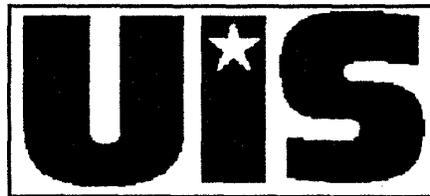


**PROMPTNESS & WORKLOAD REPORT**

**REGULAR STATE UI APPEALS**

**SECOND QUARTER FISCAL YEAR 1993**



**Office of Program Management  
Division of Program Dev. & Impl.  
July 1993**

**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

**SUMMARY**

Although the National average for lower authority appeals promptness performance was 4.6 percentage points below the 60% criterion, it improved by 3.9 percentage points from the previous quarter. In addition, more lower authority appeals were decided than were filed during the quarter resulting in a decline in the number of pending cases. The number of pending cases is still high, but this is the fourth quarter that the inventory has declined. It will probably take a few more months to reduce the backlog of pending cases to the point where promptness performance will be at or above the criterion in the Secretary's Standard.

Higher authority appeals performance is another story. There was a 3.2 percentage point decline at the 45-day level and the National average was .5 percentage points below the 40% criterion. Likewise there was a 5.4 percentage point decline at the 75-day level and the National average was 16.6 percentage points below the 80% criterion. The number of decisions increased about 3000 from the previous quarter and a few hundred more higher authority appeals were decided than were filed during the quarter, which resulted in a 2.0% decline in the number of pending cases. It is too early to predict if these somewhat positive signs are the beginning of an improving trend.

**LOWER AUTHORITY APPEALS**

**30-Day Promptness Performance**

- o The National average for performance at the 30-day level for the quarter was 55.4%. This was 4.6 percentage points below the criterion (60.0%), 3.9 percentage points higher than the previous quarter, and 16.8 percentage points higher than the same quarter in FY 92.
- o Twenty-three States did not meet the 30-day criterion for the quarter, four fewer than in the previous quarter. Five States, Kansas, Maine, Minnesota, New Mexico, and Virginia, were fairly close to meeting the criterion with performance above 50% in 30 days.
- o Ten States, Colorado, District of Columbia, Massachusetts, Michigan, Missouri, Ohio, Pennsylvania, Puerto Rico, Rhode Island, and West Virginia, were more

**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

than 30 percentage points below the criterion. This was one fewer State than in the previous quarter.

- o Seven States, Alaska, Arizona, California, Maryland, New Hampshire, Oregon, and Texas, improved from below the 30-day criterion to above it for the quarter.
- o Colorado had a sharp decline in performance.

**45-Day Promptness Performance**

- o The national average for performance at the 45-day level for the quarter (73.9%) was 6.1 percentage points below the criterion (80.0%), 2.2 percentage points higher than in the previous quarter, and 14.6 percentage points higher than during the same quarter in FY 92.
- o Eighteen States did not meet the 45-day criterion for the quarter, three fewer than in the previous quarter. Three States, Illinois, Oregon and Virginia, were fairly close to meeting the criterion with performance above 70% in 45 days. Nine States, Connecticut, District of Columbia, Massachusetts, Michigan, Missouri, Nevada, Ohio, Puerto Rico, and West Virginia, were more than 30 percentage points below the criterion. This was one more State than in the previous quarter.
- o Three States, California, Maine, and Maryland, improved from below the 30-day criterion to above it for the quarter.
- o Colorado had a sharp decline in performance.

**Workload**

- o Nationally, during the quarter the number of pending cases decreased 2.6% (2,800 cases). The average number of appeals filed per month during the quarter was about 500 fewer than the average number of decisions per month, which caused the small decrease in the number of pending cases. The inventory of pending cases (103,000) at the end of the quarter was 1.18 times the average number of cases decided per month, up very slightly from the previous quarter.

**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

- o In 22 States, the number of pending cases was lower than it was at the end of the previous quarter. Two States, Ohio and Puerto Rico, had decreases of more than 30% in the number of pending cases.
- o In 30 States there were increases in the number of pending cases. Twelve States, Alabama, Colorado, Idaho, Illinois, Kansas, Minnesota, Montana, Nebraska, North Dakota, Tennessee, Utah, and Vermont, had increases of more than 30% in the number of pending cases.

**HIGHER AUTHORITY APPEALS**

**45-Day Promptness Performance**

- o The National average for performance at the 45-day level for the quarter was 39.5%. This was 0.5 percentage points below the criterion (40.0%), 3.2 percentage points lower than the previous quarter, and 2.1 percentage points lower than the same quarter in FY 92.
- o Twenty-two States did not meet the 45-day criterion for the quarter, one fewer than in the previous quarter. Five of these States, Georgia, New Jersey, Ohio, Tennessee, and Wisconsin, were fairly close to meeting the criterion with performance above 30% in 45 days.
- o Twelve States, Arizona, California, District of Columbia, Idaho, Michigan, Montana, Nevada, New York, Oregon, Pennsylvania, Puerto Rico, and West Virginia, were more than 20 percentage points below the criterion.
- o Three States, Alaska, Delaware, and Louisiana, improved from below the 45-day criterion to above it for the quarter.
- o Two States, Maine and Ohio, showed sharp declines (more than 20 percentage points) in performance.

**75-Day Promptness Performance**

- o The national average for performance at the 75-day level for the quarter (63.4%) was 16.6 percentage points below the criterion (80.0%), 5.4 percentage points lower than in the previous quarter, and 8.9

**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

percentage points lower than during the same quarter in FY 92.

- o Twenty-five States did not meet the 75-day criterion for the quarter, two more than the previous quarter. Five States, Alaska, Connecticut, Indiana, Oklahoma, and Nevada, were fairly close to meeting the criterion with performance above 70% in 75 days. Eleven States, California, Colorado, District of Columbia, Idaho, Michigan, New York, Oregon, Pennsylvania, Puerto Rico, West Virginia, and Wisconsin, were more than 30 percentage points below the criterion.
- o Oregon showed a sharp decline in performance.

**Workload**

- o Nationally, during the quarter the number of pending cases decreased 2.0% (900 cases). The average number of appeals filed per month during the quarter was about 200 fewer than the average number of decisions per month, which caused the slight decrease in the number of pending cases. The inventory of pending cases (44,000) at the end of the quarter was 2.79 times the average number of cases decided per month, which was a slight improvement from the previous quarter.
- o In 31 States, the number of pending cases was lower than it was at the end of the previous quarter. Nine States, Colorado, Georgia, Kansas, Louisiana, Maine, Massachusetts, Rhode Island, Utah, and Wyoming, had decreases of more than 30% in the number of pending cases.
- o In 18 States, there were increases in the number of pending cases. Four States, Mississippi, North Dakota, South Carolina, and Washington, had increases of more than 30% in the number of pending cases.

A table and graphs showing promptness performance and workload are attached.

SECOND QUARTER FISCAL YEAR 1993

PROMPTNESS DATA

	<u>Lower Authority</u>		<u>Higher Authority</u>	
	<u>30-Day</u>	<u>45-Day</u>	<u>45-Day</u>	<u>75-Day</u>
Criterion or DLA	60.0%	80.0%	40.0%	80.0%
National Average	55.4%	73.9%	39.5%	63.4%
Change From Last Qtr. <sup>1</sup>	+3.9	+2.2	-3.2	-5.4
Change From Year Ago <sup>2</sup>	+16.8	+14.6	-2.1	-8.9
No. of States Below <sup>3</sup> Criterion or DLA	23	18	22	25
Change From Last Qtr.	-4	-3	-1	+2
Change From Same Qtr. Last Year	-9	-7	+4	+4

WORKLOAD DATA

	<u>Lower Authority</u>	<u>Higher Authority</u>
Appeals Pend at End of Last Qtr.	105,800	44,900
Appeals Filed During Qtr.	259,600	46,800
Appeals Decisions During Qtr.	261,200	47,300
Appeals Pending at End of This Qtr. <sup>4</sup>	103,000	44,000
Percentage Change From Last Qtr.	-2.6%	-2.0%
Percentage Change From Last Year	-29.0%	+20.2%

<sup>1</sup>Change From Last Qtr. - The arithmetic difference between the National average for the previous quarter and the current quarter.

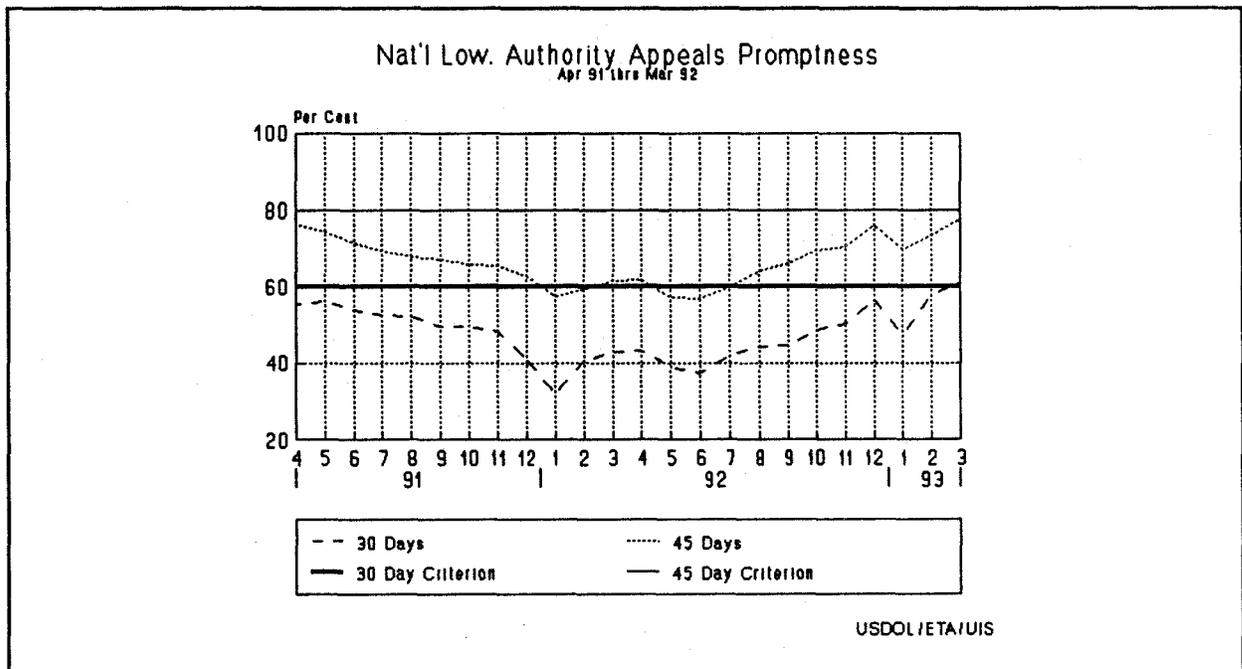
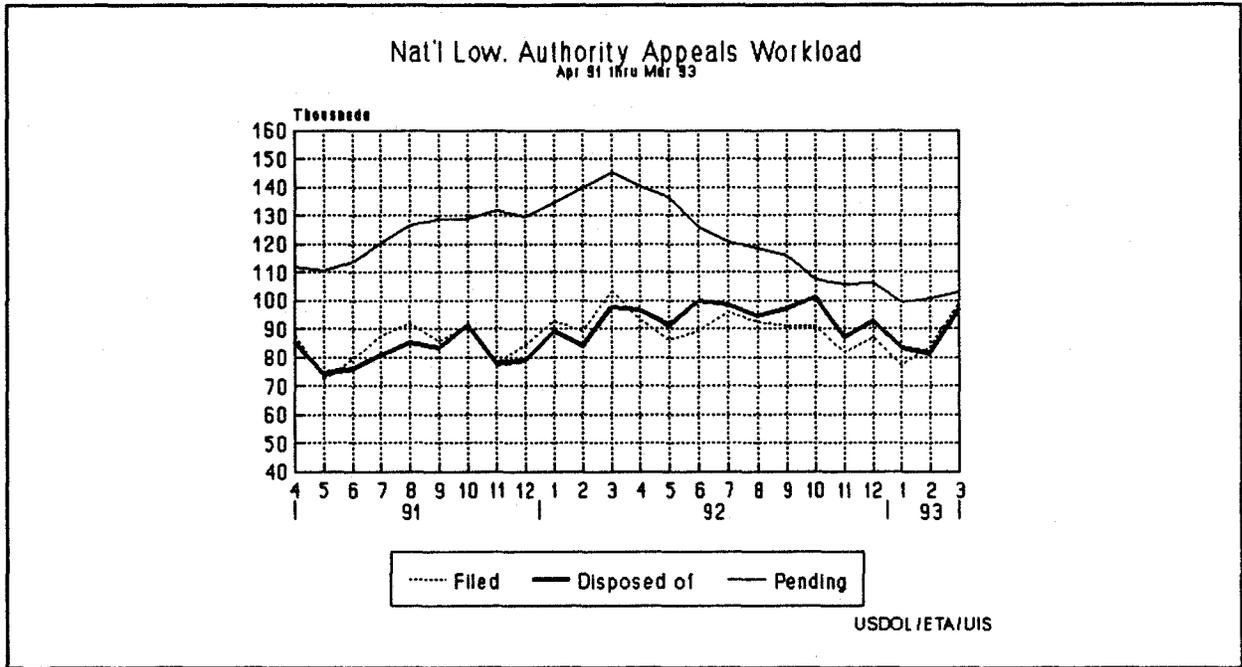
<sup>2</sup>Change From Last Year - The arithmetic difference between the National average for the same quarter last fiscal year and the current quarter.

<sup>3</sup>No. of States Below Standard or DLA - The number of States where the average performance for the quarter was below the particular criterion or DLA.

<sup>4</sup>Appeals Pending at End of This Qtr. - The number of single claimant regular State UI appeals pending at the end of the quarter. This number will not necessarily equal the sum of the first two elements minus the third element in this category because appeals disposed of by means that do not meet the definition of "countable" decisions are not included in the "Appeals Decisions" number.

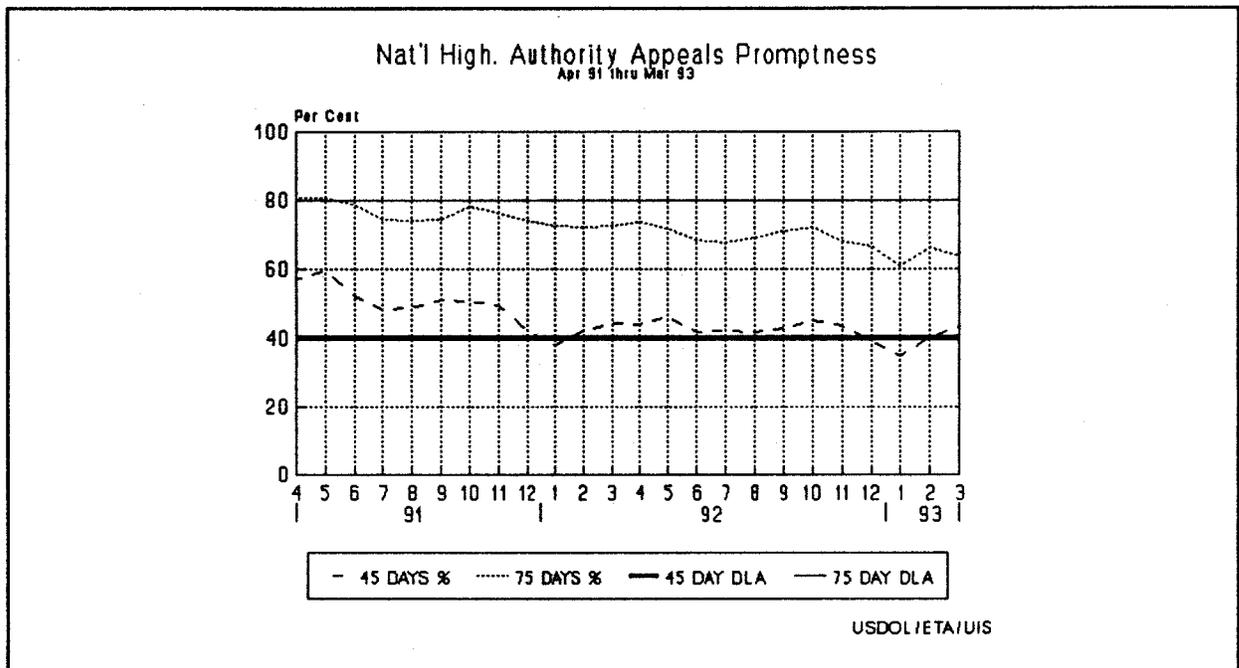
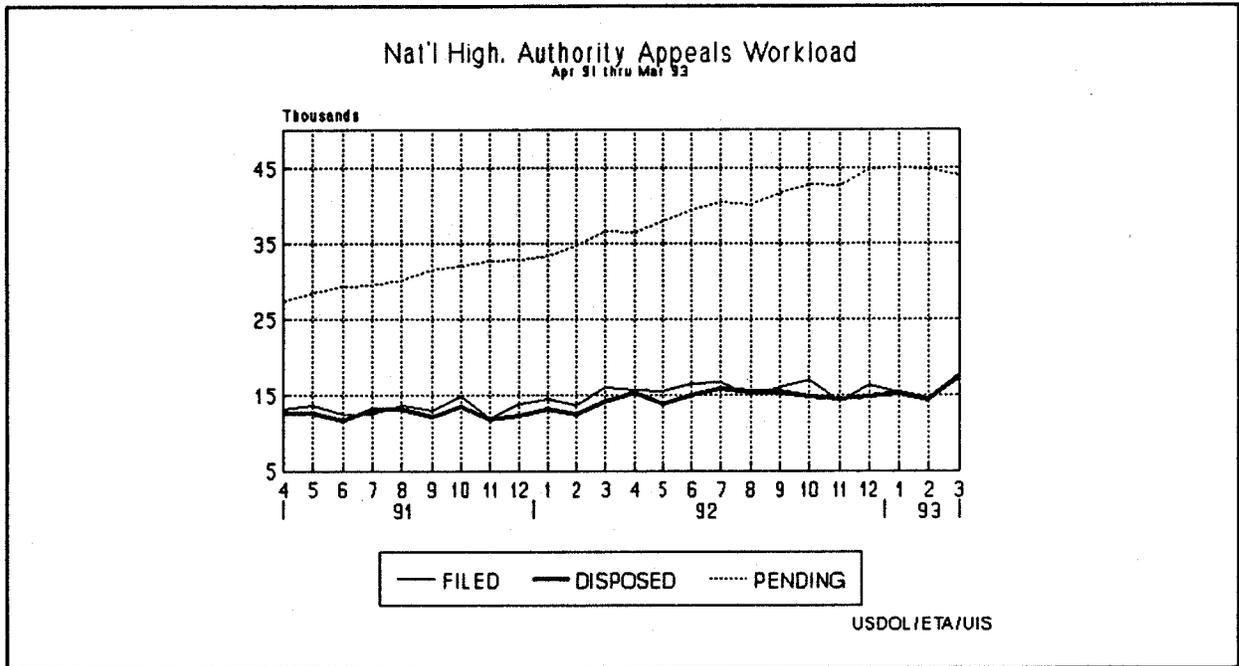
**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

**LOWER AUTHORITY APPEALS GRAPHS**



**STATE REGULAR UI APPEALS PROMPTNESS AND WORKLOAD REPORT**  
**SECOND QUARTER FISCAL YEAR 1993**

**HIGHER AUTHORITY APPEALS GRAPHS**



<b>U. S. Department of Labor</b> Employment and Training Administration Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> TEURL
	<b>DATE</b> July 7, 1993

**DIRECTIVE** : UIS INFORMATION BULLETIN NO. 17-93

**TO:** : ALL REGIONAL ADMINISTRATORS

**FROM** : MARY ANN WYRSCH *Mary Ann Wyrsh*  
 Director  
 Unemployment Insurance Service

**SUBJECT** : Wage Reporting Simplification Project

For several years, the Internal Revenue Service (IRS) and the Social Security Administration (SSA) have been engaged in efforts to simplify the employer wage reporting process, initially focusing on the Form W-2, Wage and Tax Statement. In August of 1992, several government agencies -- IRS, SSA, and the Department of Labor (DOL), along with the Office of Management and Budget (OMB) and the Small Business Administration (SBA) -- launched an initiative which is more concerted and broader in scope than the initial effort and is aimed at determining the feasibility of wage reporting simplification across Federal and State agencies. This initiative is called the Wage Reporting Simplification Project (WRSP), with the feasibility study being conducted by the MITRE Corporation.

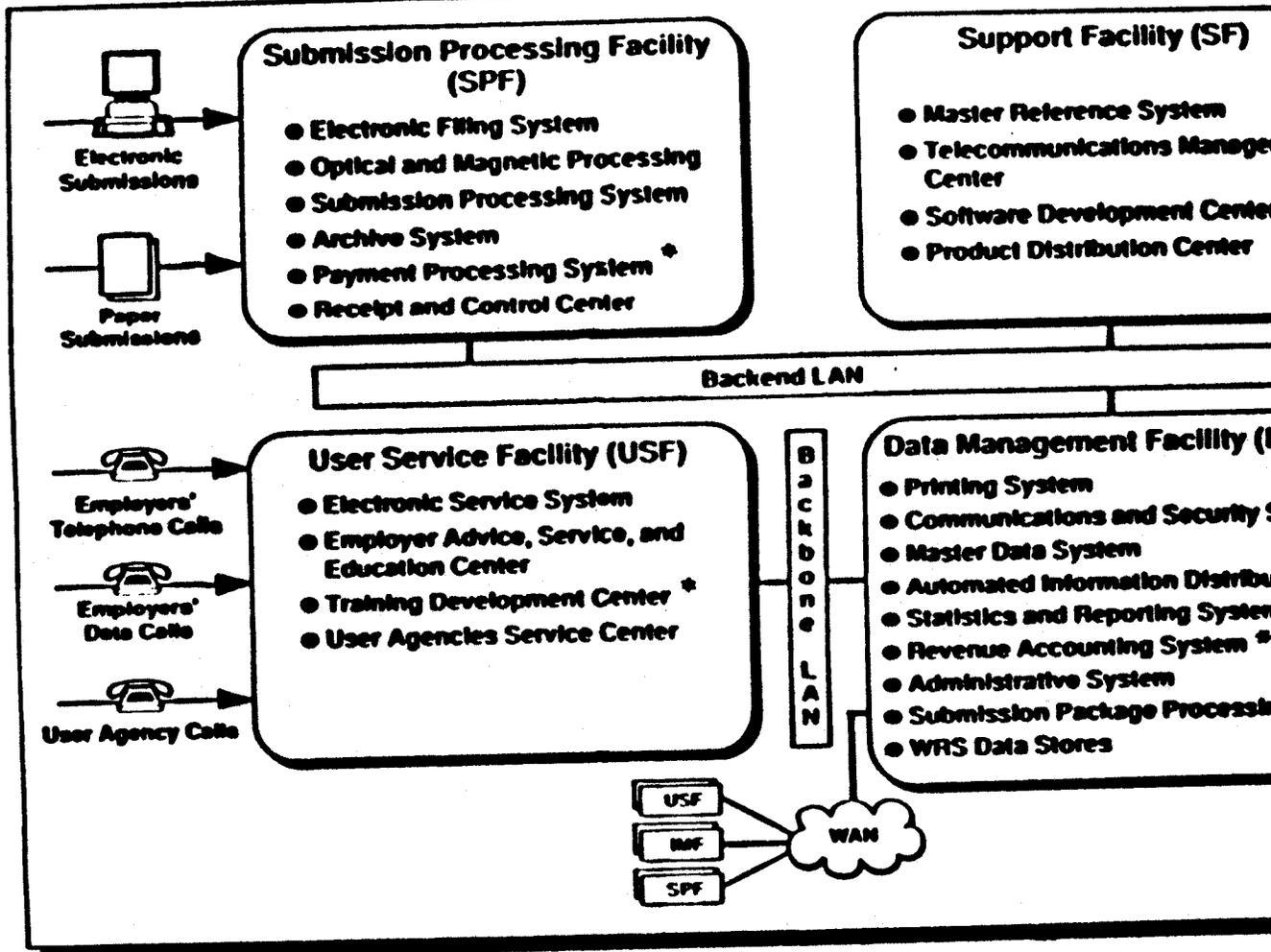
The overall objective of WRSP is to reduce employer reporting burden while maintaining or improving the effectiveness of government operations. The scope of this study includes:

- all Federal withholding and tax related filings (e.g., Forms 940, 941, 942, and 943; W-2 and W-3; and Federal tax deposits),
- State employer tax forms, payments, and W-2s, and
- unemployment insurance (UI) contribution reports, payments, and quarterly wage records.

The feasibility study is being conducted in two phases. A report entitled "Wage Reporting Simplification Project: Overview of the Phase I Feasibility Study" (copy enclosed) summarizes the results of the first phase, and is being distributed to all States (UI and tax agencies) and employer representatives. Its purpose is to provide all key stakeholders with an overview of the range of concepts under consideration, along with the economic, institutional, and regulatory implications. In the second phase, inputs received from these parties will be used to focus the system concepts and to analyze possible implementation strategies for a Simplified Tax and Wage Reporting System (STAWRS). State participation in any such

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b>
----------------------------	------------------------

# ARCHITECTURE FOR "STAWRS" LEVEL



LEVELS 1 & 2 = SAME AS ABOVE

\* LEVEL 3 = SAME AS ABOVE

1. No "Pay"
2. No "Tra"
3. No "Sta"
4. No "Re"

# **Institutional, Legal and Regulatory Issues Potentially Impacting *STAWRS* Implementation**

- **Underlying issues**
  - **Need for cooperation**
  - **Management and operation of WRSP**
  - **Approach to implementation of change**
- **Organizational and institutional issues**
- **User interface issues**
- **Privacy and disclosure, and security issues**
- **Wage code harmonization**

# FINDINGS

- *Technically feasible architectures exist for each of the STAWRS requirements "LEVELS"*
- *Economic analysis of "LEVELS" result in:*

## COSTS & BENEFITS SUMMARY, 1994-2008, Constant dollars (in millions)

	Level 1	Level 2	Level 3
<b>COSTS</b>	2,230	2,230	810
STAWRS Acquisition and Operations and Maintenance	1,100	1,100	430
Government Transition	50	50	20
Employer Transition	1,080	1,080	360
<b>BENEFITS</b>	15,130	8,240	2,160
Government Reduced/Avoided Costs (Government Baseline Costs Savings Less STAWRS Offsetting Costs)	1,660	1,490	530
Employer Burden Reduction	13,470	6,750	1,630
<b>NET VALUE (Benefits Less Costs)</b>	12,900	6,010	1,350

	Level 1	Level 2	Level 3
<b>COSTS</b>	1,350	1,340	510
<b>BENEFITS</b>	6,790	3,660	1,040
<b>NET VALUE (Benefits Less Costs)</b>	5,440	2,320	530
<b>BREAK-EVEN POINT</b>	Year 2000	Year 2001	Year 2001
<b>BENEFIT/COST RATIO</b>	5.04	2.73	2.05

- *Need to immediately address Institutional, legal, & regulatory issues.*

**NOTE:** *Employer burden reduction & other benefits accrue ONLY if implementing all functional aspects of each LEVEL.*

# **W-2 DEMONSTRATION PROJECT**

- o IRS/SSA/FTA Project - Begins Processing Year 1994 (Tax Year*
  - o SSA to process at ALBUQUERQUE & SALINAS Data Operation Centers*
  - o SSA to send data to IRS for distribution to participating States*
    - California*                      *- Colorado*                      *- Kansas*
    - Louisiana*                      *- Minnesota*                      *- Mississippi*
    - Missouri*                      *- New Mexico*                      *- Oklahoma*
    - South Carolina*                      *- Utah*
  - o Estimated volume = 40 M paper Forms W-2s*
  - o Test to focus in three areas:*
    - EMPLOYER COMPLIANCE*
    - INDIVIDUAL COMPLIANCE*
    - WRSP PROCESS*
-

system would be voluntary. Also enclosed is a copy of a presentation given by Paul Harrington, IRS, at the recent National UI Directors meeting in Boston, Massachusetts.

In addition to the government agencies, the Interstate Conference of Employment Security Agencies (ICESA), the National Governors' Association (NGA), and the Federation of Tax Administrators (FTA) are also actively involved in the project. External stakeholders include various employer representatives such as the National Federation of Independent Businesses, the American Payroll Association, the Bureau of National Affairs, etc.

As DOL's representative, the Unemployment Insurance Service (UIS) is well aware of the far-reaching implications WRSP has for the UI program in terms of the potential impact on claimants, employers, and employees. Accordingly, DOL has established the following principles with respect to any reporting system that is developed as a result of this effort:

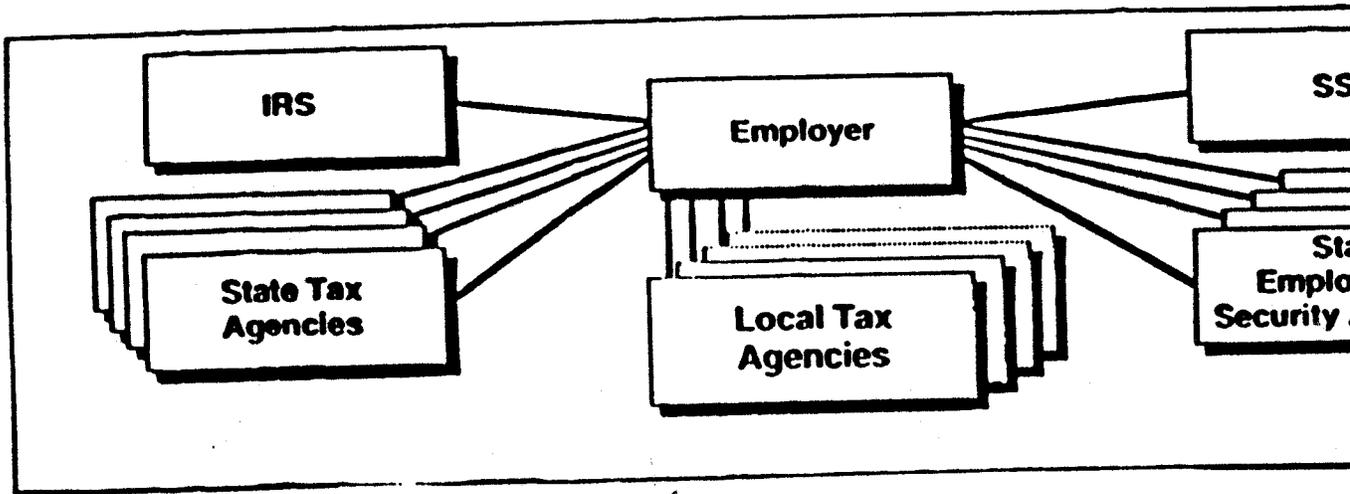
- The payment of UI benefits should not be inhibited.
- UI tax operations should not be disrupted or impeded.
- Administrative costs or burdens should not be added to the UI program.
- The Federal-State cooperative nature of the UI program should not be imperiled.

Part of the stakeholder participation process will include three open forums throughout the country during July and August (see below). It is anticipated that ICESA will notify the States of these forums and encourage their attendance. Regional Office staff are welcome to attend. The purpose of the forums is to provide comprehensive coverage of all issues with extensive opportunity for direct dialogue with study team members and participants.

<u>Location</u>	<u>Date</u>	<u>Site</u>
Washington, DC	Jul. 22-23, 1993	Tyson's Corner Marriott Hotel
San Francisco, CA	Aug. 10-11, 1993	San Francisco Airport Marriott Hotel
Chicago, IL	Aug. 24-25, 1993	Woodfield Hilton Hotel

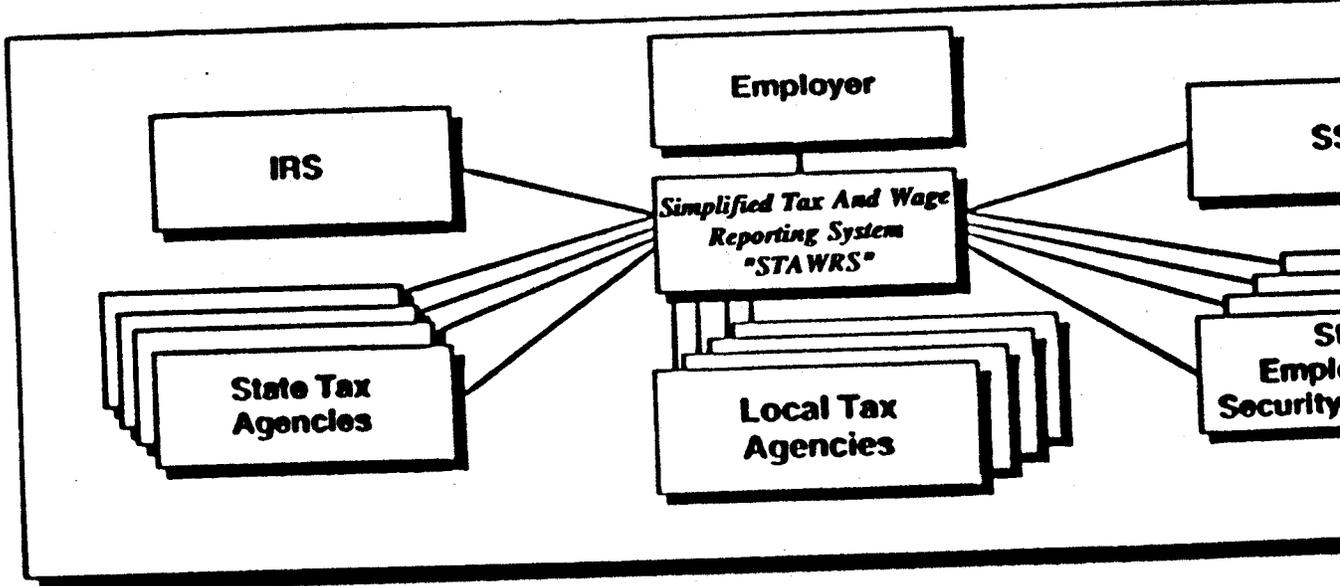
The National Office will keep you informed of additional key developments as they arise. If you have any questions concerning WRSP, please call Virginia Chupp or Lynne Webb on 202-219-5200.

# CURRENT WAGE-RELATED FILING INTERACT



---

# BASIC WAGE REPORTING SIMPLIFICATION CO



**BRIEFING**

*on*

**WAGE REPORTING SIMPLIFICATION PROJECT (**

*for*

***Interstate Conference of Employment Security Agen***

*by*

**PAUL M. HARRINGTON**  
***Director, Portsmouth District, IRS***  
**&**  
***Executive-in-Charge, WRSP***

***June 9, 1993***

---

# **WRSP HISTORY**

- **Dec 90..... CAG & Commissioner request feasibility study of SW-2 PROCESSING REPOSITORY**
  - **Mar 91..... IRS-SSA POLICY BOARD formed/created subgroup project**
  - **Dec 91..... Commissioner Goldberg memo to OMB expands scope project**
  - **Jan 92..... President's FY-93 BUDGET**
  - **May 92..... President's address on SMALL BUSINESS DAY**
  - **July 92..... DOL joins WRSP Executive Management Group**
  - **Aug 92..... MITRE begins study of PAYROLL TAX REPORTING SYSTEM**
  - **Sep 92..... President's "AGENDA FOR AMERICAN RENEWAL"**
-

# **O B J E C T I V E S**

- o **FEASIBILITY STUDY OF WAGE REPO**  
**SIMPLIFICATION ALTERNATIVES A**  
**REDUCING EMPLOYER WAGE REPO**  
**BURDEN WHILE MAINTAINING OR**  
**IMPROVING GOVERNMENT WAGE-**  
**RELATED PROGRAM OPERATIONS**
-

# DEFINITIONS

## SMALL BUSINESS

- *manual labor for record keeping/submission/-responding to gov't inquiries*
- *single state operation*
- *single employee classification*
- *simple or no benefits program*

## LARGE BUSINESS

- *payroll processes integrated auto*
- *multi-state operations*
- *multiple employ*
- *complex benefit p*

# DEMOGRAPHICS

- o *Over 6 million businesses employ about 95 million employees*
  - o *Over 3 million businesses have less than 5 employees*
  - o *1,900 businesses employ over 17 million workers*
  - o *56,000 businesses employing 55 million workers fit the above "LARGE BUSINESS"*
  - o *NEW BUSINESSES - SBA estimates 734,000 new businesses in 1991*
  - *Most meet SMALL BUSINESS definition*
  - *New business formation by MINORITIES (including women & groups for whom second language) is fastest growing group, overall.*
-

## MAJOR "WRSP" STAKEHOLDERS

FEDERAL GOV'T	STATE GOVERNMENT			EMPLOYERS
IRS	Wage Tax	Unemployment Ins.	Governors	<u>Emp</u>
<b>SSA</b> <b>DOL - Employment &amp; Tng Admin</b> <b>OMB - Office of Info Regulatory Affairs</b> <b>SBA (Small Business Administration)</b>	<b>FEDERATION of TAX ADMINISTRATORS</b>  <u>STATES VISITED:</u> California Michigan New York South Carolina Virginia West Virginia	<b>INTERSTATE CONFERENCE of EMPLOYMENT SECURITY AGENCIES</b>  <u>STATES VISITED:</u> California Maryland Michigan New York South Carolina Washington West Virginia	<b>NATIONAL GOVERNORS' ASS'N</b>	Nat'l Ass'n of Se Nat'l Federation American Payrol American Societ  <u>Age</u> American Instit Public Accoun Tax Executives ADP, Inc. PAYCHEX Nat'l Ass'n of Agents

**NOTE:** All stakeholders have participated in WRSP meetings.

# ○ CURRENT WAGE REPORTING PRO

## **EMPLOYERS**

- ~ **REPORTING COMPLEXITIES**
- ~ **REGISTRATION REQUIREMENTS (Multiple)**
- ~ **INQUIRIES (Errors & Non-Errors)**
- ~ **AWARENESS re: LAW CHANGES, etc.**

## **GOVERNMENTS (Fed/State)**

- ~ **ERRORS on FORMS**
  - ~ **EMPLOYER REPORTING INCONSISTENCIES**
  - ~ **DATA SHARING NEEDS/BARRIERS**
  - ~ **TIMELINESS (employer reporting & responding)**
  - ~ **FRAUD (employer)**
-

# **WRSP DELIVERABLE**

~ ~ ~ ~ ~  
*PHASE I (Aug '92 thru Feb '93)*  
~ ~ ~ ~ ~

- **DOCUMENT & COST -- CURRENT OPERATIONS**
    - *Identify problems/opportunities*
    - *Identify WRSP Requirements*
  - **DEVELOP ALTERNATIVE ARCHITECTURES (Conceptu**
    - *Cost/benefit analysis of proposed alternatives*
  - **EXECUTIVE SUMMARY (Overview of work-to-date)**
    - *Legislative Change Requirements*
    - *Economic Analysis*
  - **DRAFT FINAL REPORT - (Phase I Overview)**
-

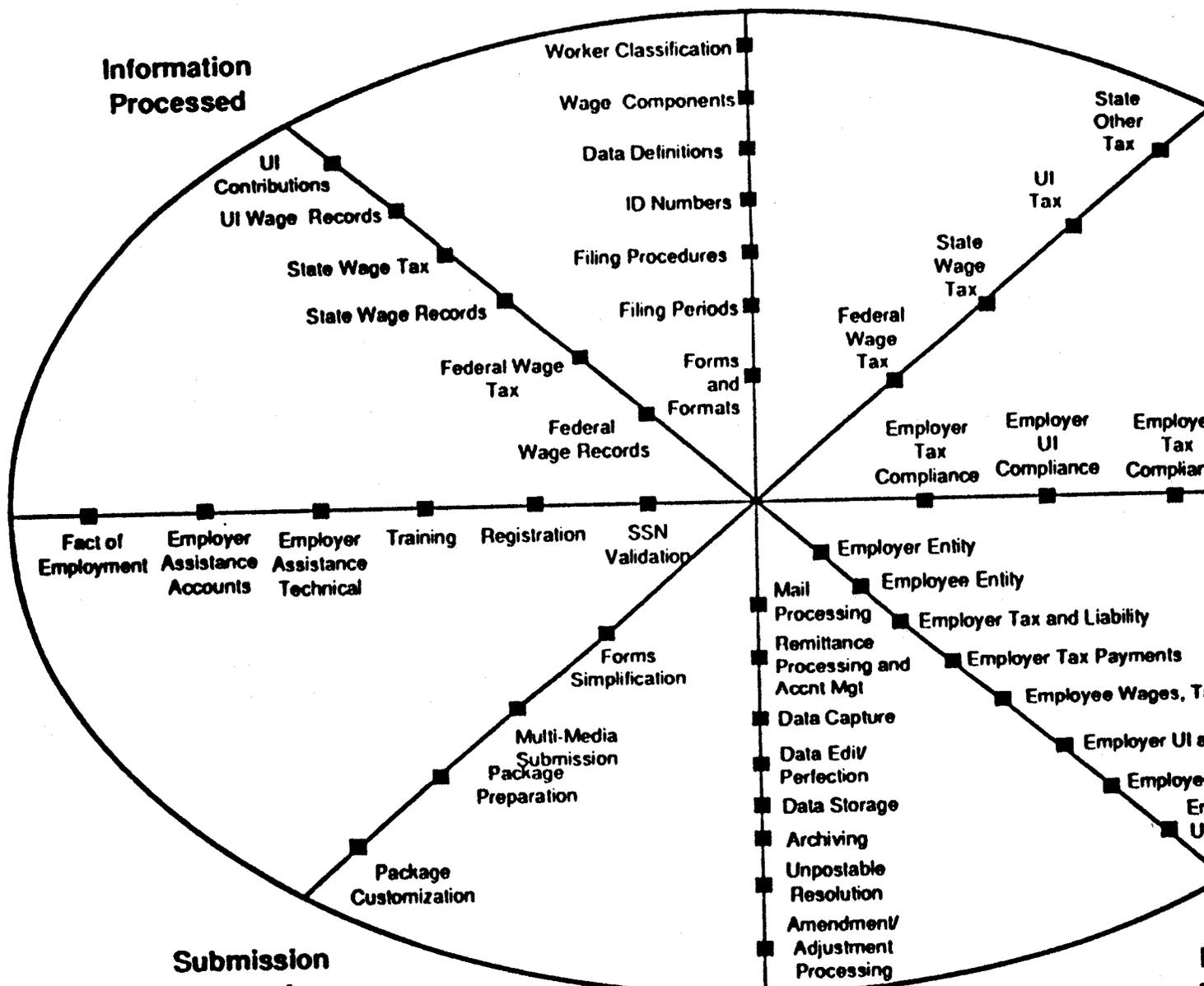


# RANGE of WAGE REPORTING SCOPE & FUNCTIONALITY

## Laws, Definitions, and Procedures

### Information Processed

Employer Services



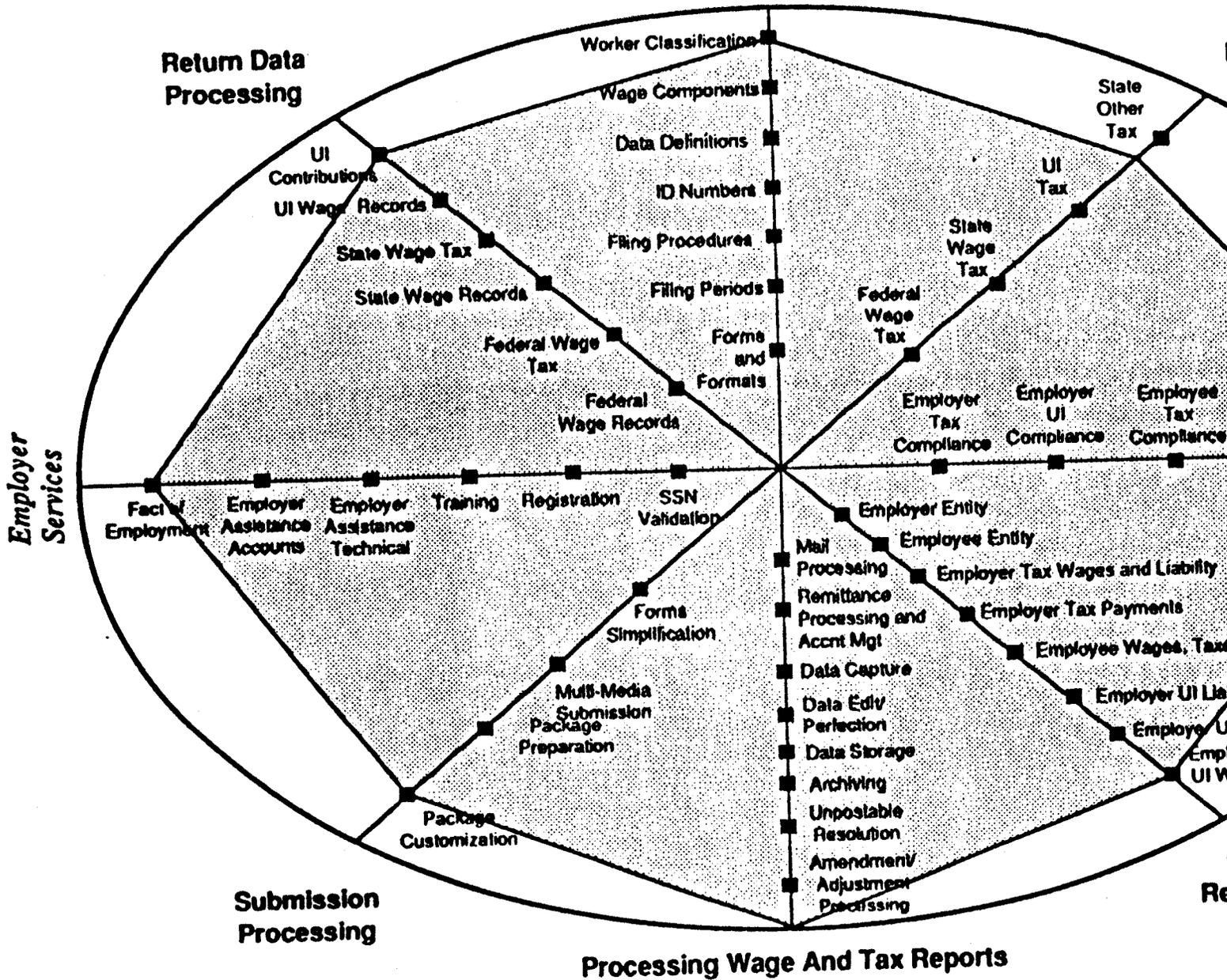
### Submission Processing

### Returns and Payments Processing

and

# LEVEL 1 - SCOPE & FUNCTIONALITY

## Laws, Definitions, and Procedures



# WAGE CODE HARMONIZATION INCLUDES A



- I. Definitions
  - a. Employer/employee
  - b. Independent contractor
  - c. Components of wage
- II. Definition of wage \*
- III. Coordination of filing period
- IV. Coordination of payment frequency
- V. Unified employer identification system
- VI. Unified reporting formats

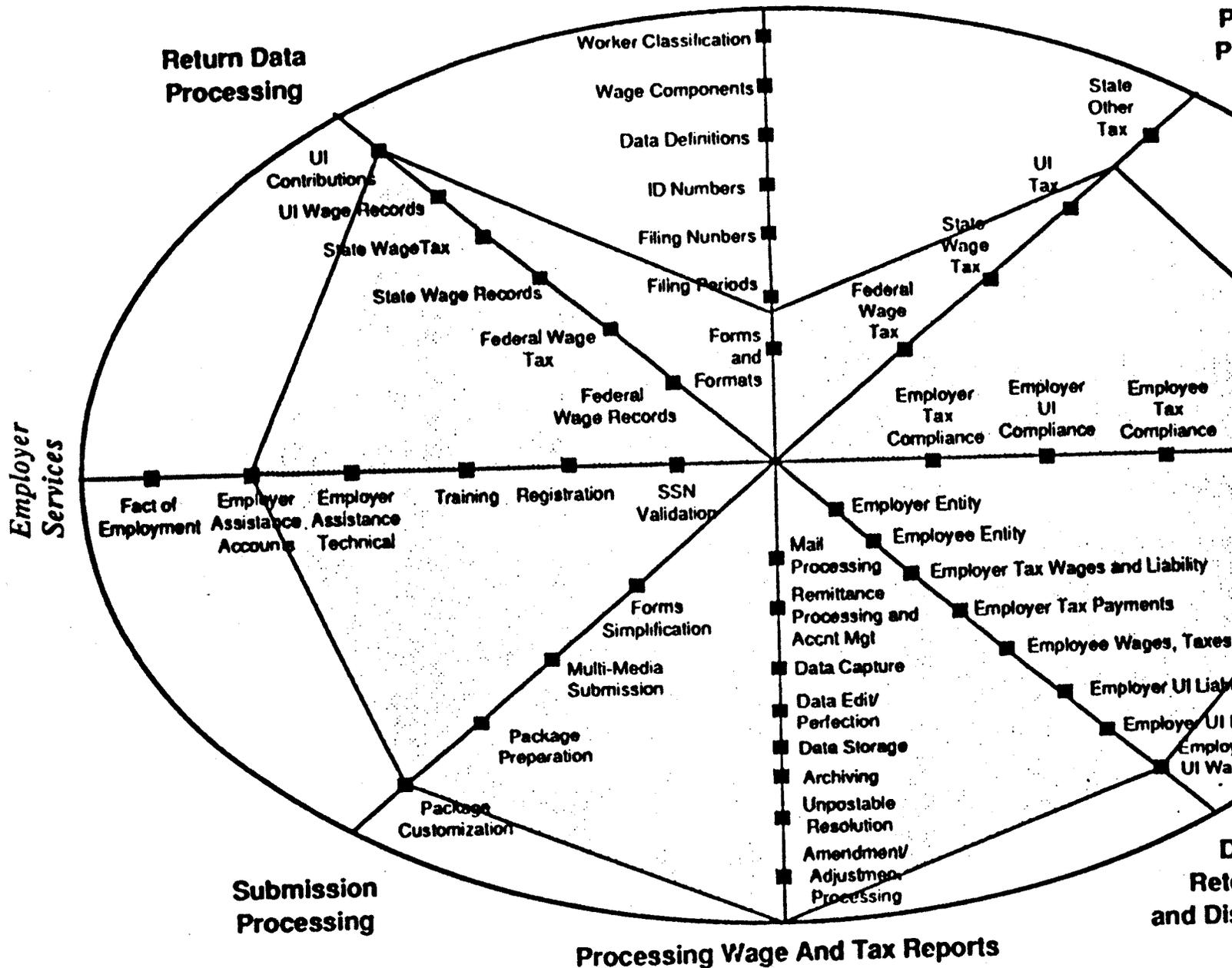
\* **FEDERAL definition of "WAGES"** = *"Payments for services performed, plus: 1) Group/Term Life Insurance, 2) ... 4) Subsistence Allowances, 5) Moving Expenses, and 6) Sick Pay"*  
(for TAX purposes):

**Results of a 1992 poll of 51 jurisdictions (50 states + District of Columbia):**

- 9 have no broad-based income tax (Alaska/Florida/Nevada/New Hampshire/S Dakota/Tennessee/Texas)
- 32 have same definition as the FED & would accept a duplicate copy of the Form W-2
- 10 have various exceptions to the FEDERAL definition; however, 9 would accept a copy of the Federal taxable wage is entered in the state block).

# LEVEL 2 - SCOPE & FUNCTIONALITY

## Laws, Definitions, and Procedures



Laws, Definitions, and Procedures

