support a sample (“S”) or an Experience Rate sample that was not scheduled for review during the performance year (“E”). Program Review Findings Charts should be noted accordingly. Additionally, a tax function that is not sampled will be included in the number of total failing functions as measured by Tax Quality Part A (no more than 3 tax functions may fail TPS review), and Part B (a tax function cannot fail for three consecutive years).

7. **Program Performance and Planning Requirements for FY 2010.** ET Handbook 336, 18th Edition provides guidelines for the completion and submittal of the SQSP and should be used when preparing the FY 2010 state plans.

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 SQSP Handbook provides formats for CAPs and Narratives.

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 required for the SQSP year) but should provide sufficient information to explain anticipated progress and results.

8. **CAPs In Action (CIA) Project.** As part of the SQSP review process, 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 were informed of their participation in the CIA project by their regional office during the past year and will continue to be monitored in FY 2010. Follow-up on States' plans and progress towards achieving an acceptable level of performance may be conducted in conjunction with program reviews.
9. **Funding Period.** The proposed appropriation language provides for obligation of FY 2010 UI allocations by states through December 31, 2010, with 90 additional days to liquidate the obligations and complete the expenditure of funds. However, states may obligate FY 2010 UI funds through September 30, 2012, if such obligations are for automation acquisitions. Therefore, the end of the FY 2010 obligation period is December 31, 2010, for all funds except automation acquisitions, which have an obligation deadline of September 30, 2012.
10. **Data Availability.** Regional Offices (ROs) will provide states with reports showing their performance against the Core Measures, Secretary's Standards, and other information relevant to the SQSP (e.g. reporting deficiencies).
11. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2010.
12. **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. States may submit the SQSP signature page electronically if the state law permits. States that do not submit an electronic signature page must submit the signature page via fax, scan or mail by the deadline set by the RO.

13. **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 2010 SQSP to the appropriate RO by the date specified by the Regional Administrator.
14. **Inquiries.** Questions should be directed to the appropriate RO.
15. **Attachments.**
- A. Measures/Programs to be addressed in the FY 2010 SQSP.
 - B. State-specific ALPs for UI Reemployment.