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DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 33-01

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : GRACE A. KILBANE
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SUBJECT : "Call Memo" for the Fiscal Year (FY) 2002 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2002 SQSP process and to issue supplemental instructions for the State Employment Security Agencies (States) to use to prepare the FY 2002 SQSP.
2. **References.** [Unemployment Insurance Program Letter \(UIPL\) No. 41-95](#), "Draft Narrative Describing the System for Enhancing Unemployment Insurance Performance: The 'UI PERFORMS' System;" [UIPL No. 37-99](#), "UI PERFORMS Tier I and Tier II Performance Measures, and Minimum Performance Criteria for Tier I Measures;" [ET Handbook No. 336, 16th Edition](#), "Unemployment Insurance SQSP Planning and Reporting Guidelines;" and Workforce Investment Act Final Rule, 20 CFR Parts 652, 660-671.
3. **Background.** The SQSP, which replaced the Program and Budget Plan (PBP), was implemented nationwide in FY 2001. UIPL No. 41-95 describes the genesis of the UI performance system, UI PERFORMS, and the partnership principles on which it is founded.

UIPL No. 37-99, dated July 1, 1999, presents the minimum performance criteria for Tier I measures. A third document, a Federal Regulation establishing UI PERFORMS, is currently in preparation with publication of the Notice of Proposed Rulemaking anticipated to be published for comment later this calendar year.

The SQSP approaches the UI performance management and planning process with a refreshed focus on continuous improvement, while leaving the budget reporting process (Chapter II of ET Handbook 336) largely unchanged from prior years. At the request of State partners, it promotes an exchange of information between the Federal and State partners, reflecting their joint commitment to continuous improvement and client-centered services, with the objective of ensuring that key program administration criteria are met.

Core instructions for the SQSP are contained in ET Handbook No. 336, 16th Edition. The Handbook is designed as a permanent instruction for the annual planning and budget process in each State 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.

As one of the workforce investment system partners, State UI programs may include five-year State UI program planning information in State Workforce Investment Act (WIA) Unified Plans. Such States assure that they will participate in the annual UI PERFORMS SQSP process.

4. **Federal Emphasis.** As indicated in UIPL 41-95, one of the Federal partner's responsibilities is to provide stewardship of the UI system as a whole, thus requiring a high degree of collaboration and information sharing between the partners. The Call Memo not only initiates the process for the States to use to prepare the annual SQSP, it is the vehicle by which the Federal partner shares information that identifies the areas in which the Employment and Training Administration (ETA) will focus attention and resources for overall UI program planning. The five-year Department of Labor (DOL) and the ETA Strategic Plans, as well as the DOL and ETA Annual Performance Plans (APPs), form the basis for the Federal Emphasis. Required by Congress under the Government Performance and Results Act, the Strategic Plans and APPs are an integral part of the budget process. They are outcome-driven and require a commitment from all DOL programs to attain expressed goals and outcomes.

The current DOL and ETA Strategic Plans cover the period Fiscal Year (FY) 1999-2004. These strategic plans and the DOL and ETA FY 2002 APPs may be found on the DOL and ETA web pages (www.dol.gov and www.ows.doleta.gov), located within the "About DOL" or the "About ETA" section.

The primary DOL goal under which the UI program may be found is **A SECURE WORKFORCE**, and the ETA strategic goal that speaks to this is Outcome Goal 2.2, *Protect Worker Benefits*:

Expand the effectiveness of the temporary income maintenance programs in order to meet the needs of the 21st Century economy while continuing to deliver high-quality and timely service to existing customers.

Under this ETA goal, ETA's FY 2002 APP identifies five objectives whose attainment will be determined by achievement of 11 performance indicators by the end of the fiscal year. The first three objectives focus on operational performance of the individual State UI programs and the remaining two focus on the overall effectiveness of the program in achieving its mission.

- **Unemployed workers receive fair UI benefit determinations and timely benefit payments.**
 1. Increase to 30 the number of States meeting or exceeding the UI PERFORMS minimum criterion for benefit adjudication quality.
 2. Increase to 48 the number of States meeting or exceeding the Secretary's Standard (minimum performance criterion) for intrastate payments timeliness.
- **Employers increase compliance with State unemployment insurance (UI) laws by the provision of rapid and accurate service on UI tax matters.**
 1. Maintain at 50 the number of States meeting or exceeding the UI PERFORMS criterion for New Employer status determination timeliness.
 2. Increase to 38 the number of States passing the acceptance sample for status determinations accuracy.
- **Protect the integrity of employer unemployment tax contributions and reimbursements.**
 1. Increase the speed of deposit of contributions into State Clearing Accounts: data gathered using the revised measure will be analyzed and minimum criterion set for FY 2002.
 2. Increase to 39 the number of States meeting or exceeding the minimum criterion for timely

transfer of funds to the State's account in the Unemployment Trust Fund.

o **Promote the Federal-State UI system's economic stabilization capacity by:**

1. Maintaining at/increasing from 39% the share of the unemployed who receive benefits (reciprocity rate);
2. Increasing to 13 the number of States with a maximum weekly benefit amount greater than or equal to 2/3rds of the State's average weekly wage in covered employment (wage replacement); and
3. Maintaining at/increasing from 32 the number of States with trust fund reserves greater than or equal to one year's benefits at the average rate experienced during the 3 highest benefit payout rates over the last 20 years or since the last 3 recessions, whichever is longer.

o **Facilitate the reemployment of UI claimants.**

1. Increase the Entered Employment Rate (EER) of UI Claimants: collection authority for the EER measure will be obtained and data collection will begin.
2. Reduce the benefit exhaustion rate of UI Claimants from 32%.

Achieving these outcomes requires the combined efforts of the Federal and State partners. ETA intends to foster and encourage effective management and innovation, and to work cooperatively with States to achieve continuous improvement rather than prescribing mandatory action.

- a. **Program Performance.** Strategies to improve operational performance are centered largely on the development and implementation of UI PERFORMS, and on the maintenance and continuous development of automated systems. DOL's underlying strategic approach is to focus initial efforts on raising the performance of States whose performance is below minimum criteria, while continuing to develop and implement processes and systems which support continuous improvement above such minimum performance levels and promote performance excellence.

Essential to the development of automated systems is the continuous improvement and upgrading of States' computer security and emergency preparedness capabilities with respect to all automated systems, including mainframe and Internet-based applications. The UI program's reliance upon automated systems to facilitate the cost effective delivery of quality services to employers and claimants requires concentrated and focused efforts to better secure automated systems and to adequately prepare for a variety of contingencies.

Activities will include:

- Providing technical assistance and resources to States to expand service delivery options available to claimants and employers, e.g., remote access to the UI system and technical assistance.
- Improving the efficiency of Federal UI programs through the development of systems and processes for the electronic handling of wage and separation requests and responses.
- Working with States, through the SQSP process, to raise performance above current levels.
- Maintaining, enhancing and expanding Internet-based performance information repositories to aid in identifying the underlying causes of performance deficiencies and formulating and implementing corrective actions.
- Facilitating and promoting the continuous development of State expertise.

Requesting continued funding in FY 2002 to maintain the funding level (\$35 million) appropriated in FY 2001 for increased activity in integrity functions, especially in the areas of nonmonetary separation issues determinations, eligibility reviews, benefit overpayments detection and collection, and tax field audits.

- Promoting and assisting States in improving and maintaining computer security and emergency preparedness capabilities related to UI and UI-associated automated systems.

b. **Program Effectiveness.** Achievement of the fourth and fifth objectives of ETA's FY 2002 APP, the system's macroeconomic performance and success in facilitating claimants' reemployment in suitable work, depends on influencing policy decisions, many of which are made at the State level. DOL's underlying strategic approach is to advocate, facilitate and promote State UI program design which achieves a balance between alleviating personal hardship while maintaining an incentive for rapid reemployment. The Department's strategies to facilitate the reemployment of UI claimants focus on linking UI claimants to the reemployment services available through the workforce development system.

Planned activities in support of these objectives include:

- Providing leadership for the review of the UI program and administrative financing to ensure that the UI program can effectively serve both the workers and employers of today and tomorrow.
- Promoting readiness to respond quickly should unemployment rise.
- Strengthening and enhancing the UI research and evaluation program and the distribution of research and evaluation findings to ensure the timely availability of information to guide Federal and State policy and program development.
- Encouraging and supporting State review of current policies, procedures and legislation to find opportunities for change that enhance program effectiveness.
- Exploring and improving points of connection between UI and other programs to enhance integration of services for our customers, e.g., profiling, eligibility reviews and connection to reemployment services.
- Requesting continued funding for additional reemployment services to UI claimants in FY 2002.

5. **Performance Criteria for FY 2002.** UIPL No. 37-99 establishes the minimum performance criteria for Tier I measures and their effective dates and indicates that changes in the First Payment and Lower Authority Appeals Timeliness measures would depend upon promulgation of the final UI PERFORMS regulation. Since regulations are still pending, the Secretary's Standards are still in effect for the FY 2002 SQSP. The attached table displays the Tier I measures and SQSPs for which they become effective.

States not meeting new criteria which will become effective for a later SQSP period should review, and revise as appropriate, the improvement plan they developed as part of the FY 2001 SQSP. Such plans should build from FY 2001 performance levels and identify the actions the State plans to take to transition performance from current levels to levels which meet or exceed the new criteria by their effective date(s). Such existing improvement plans need not be revised or resubmitted if planned actions have occurred as scheduled and satisfactory progress is being made. A revised transition improvement plan should be submitted whenever planned actions, interim performance targets or outcomes fail to occur or be achieved as scheduled and the plan has not previously been revised to reflect such events.

6. **Opportunities for Targeted Funding in FY 2002.** Base reserves are included in the President's budget request for targeted funding in the following areas. Special instructions for requesting these targeted funds through supplemental budget requests (SBRs) will be issued in separate directives.

- a. **Remote UI Access Grants.** The budget request contains \$9 million for grants that promote access to the UI system by telephone, Internet or other remote means.

- b. **Interstate Connection (ICON) Programmer.** Staff years for ICON are not in the planning targets, but are funded through an SBR process.

7. **Special Planning Considerations for FY 2002.**

- a. **Employment Security Administration Account Distribution.** In accordance with the Balanced Budget Act of 1997, the DOL will allocate \$100 million to the States through a distribution from the Employment Security Administration Account directly to States' Unemployment Trust Fund accounts. Each State's share of these funds will be the same percentage as its share of FY 2002 base dollars (less integrity) divided by the total base dollars. This mandatory distribution will partially offset the cumulative discretionary funding cuts for workload increases and inflation. This "special Reed Act" distribution may be used only for UI administration.
 - b. **Reemployment Service Grants to States.** The FY 2002 ETA budget request for Employment Service (ES) Grants to States includes \$35 million for grants to States to provide reemployment services to UI claimants. These funds have been allocated to each State employment service agency largely on the basis of UI first payments.
 - c. **Multi-Year Plans.** States are reminded that the SQSP design not only permits but encourages the development of multi-year corrective action plans (CAPs) and continuous improvement plans (CIPs) so that efforts which, due to their size, scope or complexity must extend beyond a fiscal year, 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 so that the anticipated progression of activity and results is understood.
8. **Funding Period.** Proposed appropriation language provides for obligation of FY 2002 UI allocations by States through December 31, 2002, (with 90 additional days to complete expenditure of funds). However, States may obligate FY 2002 UI funds through September 30, 2004, if such obligations are for automation acquisitions. Therefore, the end of the FY 2002 funding period is December 31, 2002, for UI regular allocations, and September 30, 2004, for automation acquisitions.
9. **Data Availability.** The Regional Office (RO) will provide States with data reports to judge performance against the Tier I criteria and for Tier II measures. States may also access current performance data on the Internet at www.ows.doleta.gov.
10. **Deadline for State SQSP Submittal.** Each RO will set a deadline for States to submit their SQSPs for FY 2002 that balances the time needed for the States to prepare their respective SQSPs and the time needed for the RO review.
11. **Electronic Submission of the SQSP.** States may submit the SQSP electronically, if desired, but should contact the RO SQSP Coordinator prior to submittal to identify and coordinate specific details. Generally, plans may be submitted in MS Word 97 or an earlier version or in Wordperfect 8 or an earlier version. Standard Forms required as part of the budget reporting process (Chapter II of ET Handbook 336) are available in PDF format and may be downloaded from the Office of Management and Budget website at www.whitehouse.gov/omb/grants/index.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 or facsimile by the RO deadline.
12. **Action Required.** State Administrators are requested to:
- a. Make this information available to appropriate staff;
 - b. Prepare their SQSP in accordance with this UIPL and the planning and reporting instructions contained

in ET Handbook No. 336, 16th Edition;

- c. Ensure State review of and commitment to plans submitted;
- d. Coordinate specifics with the appropriate RO, if electing to utilize electronic submission of the plan; and
- e. Submit FY 2002 SQSP to the appropriate RO by the date specified by the Regional Administrator.

13. **Inquiries.** Questions should be directed to the appropriate Regional Office.

14. **Attachment.** [Tier I Measures Criterion Table](#).

[Click Here for HTML Version](#)

TIER I MEASURES CRITERION TABLE

TIER I MEASURE	CRITERION		
	FY 2002 SQSP	1 st SQSP after UI PERFORMS Regulation*	FY 2005 SQSP
First Payment Timeliness: Number of days elapsed from week-ending date of the first compensable week in benefit year to date payment is made in person, mailed, or offset or intercept is applied on the claim. Source: ETA 9050 report			
% of 1 st Payments within 14/21 days: Intrastate UI, full weeks	87		
% of 1 st Payments within 35 days: Intrastate UI, full weeks	93		
% of 1 st Payments within 14/21 days: Interstate UI, full weeks	70		
% of 1 st Payments within 35 days: Interstate UI, full weeks	78		
% of 1 st Payments within 14/21 days: Intra + Interstate UI, UCFE, UCX Programs, full + partial weeks		90*	90
% of 1 st Payments within 35 days: Intra + Interstate UI, UCFE, UCX Programs, full + partial weeks		95*	95
Nonmonetary Determinations Timeliness: Number of days elapsed from date of detection by the State of any nonmonetary issue that had the potential to affect the claimant's past, present or future benefit rights to date of the determination. Source: ETA 9052 report.			
% of Separation Determinations within 21 days of Detection Date: Intra + Interstate UI, UCFE, UCX	80%	80%	80%
% of Nonseparation Determinations within 14 days of Detection Date: Intra + Interstate UI, UCFE, UCX	80%	80%	80%
Nonmonetary Determinations Quality: Evaluation results of quarterly samples of nonmonetary determinations selected from the universe of nonmonetary determinations reported by the ETA 9052 report, as instructed in ET Handbook No. 301 (revised January 1998). Source: ETA 9056 report.			
% of Separation and Nonseparation Determinations with Quality Scores >80 points: Intra + Interstate UI, UCFE, UCX	75	75	75
Lower Authority Appeals Timeliness: Number of days elapsed from the date the request for a lower authority appeals hearing is filed to date of the decision. Source: ETA 9054 report.			
% of Lower Authority Appeals Decided within 30 Days of Filing: Intra + Interstate UI, UCFE, UCX	60	60	60
% of Lower Authority Appeals Decided within 45 Days of Filing: Intra + Interstate UI, UCFE, UCX	80	85*	85
% of Lower Authority Appeals Decided within 90 Days of Filing: Intra + Interstate UI, UCFE, UCX		95*	95
Higher Authority Appeals Timeliness: Number of days elapsed from the date a higher authority appeal is filed to date of the decision. Source: ETA 9054 report.			
% of Higher Authority Appeals Decided within 45 Days of Filing: Intra + Interstate UI, UCFE, UCX	50	50	50
% of Higher Authority Appeals Decided within 75 Days of Filing: Intra + Interstate UI, UCFE, UCX	80	80	80

% of Higher Authority Appeals Decided within 150 Days of Filing: Intra + Interstate UI, UCFE, UCX	95	95	95
Lower Authority Appeals Quality: Evaluation results of quarterly samples of lower authority benefit appeals hearings selected and evaluated as instructed in ET Handbook No. 382 (2nd Edition). Source: ETA 9057 report.			
% of Lower Authority Appeals with Quality Scores at least 85% of potential points: Intra + Interstate UI, UCFE, UCX	80	80	80
<h1>TIER I MEASURE</h1>	<h2>CRITERION</h2>		
	FY 2002 SQSP	1 st SQSP after UI PERFORMS Regulation*	FY 2005 SQSP
Status Determinations Timeliness: Number of days elapsed from last day of the quarter (Quarter Ending Date--QED) in which liability occurred to date of determination (date that the status information was officially entered into the State's system). Source: ETA 581 report.			
% of New Status Determinations within 90 days of the Quarter End Date	60	60	60
% of New Status Determinations within 180 days of the Quarter End Date	80	80	80
Status Determinations Accuracy: Accuracy of new status determinations based on the application of a review instrument for an annual acceptance sample selected from a universe of all status determinations for new and reactivated employers made during one complete calendar year, as instructed in ET Handbook 407 (revised September 1998). This measure includes only the accuracy of the determination, <u>not</u> the posting.			
Pass New Status Determinations Accuracy Acceptance Sample: No more than 6 failed cases of sample of 60	Pass	Pass	Pass
Timeliness of Transfer to UTF:			
Ratio of average daily loanable balance in Clearing Account to average daily Transfer to UTF: Ratio of the monthly average daily loanable balance (line 10, ETA 8414 report) to the average daily transfer to the Trust Fund (line 3, ETA 8405 report), divided by the number of days in the month.	<=1.75	<= 1.75	<= 1.0
Timeliness of Deposit to the Clearing Account: Elapsed time from the State's receipt of employer contributions to their deposit in the clearing account, estimated from a random sample of contributions received by the State during a specified time interval.			
Deferred until uniform measurement methodology is developed			

* No final decision on the regulatory criteria for the Secretary's Standards for First Payment Timeliness and for Lower Authority Appeals Promptness will be made until action on the UI PERFORMS regulation is completed. States not meeting new criteria which will become effective for a later SQSP period should develop an improvement plan identifying the actions it will take to transition performance from current levels and meet or exceed the new criteria by its effective date. (There are no sanctions for failing to meet transitional performance improvement goals.)