

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
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TO: STATE WORKFORCE AGENCIES

FROM: BYRON ZUIDEMA /s/
Deputy Assistant Secretary

SUBJECT: Unemployment Insurance Benefits Operations Self-Assessment Tool

1. **Purpose.** To announce a new Unemployment Insurance (UI) Benefits Operations Self-Assessment Tool for state UI agencies to use in evaluating their UI benefits operations, and to provide the U.S. Department of Labor (USDOL), Employment and Training Administration's (ETA's) guidance to the states on planning for the implementation and use of the tool and reporting of results to ETA.

2. **References.**

- Section 303(a) of the Social Security Act (SSA), 42 U.S.C. §503;
- Section 3303 of the Federal Unemployment Tax Act (FUTA), 26 U.S.C. §3303;
- Title 20 Code of Federal Regulations Parts 602-617, 625, 640, and 650;
- Unemployment Insurance Program Letter (UIPL) No. 17-16, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Process: High Priority Designation of States with Sustained Poor Performance*;
- UIPL No. 17-14, *Revised Employment and Training (ET) Handbook No. 336, 18th Edition: "Unemployment Insurance (UI) State Quality Service Plan (SQSP) Planning and Reporting Guidelines"*;
- Training and Employment Notice (TEN) No. 03-15, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes: Update on Implementation Progress and State Impacts*; and
- TEN No. 08-14, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes*.

3. **Background.** The UI Benefits Operations Self-Assessment Tool is a new comprehensive information collection instrument designed to assist states and ETA in assessing and improving UI benefits operations. In 2014, ETA issued TEN No. 08-14 announcing the reengineering of the processes used for UI benefits program accountability. For some time, the UI system has had a robust set of accountability and performance measurement processes designed to ensure program integrity and quality. As these processes have evolved, the UI system has undergone a number of changes at both the Federal and state levels. Examples of these changes include, among others, more constrained resources, loss of program

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institutional knowledge through retirements, and changes in how technology supports program operations. As a result, ETA determined that changes in the current benefits accountability processes were needed.

One of the key changes has been to develop new mechanisms to focus more heavily on improving UI benefits program operations, with the ultimate goal of improving performance. The reengineering initiative will also support states' identification of operational issues that may require new corrective strategies, inform ETA's technical assistance efforts nationally and with individual states, and enable a more robust and effective collection and dissemination of states' best practices. See TEN No. 08-14, issued on September 2, 2014 (articulating ETA's goals for this initiative including, among others, the development of a new suite of accountability processes that focuses on operational capacity in addition to accuracy and timeliness, recognition of both Federal and state capacity, and assurance that the UI program is administered with a focus on both accountability and integrity.) TEN No. 03-15 provided states an update on the implementation of the project.

A key component of the new framework is a new state self-assessment tool, which was developed for use by states to evaluate their benefit operations and processes on a continuous basis. The state self-assessment tool contains specific questions addressing the operational elements within the major functional and program areas of UI benefits. ETA worked closely with state subject matter experts (SMEs) who served as members of the team developing the self-assessment tool. ETA also engaged a contractor with personnel that have significant state UI experience to assist in the development of the self-assessment tool.

An earlier version of the self-assessment tool was pilot tested in nine states during the first quarter of FY 2016. The pilot states were California; Colorado; Connecticut; Delaware; Georgia; Idaho; Minnesota; New Hampshire; and Utah. The pilot states provided important feedback and comments that guided additional revisions and refinements to the tool. As a new information collection instrument, the self-assessment tool was submitted for public review and comment as required by the Office of Management and Budget's (OMB) Paperwork Reduction Act procedures. This first review and 60-day comment period was completed on August 29, 2016. As a result of the comments received, ETA made minor changes to some questions in the tool to provide greater clarity. ETA also included additional clarifying language in the Global instructions accompanying the tool. The second review and 30-day comment period was published in the Federal Register on March 22, 2017 (82 FR 14750). The comment period closed on April 21, 2017. OMB has approved the report of the state self-assessment tool's responses as a new instrument collection request for use through July 31, 2020.

4. **The Self-Assessment Tool.** The self-assessment tool contains in-depth questions on the functional and program areas within UI benefits operations. The questions address the following fifteen functional and program areas: 1) Adjudications/Benefit Timeliness and Quality Reviews; 2) Benefit Payment Control; 3) Continued Claims and Eligibility Reviews; 4) Data Validation; 5) Disaster Unemployment Assistance; 6) Intake Claims -- Unemployment Compensation for Ex-Servicemembers; 7) Intake Claims -- Unemployment

Compensation for Federal Employees; 8) Intake Initial Claims -- Combined Wage Claims; 9) Intake -- Initial Claims; 10) Internal Security; 11) Lower Authority Appeals and Higher Authority Appeals; 12) Overarching Operational Matters; 13) Short-Time Compensation; 14) Trade Readjustment Allowances; and 15) Worker Profiling and Reemployment Services and Reemployment Services and Eligibility Assessment.

Within each functional or program area, there are questions that cover nine operational elements (where applicable). The nine elements are: 1) Procedures, Policies and Confidentiality; 2) Training; 3) Workload Analysis and Management Controls; 4) Performance Management; 5) Information Technology; 6) Claimant and Employer Access and Communication; 7) Operational Efficiency and Resource Allocation; 8) Staffing; and 9) Fiscal Management.

As previously mentioned, Global Instructions have been developed to accompany the self-assessment tool, which describe the overall use of the tool. For each functional or program area's set of questions, there is a separate set of instructions. A resource tracker has also been developed to assist the state self-assessment reviewer in tracking the documents and staff interviewed during the assessment to verify the responses to the questions.

A chart showing the different functional and program areas along with the operational elements that are addressed in the self-assessment tool is attached. (See Attachment to this UIPL.) The self-assessment tool, including instructions, can be found on ETA's website at <http://oui.doleta.gov/unemploy/satool.asp>.

5. **State Self-Assessment Reviewer**. A well-qualified and experienced individual(s) placed in a position of independence is critical for the reviewer position and will help ensure the success of the state self-assessment process.

A. Each state UI agency must designate a person(s) to conduct the state self-assessment using the UI Benefits Operations Self-Assessment tool developed by ETA for this purpose. The position will be referred to as the "self-assessment reviewer."

B. The self-assessment reviewer(s) must be:

- i. Responsible to officials at a sufficiently high level in the state UI agency to permit an independent review and monitoring of UI program operations and system integrity, and to ensure all agency staff are responsive to the reviewer's requests for information for purposes of the review;
- ii. Supervised by an official other than a UI Chief of Benefits, the Chief of Information Technology/Data Processing, or any individual or organization having direct responsibility for payment, certification, or processing operations. The supervisor may not be performing work in a unit responsible for functions or operations subject to a self-assessment evaluation conducted by the reviewer (however, a reviewer may be supervised by the state's UI Director); and
- iii. Authorized to perform reviews on a regular and ongoing basis. Key areas to be assessed and/or reviewed by the self-assessment reviewer must include the 15 specified UI benefits areas in the UI Benefits Operations Self-Assessment Tool and the various operational elements denoted in each area. Benefits operations

involve all benefits functions and activities in UI call/contact centers and other claims processing centers/offices.

- C. The state may hire state staff or use contracted staff to perform the responsibilities of the self-assessment reviewer. The state may use contract labor if the contracted staff demonstrates sufficient knowledge of and experience with the UI program to perform the duties of a self-assessment reviewer. For example, a recently retired state UI agency employee with the qualifications discussed in this UIPL could be a possible candidate to perform these responsibilities.
- D. If the state is using state staff to conduct the self-assessment reviews, one full-time equivalent staff position must be designated for purposes of the self-assessment review. Reviews may be completed by one full-time person or divided among two or more individuals to conduct reviews on a part-time basis. However, any other area(s) of responsibility, which the reviewer(s) may have, must not be subject to the self-assessment review. The costs of the reviewer(s) will be funded from each state's existing UI administrative grant.
- E. Important experience and skills to consider in choosing the individual(s) to serve as the self-assessment reviewer(s) include the following:
 - i. UI program experience and knowledge -- Extensive experience in the UI benefits program and a comprehensive knowledge of the UI benefits system, including the state's UI laws, regulations, and written policies.
 - ii. Review skills -- Skills in planning and conducting reviews of systems and procedures are necessary, including time-management, interviewing skills, and understanding and explaining complex matters.
 - iii. Excellent interpersonal skills -- The self-assessment process should encourage an open and trusting relationship and a position of neutrality. The self-assessment is a diagnostic tool to obtain information and identify factors that aid or impede service delivery and program improvement.
 - iv. Communications skills -- The ability to communicate effectively through the presentation of findings and recommendations to management and line staff is critical in fostering improvements in UI benefits operations.
 - v. Strong attention to detail.
- F. The self-assessment reviewer will be responsible for:
 - i. conducting meetings with management and line staff to discuss the benefits operations review process and subsequently updating management and staff on its progress and reviewing findings, recommendations, and results;
 - ii. developing work plans to conduct the benefits operations review;
 - iii. compiling and reviewing materials such as policies, procedures, and handbooks;
 - iv. preparing for and conducting interviews of state SMEs/staff about UI benefits operations;
 - v. personally observing UI benefits processes and operations within the state UI agency;

- vi. conducting the self-assessment and preparing reports of findings, conclusions and recommendations for program improvement and/or corrective action and identifying positive/successful practices;
 - vii. establishing a system for maintaining records and documentation; and
 - viii. submitting the reports of the self-assessment results to USDOL/ETA.
- G. ETA will provide training for individuals selected to serve as self-assessment reviewers.
6. **State Responsibilities.** Each state UI agency must:
- A. Identify reviewer(s) - As discussed in section 5C above, the state needs to select/hire the state staff or contracted staff who will be performing the state self-assessment review and provide the name(s) and contact information of such individual(s) to the appropriate ETA Regional Office;
 - B. Support a reviewer's participation in training – ETA will be providing virtual training to individuals identified by states as self-assessment reviewers prior to implementing the use of the self-assessment tool, and the states need to ensure the designated reviewers actively participate in these training events;
 - C. Ensure the need for cooperation is known by all state agency staff to allow the reviewer(s) to perform and complete the self-assessment review;
 - D. Review the information from the assessment for performance improvement – as discussed in section 10A, below, state UI agencies should use the information gleaned from the self-assessment process to pursue performance and process improvements, address any training needs, update policies or procedures, and share any identified best practices; and
 - E. Provide the completed results of the review to ETA following the instructions on the website (<http://oui.doleta.gov/unemploy/satool.asp>) and also provide a copy to the appropriate ETA Regional Office.
7. **Technology Requirements.** The UI Benefits Operations Self-Assessment Tool exists in a fillable PDF format. It is necessary that the self-assessment reviewers have Acrobat Reader DC on their computers to download and complete the self-assessment.
8. **Review Period and Time for Conducting the Review.** In conducting the UI Benefits Operations Self-Assessment, the state reviewer(s) will examine the state agency's operations and activities for a specific period of time. The period of time under review is the "review period." The self-assessment review period will generally be the twelve months prior to the time the self-assessment begins. States may start conducting the first review process on or after October 1, 2017, and after completion of training of the states' reviewers.

The first self-assessment cycle will be over eighteen months (six quarters) to enable states to become familiar with the tool and the review process. States will have until March 31, 2019, to complete the entire sets of questions for all 15 functional and program areas, and results submitted to ETA by April 15, 2019. In subsequent years, the review will be conducted over a one-year (twelve months/four quarters) period with each review being completed by March 31 and the results submitted to ETA by April 15.

ETA expects that use of the tool will take less effort as states become more familiar and experienced with the tool and process. ETA will monitor the states' experience with the first implementation cycle to validate this assumption.

9. **Completing the State UI Benefits Operations Self-Assessment.**

The state reviewer will access the self-assessment tool at ETA's website:

<http://oui.doleta.gov/unemploy/satool.asp>. Reviewers should download a copy of each functional and program area set of questions for their use in conducting the review. Once a functional or program area of the self-assessment is concluded, reviewers will upload the responses of the completed self-assessment area for transmittal to ETA by following the instructions on the website found at <http://oui.doleta.gov/unemploy/satool.asp>. ETA encourages states to submit the results for each functional or program area of the self-assessment at the time the set of questions for each area is completed. However, as specified above, April 15 is the due date. Further, beginning in 2020, results for all 15 functional and program areas must be submitted annually by April 15.

10. **The Purpose and Uses of the State Responses to the UI Benefits Operations Self-Assessment Tool.**

The responses to the UI Benefits Operations Self-Assessment Tool will be used for two purposes: (1) supporting state UI agencies in making improvements to their UI benefits operations; and (2) assisting ETA in monitoring state UI benefits program operations and in providing technical assistance to states.

A. State Use: Use of self-assessment data can help create a culture that supports constructive feedback in planning and managing change. The state's practices in the functional and program areas will be thoroughly reviewed to identify areas of poor performance, as well as areas where the state is performing well. At the conclusion of the self-assessment, the state reviewer must share the results with state UI Administrators and appropriate program managers so that any needed action(s) can be addressed. These items may also be addressed in corrective measures as part of the State's Quality Service Plan (see ETA Handbook No. 336). If training needs are identified, appropriate training curriculum should be developed and delivered to staff. Policies and procedures that are outdated should be brought up-to-date and published for appropriate staff to use. Administrators should also use the review results as a means to determine whether the state is properly implementing merit staffing requirements, managing its administrative grant funds, and maintaining its continuity of operations plans, as well as reviewing other related business practices that are essential to the state's UI benefits operations. The state UI agency leadership is strongly encouraged to also use the self-assessment results to identify any successful or promising practices occurring in the state and consider sharing the information with other states. Such identified practices can be shared on the UI Community of Practice maintained by ETA on WorkforceGPS at <https://ui.workforcegps.org/>.

B. ETA Use: The state self-assessment responses will support periodic reviews conducted by ETA's Regional and National Office staff. The state's responses will be evaluated in relation to Federal law and regulations, including the state's compliance with Federal requirements. The responses to the self-assessment questions will allow ETA's Regional Office staff to work with the state to identify opportunities to improve its operations by capitalizing on the state's own successful practices as well as those of other

states. The self-assessment results will also identify areas where performance improvements are needed. The results will also inform ETA's technical assistance efforts and will enable a more robust and effective collection and dissemination of promising/successful practices. As discussed in UIPL No. 17-16, information on states' operational issues that will be gleaned from the states' self-assessments, as well as information on the states' timeliness and quality performance measures, improper payment rates, and information from ETA Regional Office monitoring and/or technical assistance efforts, will be used by ETA in identifying "high priority" states. States that are deemed to be "high priority" will be subject to intensive technical assistance from ETA to help address problem areas and/or identified issues. As mentioned above, any identified issues may also be addressed in corrective measures as part of the State's Quality Service Plan (see ETA Handbook No. 336).

11. **Office of Management and Budget Approval.** The Unemployment Insurance Benefits Operations Self-Assessment Report of Responses has been approved by OMB in accordance with the Paperwork Reduction Act of 1995. The OMB Control Number is 1205-0529 with an expiration date of July 31, 2020.
12. **Action Requested.** State Administrators should provide the information in this UIPL to appropriate staff. Each state UI agency must staff a position(s) that will be responsible for conducting the state self-assessment and provide the appropriate ETA Regional Office with the name(s) and contact information of the designated self-assessment reviewer(s). Each state may start conducting a self-assessment beginning October 1, 2017 and must provide the results of the assessment to ETA as described in section 8 above in this UIPL.
13. **Inquiries.** All questions or inquiries should be referred to the appropriate ETA Regional Office.
14. **Relevant Website.** Complete sets of the questions for each functional or program area of the UI Benefits Operations Self-Assessment Tool and accompanying instructions are located on the following website: <http://oui.doleta.gov/unemploy/satool.asp> .
15. **Attachment.** Functional/Program Areas and Operational Elements Chart