EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
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ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 15-19**

TO: STATE WORKFORCE AGENCIES

FROM: MOLLY E. CONWAY /s/
Acting Assistant Secretary

SUBJECT: Additional Planning Guidance for the Fiscal Year (FY) 2020 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the SQSP process, provide supplemental instructions, and define additional requirements for the FY 2020 SQSP.

2. **Action Requested.** The Employment and Training Administration (ETA) requests State Administrators to:

   - Make this information available to appropriate staff;
   - Prepare the state's SQSPs in accordance with instructions in this Unemployment Insurance Program Letter (UIPL) and the planning and reporting instructions contained in Employment and Training (ET) Handbook No. 336, 18th Edition, Change 4;
   - Coordinate specifics, as appropriate, with ETA's Regional Office (RO) for electronic submission of the plan; and
   - Submit the FY 2020 SQSP to the appropriate RO by the deadline set by the RO.

3. **Summary and Background.**

   a. **Summary.** This UIPL provides specific dates relevant to the SQSP process for the FY; summarizes National Priorities and Federal Program Emphasis; and identifies special planning requirements in effect for the FY.

   b. **Background.** The SQSP is the state's UI performance management and service plan. It represents an approach to the UI performance management and planning process that allows for an exchange of information between Federal and state partners to enhance the UI program's ability to reflect their joint commitment to performance excellence and client-centered services. As part of UI Performs, the comprehensive performance management system for the UI program, the SQSP is the principal vehicle that state UI programs use to plan, record, and manage improvement efforts as they strive for excellence in service.

RESCISSIONS	EXPIRATION DATE
None	December 31, 2020

The Social Security Act (SSA) authorizes the Secretary of Labor to provide funds to administer the UI program and governs the expenditure of those funds. The SQSP is part of the process by which states receive Federal UI administrative grants. ET Handbook No. 336 contains general instructions for the SQSP. This Handbook is designed as a permanent guide for the planning and budget process, and provides states with planning guidelines and instructions for reporting UI financial and staff year information.

ET Handbook No. 336 is approved under the Office of Management and Budget (OMB) No. 1205-0132. The Handbook notes that ETA will issue a SQSP UIPL each year with additional planning guidance that supplements the Handbook and provides direction and instructions specific to the upcoming FY. This additional planning guidance is similar to the guidance issued in previous years, but is updated and must be read carefully by state personnel.

4. **UI Technical Assistance Resources.** The following resources provide states with information and support for UI program activities.

a. Information Technology Support Center (ITSC)

ETA created the UI Information Technology Support Center (ITSC) in 1994 through a cooperative agreement with the State of Maryland to develop products and services and to support state UI agencies in the use of information technology (IT) for efficient administration of the UI program. Since 2009, the National Association of State Workforce Agencies' (NASWA), Center for Employment Security Education and Research (CESER) has operated the ITSC. ITSC's activities involve providing information, technical assistance, and products and services to states or state consortia in support of the modernization of IT systems used to administer the UI program.

b. UI Integrity Center

In FY 2012, ETA created the UI Integrity Center of Excellence (UI Integrity Center) to support the needs of the fifty-three State Workforce Agencies (SWAs) in implementing strategies to ensure program integrity, to prevent, detect, and recover improper payments, and to reduce fraud in the UI program. NASWA's CESER operates the UI Integrity Center through cooperative agreements with the New York State Department of Labor and ETA.

5. **National Priorities.**

The SQSP process focuses on promoting state performance and integrity, aligning state UI administration and operations with national policies, paying benefits accurately and timely, and connecting UI claimants with needed reemployment services. Each year, after consulting with our stakeholders, ETA establishes national priorities for the UI program.

For FY 2020, ETA's top priorities intended to guide states in the development of their SQSPs include improving state capacity to administer and operate the UI program effectively; reducing the UI improper payment rate and the prevention, detection, and recovery of improper and fraudulent overpayments; improving program performance; continuing the implementation of the recently enacted amendments (Section 306 of the SSA) that permanently authorized the Reemployment Services and Eligibility Assessment (RESEA) program; integrating service delivery under the Workforce Innovation and Opportunity Act (WIOA); developing evidence-based, robust, and innovative reemployment interventions and service delivery strategies for UI claimants to speed their return to work; and implementing strategies to address the misclassification of workers. There is also a continued focus on data validation, and improving the quality and accuracy of the ETA required UI reports.

ETA provides the following national priorities for FY 2020 to help states develop their SQSP. States should also establish additional state-level priorities for their UI program.

Improving State Capacity to Administer and Operate the UI Program Effectively

The UI program acts as an important economic stabilizer when areas experience contractions in their labor markets. It is also a critical safety net for eligible American workers who are unemployed and are able to work, available to work, and actively seeking work. States continue to struggle with administrative and operational challenges, including changes in program leadership in many states; the need to make program improvements to aging technology systems and/or to implement new technology solutions; training state staff on newly-implemented state benefits and tax systems; the need to reduce staffing levels as workloads and funding decline; the loss of key subject matter expertise due to retirements; new staff who are still learning the program; and overall challenges to continue improving program performance.

In developing their SQSPs, states are strongly encouraged to incorporate administrative performance improvement strategies such as:

- using the results from the state's implementation of the UI State Self-Assessment Tool, as described below, to identify areas for needed changes to operational processes for administration of the program;

- conducting business process analysis in key areas to identify opportunities for improving program operations and implementing recommendations from the analysis to improve performance;

- reviewing staff training strategies to support succession planning and ongoing staff development for new staff; and

- using technical assistance opportunities offered by ETA, the UI ITSC, and the UI Integrity Center, as well as the peer-to-peer communication platforms and other information sharing tools available through the UI Community of Practice (CoP).

In FY 2020, state UI agencies will have completed the results of the inaugural state self-assessment reviews of key operational elements in 15 functional areas within the UI program. States should use the results compiled by their state reviewers to identify areas in need of improvement and to formulate their plans for operational improvements. Additional information about the Self-Assessment Tool is discussed below under "*Improving Program Performance Nationally*."

ETA is eager to work with states to make the SQSP process a meaningful management tool to be used by states as a strategic road map to improve program administration and ensure quality service delivery.

Improving Prevention, Detection, and Recovery of UI Improper Payments

Working with states to address UI improper payments and getting the improper payment rate down is one of the U. S. Department of Labor's (Department) top priorities. The President's Management Agenda identifies "Getting Payments Right" as a cross-agency priority goal to reduce cash lost to taxpayers through improper payments. Unfortunately, for over seven years the UI program has not met the Federal compliance requirement in the Improper Payment Elimination and Recovery Act (IPERA) of 2010, to report an improper payment rate below 10 percent.

The federal-state UI partnership continues to implement a program integrity strategic plan[1] to address the leading root causes of overpayments. The goal of the UI program integrity strategic plan is to reduce the improper payment rate below 10 percent, bringing the program into compliance with IPERA requirements. This is a critical issue given the adverse impact that improper payments have on state UI trust funds. Integrity efforts not only help preserve these unemployment trust funds and control UI tax rates, but they also maintain the public trust that the program is protected and operated as intended. As such, there will be a continued effort for ETA and the states to work collaboratively to aggressively reduce improper payments.

As states develop their Integrity Action Plans (IAP) as part of the SQSP, ETA expects states to continue to implement national integrity strategies that focus on the largest root causes where states have the greatest likelihood of being able to prevent improper payments. Currently, the largest root causes are:

- claimants' failing to meet state work search requirements (Work Search errors);
- individuals returning to work and continuing to claim benefits or not accurately reporting earnings (Benefit Year Earnings); and
- employers failing to provide timely or accurate information about the reason for an individual's separation from work at the time initial eligibility is determined (Separation errors).

States may have additional, unique root causes that stem from differences in state laws, policies, and operational practices.

1 https://www.dol.gov/sites/dolgov/files/OPA/reports/2018annualreport.pdf. pp. 162-169.

States are strongly encouraged to implement strategies to address work search errors. Strategies to consider include:

- Re-envisioning state work search requirements for UI claimants beyond just employer contacts. The goal of work search requirements should be to support the claimant carrying out activities that will result in a job. The Department understands that the labor market, including how employers hire and how individuals find jobs, has changed over time. States are encouraged to customize applicable work search requirements to be reasonable for the individual and to expand the types of permissible work search activities that meet the requirement. A federal-state workgroup developed the framework for re-envisioning work search requirements for the 21st century labor market in the context of the UI program that can be accessed at: https://rc.workforcegps.org/.

- Targeted messaging by states to better educate claimants about what constitutes proper work search and the required documentation. A 1997 study conducted in Maryland found a reduction in work search errors for the group that received the more aggressive communications about verification and enforcement.[2] In addition, recent messaging innovations using behavioral science techniques have proven successful in the New Mexico state UI program.[3] Information from this implementation, as well as evidence-based trials in state employment service programs, may be leveraged by states to develop targeted messaging to claimants regarding work search requirements.[4]

- Online processes that claimants must use to document their compliance with the state's work search requirements at the time of certification. These systems can automatically recognize if the required number of contacts is entered and warns the claimant if he/she has not met the work search requirement. By requiring claimants to report their work search activities online as part of the certification process, states may avoid establishing work search errors for claimants who do not respond to the log request or indicate that they have been searching for work but are unable to provide or recall their specific activities.

- Allocating state resources to conduct random audits of claimant work search logs. Claimants may be more likely to ensure they remain in compliance with their work search obligations if there is a real possibility that they may be subject to an audit.

States are instructed to use the National Directory of New Hires (NDNH) and the State Directory of New Hires (SDNH) to address overpayments to individuals who continue to claim benefits after they have returned to work or to those claimants who fail to accurately report their earnings while receiving benefits (Benefit Year Earnings). UIPL No. 19-11 provides Recommended Operating Procedures (ROPs) for the use of NDNH and SDNH.

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2 https://ows.doleta.gov/dmstree/op/op98/op_02-98.pdf.
3 http://www.pewtrusts.org/-/media/assets/2016/10/behavioral_analytics_help_save_unemployment_insurance_funds.pdf.
4 https://www.dol.gov/asp/evaluation/BIStudy/IndividualTrials/Reemployment-services-trial.htm.

States should also utilize technical assistance offered by the UI Integrity Center to implement guidance provided in the ROPs.

State implementation and employers' use of the State Information Data Exchange System (SIDES) should be an integral part of the state's integrity strategy. *See* Training and Employment Notice (TEN) No. 12-16. Timely and accurate information from employers and third-party administrators (TPAs) reduces separation errors. States should consider efforts to encourage employers who do not use TPAs to use SIDES, especially those who are frequent users of the UI program (see: http://sidesitk.naswa.org/sides).

ETA strongly encourages states to implement cross-program integrity task forces or steering committees to continuously assess whether there are other state-specific strategies that will improve their capabilities to address the root causes of the state's improper payments and include those strategies in the IAP, which is a key component of the SQSP submission. For example, states should review their current laws, regulations, policies, procedures, and practices that may have the unintended consequence of creating improper payments.

ETA notes that there has been an increase in criminal syndicates and organized fraud activities in the UI environment. These groups use stolen identities and create fictitious employers to defraud the UI system. ETA strongly encourages states to actively use the resources offered by the UI Integrity Center. The UI Integrity Center continues to develop new products and should be considered a technical assistance resource for states in addressing integrity-related matters.

Among its offerings to states, the UI Integrity Center operates an Integrity Data Hub (Hub) that supports state cross-matching activities to prevent improper payments and fraud in the UI program. The Hub includes a national repository of "suspicious actor" information to cross-match with state UI claims. In 2019, the UI Integrity Center will be offering states access to new data sources such as those for identity verification and prisoner data. States not already taking active steps to enable connectivity to the Hub should make it a priority and part of its FY 2020 SQSP IAP.

The UI Integrity Center also offers onsite assessment of UI integrity business processes to inform new strategies that support improved integrity performance, compiles best/promising practices and business process analysis services for states through its Integrity Knowledge Exchange, and provides training curriculum for state integrity staff through its National Integrity Academy.

When identifying potential strategies to address improper payments, states are encouraged to use the Integrity tab on the UI Community of Practice (CoP) on the WorkforceGPS website, which is populated with promising practices identified by the Integrity Center (see: https://ui.workforcegps.org).

The Bipartisan Budget Act of 2013 (P.L. 113-67) mandated SWAs to use the Treasury Offset Program (TOP) to recover certain covered unemployment compensation (UC) debts. States are required to recover UC benefit overpayments due to fraud, benefit overpayments due to a claimant's failure to report earnings, and delinquent employer UC debt through TOP. UIPL

No. 2-19 reminded states of the Federal requirement to these delinquent UC debts to TOP. If a state has not enrolled to refer covered UC debts as outlined in P.L. 113-67 by September 30, 2019, the state must include in the narrative of the SQSP information about its plans to include a one-year timeline to implement TOP for certain covered UC debts.

Improving Program Performance Nationally

ETA has embarked on a multi-pronged strategy designed to significantly bolster program accountability and facilitate performance improvement nationally. For FY 2020, ETA will continue the following strategies to meet this objective:

- Using the UI Benefits Operations State Self-Assessment Tool designed to support process improvements in state administration of the UI program;

- Providing intensive technical assistance to support performance improvements for states with sustained poor performance;

- Using the UI performance management system, UI Performs, which includes core measures and Secretary's Standards to monitor state performance; and

- Implementing improvements to the SQSP process as part of a broader effort to reengineer UI benefit accountability processes for the program as a whole.

States are also expected to use the results from the first implementation of the UI Benefits Operations State Self-Assessment Tool, which reviews benefit operations in the various key functional and program areas. The states should use these results to identify and address areas that need improvement in their operations.

As states develop their SQSPs, they should consider including strategies that will significantly enhance program accountability and performance improvement, and seek technical assistance through ETA's ROs.

Reemployment of UI Claimants

Reemployment of UI claimants remains a top priority for the entire workforce system, including UI, and, as stated below, is reinforced by WIOA. During FY 2018, new legislation permanently authorized the RESEA program, codifying it in Section 306 of the SSA. Among other changes, the new RESEA requirements include increasing the use and supporting evaluations that expand the availability of evidence-based interventions and service delivery strategies. The FY 2019 RESEA operating guidance is provided in UIPL No. 07-19 and includes instructions for initial implementation of new program requirements. The full range of new RESEA requirements requires a multi-year, phased implementation during which ETA will issue additional guidance, technical assistance, and other tools to support states participating in the RESEA program.

In light of the new focus on the use of evidence-based interventions and service delivery strategies, as states develop their SQSPs, they should strongly consider implementing innovative and robust reemployment strategies that have been proven to work. They should also consider implementing and evaluating new strategies developed jointly in collaboration with workforce system partners, including, but not limited to, the WIOA Adult and Dislocated Worker programs, the Wagner-Peyser Act-funded Employment Service (ES) program, and the Trade Adjustment Assistance program. ETA recommends that UI program staff collaborate with these partners to ensure the strategies reflect the agreement(s) made as part of the WIOA state planning process and as part of the local WIOA Memorandum of Understanding process.

Strategies to consider include:

- Developing integrated registration processes that produce a more complete profile of UI claimants so that American Job Centers (AJCs) may better serve them by more efficiently targeting reemployment services and job referrals;

- Implementing strategies that have been proven to increase the "show rate" of RESEA participants;

- Connecting claimants as quickly as possible to the public labor exchange systems so that they may start receiving job referrals immediately, and consider periodically "pushing" jobs to claimants throughout the claim cycle;

- Ensuring comprehensive UI eligibility assessment, including review of work search activities, and referral to adjudication, as appropriate, if an issue or potential issue(s) is identified;

- Integrating information technology systems to support improved reemployment service delivery; and

- Using ongoing assessments to determine whether UI claimants are having a difficult time finding a job and need additional services. This may include periodic reviews and adjustments to the state's worker profiling model to ensure it is still properly identifying claimants most likely to exhaust and be in need of reemployment services.

Research and information about evidence-based strategies supporting reemployment is available on the Department's Clearinghouse for Labor Evaluation and Research (CLEAR). CLEAR's mission is to make research on labor topics more accessible to practitioners, policymakers, researchers, and the public more broadly to help inform their decisions about labor policies and programs. CLEAR identifies and summarizes many types of research, including descriptive statistical studies and outcome analyses, implementation studies, and causal impact studies (https://clear.dol.gov/). Additional resources, including an ETA research publication database, annotated bibliography of selected research, and collection of workforce system strategies, are maintained and published by ETA's Office of Policy Development and Research (https://www.doleta.gov/research/).

The SQSP Narratives should include information about the evidence-based interventions and strategies that are currently in use or planned to be implemented to support the reemployment of UI claimants. These evidence-based interventions and service delivery strategies may include those currently incorporated into or being developed by the state's RESEA program. States not currently participating in RESEA are encouraged to include analysis of evidence-based practices used by other programs supporting the reemployment of UI claimants, such as Worker Profiling and Reemployment Services program, and leverage RESEA technical assistance and other related resources intended to assist states develop their capacity to identify, analyze, and develop evidence-based strategies and interventions.

Workforce Innovation and Opportunity Act (WIOA)

WIOA, enactment on July 22, 2014, has a number of impacts for the UI program including, but not limited to: provisions related to the requirements for mandatory one-stop partners, including UI; the type of career services that must be provided in one-stop centers; and amendments to the Wagner-Peyser Act that speak to the types of employment services that must be provided or made available to UI claimants. WIOA seeks to modernize the workforce system to provide comprehensive, integrated, and streamlined services, which require linking and aligning the different one-stop partners.

The UI program continues to be a vital program within the workforce system, and UI claimants are critical customers for the system. As such, UI state agencies play an important role in implementing WIOA and must work collaboratively with other workforce system partners to fully connect UI claimants to the full range of reemployment services delivered through the AJCs, online systems, and through the states' rapid response programs.

As states develop their SQSPs, they are strongly encouraged to address the WIOA provisions relating to the operations of the UI program, which include:

- Integrating the delivery of services to UI claimants, both online and through AJCs;

- Ensuring meaningful assistance to UI claimants is provided in the AJCs;

- Partnering with the Wagner-Peyser Act-funded ES program and other AJC partner programs to ensure employment services are available to UI claimants; and

- Ensuring there is a viable feedback loop to the UI program on claimants meeting the requirements to be able to work, available for work, and actively seeking work.

Improving Data Validation and Federal Reporting

Data Validation (DV) is a systematic procedure for assessing the accuracy of UI reports required by ETA and is a critical part of guaranteeing the integrity of the UI program. DV impacts several essential government functions including performance assessment, budget formulation, and economic management. By ensuring states are reporting accurate counts and storing key data points correctly, the performance and workload of a state UI program is more accurate. ETA uses UI DV results to evaluate the accuracy of the data states report.

Accurately reported data are essential for properly assessing state performance, for ensuring that states are treated equitably when administrative funds are distributed, and for providing a basis for many statistical research analyses.

Because performance measures are intended to guide and assist states in improving performance and service to customers (workers and employers), states have an interest in ensuring that the data from reports, upon which these measures are based, are correct. The DV system includes detailed guidance to state programmers for correctly constructing various report elements. This guidance not only ensures they will construct the DV extract files accurately, but also will simplify the tasks when new tax or benefit system software is installed.

Addressing Worker Misclassification

States should monitor their performance under the Effective Audit Measure (See UIPL No. 03-11 (https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2971)) to determine whether they are effectively detecting and preventing worker misclassification. States may deploy a wide array of strategies to address worker misclassification. ETA encourages states to develop and implement strategies to address the misclassification of workers and to include those strategies in the state's SQSP. ETA will continue to identify state "best-promising practices" in this area and share them broadly. The UI CoP provides states the ability to review and select best promising practices from other states that they can implement to address the issue of worker misclassification.

Government Performance and Results Act of 1993 (GPRA) UI Performance Measures (Federal Emphasis)

The GPRA requires a commitment from all Department programs to attain expressed goals and objectives. Achieving these objectives requires the combined efforts of the federal and state partners.

In recognition of the national priorities, ETA continues to focus attention on the following GPRA goals for FY 2020, with targets that the system as a whole is expected to meet. States should continue to strive to reach or exceed these GPRA goals and targets. See https://oui.doleta.gov/unemploy/docs/GPRA_Summary_Report.asp for the FY 2020 GPRA goals and targets.

- *Percent of Intrastate Payments Made Timely* (*Make Timely Benefit Payments)*
    - **Target:** 87.0 percent of intrastate first payments for full weeks of UC will be made within 14/21 days from the week ending date of the first compensable week.

- *Detection of Recoverable Overpayments* (*Detect Benefit Overpayments)*
    - **Target:** Overpayments established will be at least 54.5 percent of the estimated detectable, recoverable overpayments.

- *Percent of Employer Tax Liability Determinations Made Timely* (*Establish Tax Accounts Promptly)*
    - **Target:** 89.6 percent of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.

6. <u>WIOA Combined State Plans</u>.

WIOA provides the option for states to submit a Combined State Plan that includes program plans for mandatory one-stop partners and other programs. Given that the UI program is a mandatory one-stop partner under WIOA, states have the option of including the UI program as part of the Combined State Plan. However, each state must participate in the UI Performs SQSP process whether or not the state decides to include the UI program as part of its Combined State Plan.

States electing to include UI in a Combined State Plan must incorporate the SQSP in its entirety into the Combined State Plan through the Combined State Plan process. The FY 2020 SQSP is to be incorporated into the Combined State Plan upon approval of the SQSP, but no later than October 31, 2019. Attachment I has specific instructions for including SQSP documents into the WIOA State Plan Portal.

7. <u>UI Program Performance and Criteria for FY 2020</u>.

Attachment II of this UIPL lists the performance criteria for the Core Measures, Secretary's Standards, and other program requirements where Corrective Action Plans (CAPs) and/or Narratives may be expected if annual performance is not acceptable.

a. Core Measures. Performance below the acceptable levels of performance (ALP) for Core Measures is expected to be addressed in a CAP unless otherwise indicated.

Additional instructions for Core Measures are as follows:

- ***The Detection of Overpayments Measure***. This measure is the percentage of detectable/recoverable overpayments estimated by the Benefit Accuracy Measurement (BAM) survey that was established for recovery through regular UI Benefit Payment Control (BPC) program operations. States reporting an overpayment detection rate below 50 percent are required to address the deficiency in a CAP. In addition, because most states cannot cost-effectively detect and establish more than 90 percent of estimated overpayments, an upper limit of 95 percent has been established for monitoring purposes. States reporting ratios over 95 percent are expected to explain in the Narrative section the reasons for the higher-than-expected ratios. If an overpayment detection rate above 95 percent is the result of improper administration of BAM or BPC activities or misreporting of data on the ETA 227 (Overpayment Detection and Recovery Activities) report, the state is expected to submit a CAP (for BAM/Overpayment Detection or BPC/Overpayment Detection). The CAP is to be designed to produce valid data for the Overpayment Detection Measure. The performance period for the BPC component is the three-year period ending March 31, 2019;

the performance period for the BAM component is the three-year period ending September 30, 2018.

- ***Effective Audit Measure***. The Effective Audit Measure, as noted in UIPL No. 03-11, is a blended measure of the following four factors: 1) *Percentage of Contributory Employers Audited Annually;* 2) *Percentage of Total Wage Changed as a Result of Audit;* 3) *Percentage of Total Wages Audited;* and 4) *Average Number of Misclassifications Detected Per Audit*. Each of the four factors has a minimum standard score that states must attain to pass the Effective Audit Measure, as well as an overall combined score that must be met. The measure also requires states to direct additional emphasis to the factor(s) that they deem important to their state. An additional two points must be earned among any of the four factors to attain the overall passing score of at least 7.0. States that do not meet this measure will be required to develop a CAP based on Calendar Year (CY) 2018 data.

- ***Facilitate Reemployment***. This core measure is discontinued for the FY 2020 SQSP cycle. There is no additional reporting or administrative burden on states as a result of this change in the performance evaluation period. No action is required by states to implement this change and states are no longer required to report on this measure. No prior corrective actions on this measure will be enforced.

  ETA is proposing to replace the Facilitate Reemployment measure with the UI Re-employment Rate measure that aligns with the Employment Rate WIOA common measure. This measure is currently in development and is the percentage of UI claimants who are in unsubsidized employment during the second quarter after exiting from the Wagner-Peyser Act-funded ES system. This measure will cover all participants receiving UI benefits, including claimants that enter the program employed (for example, a claimant with part-time employment and earnings below the state's earning allowance). ETA expects to announce this new measure in FY 2020.

- ***Improper Payments Measure***. The Improper Payments Measure is defined as UI benefits overpaid plus UI benefits underpaid divided by the total amount of UI benefits paid. It is based on estimates from the results of the BAM survey of paid UI claims in the State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Servicemembers (UCX) programs.

  The Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 requires agencies to include all identified improper payments in the reported estimate, regardless of whether the improper payment in question has been or is being recovered. ETA's approved improper payment rate computation methodology can be found in UIPL No. 09-13, Change 1 (https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7422) (January 27, 2015).

Corrective action and integrity plans for FY 2020 are based on this computation methodology.
In accordance with requirements in section 3(a)(3)(F), IPERA, an ALP of less than 10 percent has been established for the improper payment measure. States are expected to maintain an improper payment rate of less than 10 percent for covered programs. This ALP is applicable to the 2018 Improper Payments Information Act (IPIA) performance period (July 1, 2017 to June 30, 2018). States failing to meet the ALP for the 2018 IPIA performance period will be required to develop a CAP as part of the FY 2020 SQSP.

- ***UI Overpayment Recovery Measure***. As explained in UIPL No. 09-13, the recovery rate is "the amount of improper overpayments recovered divided by the amount of improper overpayments identified." The ALP for the recovery rate measure is 68 percent for the 2018 IPIA performance period. The Department will compute future recovery targets based on the most recent recovery and other performance data available.

  The performance period will be based on data from the ETA 227, Overpayment Detection and Recovery Activity (Regular), and ETA 227, Overpayment Detection and Recovery Activity (Emergency Unemployment Compensation) (EUC), for the IPIA period (July 1, 2017 to June 30, 2018 of the IPIA reporting year). Pursuant to the UI Reports Handbook (ET Handbook No. 401, 5th edition), the June quarter ETA 227 reports are due August 1. States failing to meet the ALP for the 2018 IPIA performance period will be required to develop a CAP as part of the FY 2020 SQSP.

b. Secretary's Standards

States experiencing performance below the criteria for the Secretary's Standards established in regulation at 20 CFR Parts 640 and 650 must address the performance issues in a CAP. The Secretary's Standards are listed in Attachment II.

c. UI Programs

States must address the following UI Programs as described below:

- ***State Directory of New Hires (SDNH)/National Directory of New Hires (NDNH)***

  State BAM operations that, based on the BAM Administrative Determination, are not compliant with the NDNH matching requirements in ET Handbook No. 395, 5th Edition, chapter VI, UIPL No. 03-07, and UIPL No. 03-07, Change 1, must be addressed in a CAP for FY 2020.

- ***Benefit Accuracy Measurement (BAM)***

  State BAM operations or operational components that, based on the BAM Administrative Determination, are not compliant with investigative and/or method and procedure requirements established in ET Handbook No. 395, 5th Edition, and through findings established through ET Handbook No. 396, 4th Edition monitoring reviews (based on the annual determination letter issued on or before May 1, 2019), must be addressed in a CAP. This includes paid and denied claim population variances outside established control limits.

- ***Tax Performance System (TPS)***

  To ensure that UI tax operations are in compliance with Federal reporting and oversight requirements, a state's failure to conduct one or more TPS sample reviews will be subject to a CAP. 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 three tax functions may fail TPS review) and Part B (a tax function cannot fail for three consecutive years). Exceptions include universes that are too small to support a sample ("S"), an Experience Rate sample that was not scheduled for review during the performance year ("E"), or the granting of a temporary waiver by the RO ("W"). Program Review Findings Charts should be noted accordingly.

- ***Data Validation (DV)***

  The deadline for submitting DV results is June 10, 2019. DV items that fail to pass validation, or that are due but not submitted, are expected to be addressed in the state's FY 2020 SQSP. Non-submitted items include failure to certify that Module 3 of the DV Benefits and Tax Handbooks are up-to-date during the April 1 – June 10, 2019, certification window.

  Any DV items due for Validation Year (VY) 2019 that did not pass or were not submitted by the June 10, 2019, deadline, must be addressed in a CAP for FY 2020.

  ROs will monitor states every three years on cycles coinciding with the DVVY. They will assess the accuracy of the state's DV results considered passing or not due as of the time of the monitoring review to verify that the states are properly implementing the DV program. DV items submitted as passing but which a monitoring review determined to have failed must also be addressed in the SQSP. The FY 2020 SQSP CAP will include DV items failing after review in the VY 2019 monitoring cycle (monitored between June 11, 2018 and June 10, 2019). All subsequent SQSP cycles will address items changed from pass to fail in the previous year's monitoring review.

- ***UI Program Integrity***

  States are required to report their planned activities to prevent, detect, reduce, and recover improper UI payments in their IAP, which should be submitted as part of their SQSP submission (IAP format and instructions are provided in Chapter 1, Section VI and Appendix V of ET Handbook No. 336, 18th Edition, Change 4). States should convene their previously established cross-functional integrity task force to update their IAP. States must analyze their BAM data to identify the top root causes for improper payments and develop strategies that will be effective in reducing or recovering improper payments. The most recent state data is available at the Department's website at https://www.dol.gov/general/maps/data.

  ETA will continue to provide technical assistance to states to support their integrity activities through webinars, individual state technical assistance, and in partnership with the UI Integrity Center. States are strongly encouraged to review and consider the use of the Integrity Center's products and tools as part of their own state-specific work search strategies. These products and tools are posted on the "Integrity" tab at https://ui.workforcegps.org/. In addition, ETA will work with states to expand participation in TOP for the recovery of overpayments, to implement and use SIDES for obtaining timely and complete separation information, and to more effectively use the SDNH, NDNH, and other overpayment prevention tools for BPC.

d. Other UI Performance

States are expected to address the following performance deficiencies in the SQSP Narrative, unless otherwise indicated:

- Failure to conduct required program reviews;

- Deficiencies identified during required program reviews;

- Failure to meet reporting requirements; 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). Since 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 in the SQSP Narrative.

e. Single Audits

States are subject to a Single Audit for the regulations outlined in 2 CFR Part 200, Subpart F. Any unresolved program compliance or performance deficiencies identified by a single audit must be addressed in a CAP for FY 2020. However, if a state is developing a CAP for a performance measure associated with the unresolved program compliance or performance deficiencies from the single audit, the corrective actions for both items may be addressed in a single CAP. Information on the program and audit objectives for the UI program is available as part of the FY 2017 Compliance Supplement at: https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf.

8. SQSP Planning Guidance and Requirements. ET Handbook No. 336, 18th Edition, Change 4, and this UIPL, provide guidelines for the completion and submission of the SQSP for FY 2020. The Handbook can be found on the OUI website at: https://wdr.doleta.gov/directives/attach/ETAHandbook/ET_Handbook_No.336_18th_Edition_Change_4_acc.pdf.

The Department's strategic approach to UI Performs is to focus efforts on improving the performance of states where performance is below minimum criteria while promoting overall excellence. To that end, CAPs and/or Narratives are expected whenever a state's performance does not meet established criteria for the SQSP measurement period and remains uncorrected before the preparation of the SQSP.

The measurement period for the FY 2020 SQSP is April 1, 2018 – March 31, 2019, unless otherwise indicated (see Attachment II). CAPs and Narratives addressing performance deficiencies are components of the state's formal plan and schedule for improving performance; therefore, the causes of performance shortfalls should be thoroughly analyzed before the development of the state's SQSP.

a. SQSP Submittal

The SQSP process provides a 24-month window for states to adequately plan and implement performance improvement efforts. The process provides for two types of submittals: a Formal two-year (biennial) plan and an *Alternate* year plan.

- SQSP Formal Submittal: The Formal submittal consists of a complete SQSP package. It must contain a transmittal letter, the State Plan Narrative, including Assurances, CAPs, the IAP; budget worksheets/forms, organizational charts, a Signature Page, and other required administrative documents as requested. For the two-year planning cycle, states must submit quarterly targets and milestones for both years.

  States may also develop extended multi-year CAPs so that efforts that must extend beyond the two-year planning cycle due to their size, scope, or complexity can be realistically portrayed. Out-year portions of such multi-year plans do not need to provide quarterly targets or milestones (as required for the two-year SQSP planning cycle), but should provide enough information to explain anticipated progress and results.

- SQSP *Alternate* Year Submittal: The SQSP *Alternate* year submittal consists of items included in the state's request for Federal UI administrative funding, as well as modifications to SQSPs. It must contain at the least a transmittal letter, modifications to the State Plan Narrative, including Assurances, CAPs for new performance deficiencies, required modifications to existing CAPs, modifications/updates to the IAP, budget worksheets/forms, organizational chart (if changed), and SQSP Signature Page.

  Since states and ROs will continue to review reported performance data, monitor program performance, and initiate corrective actions when warranted, the SQSP *Alternate* year submittal will require states to submit new CAPs to describe, for example:

  1) Corrective actions the state will take based on findings made in RO performance reviews and

  2) New performance deficiencies identified in RO reviews of state performance data during the most recent performance year.

  States will be informed by their RO if modifications are required to the State Plan Narrative, existing CAPs, and IAPs to include, for example:

  1) Missed milestones and

  2) New strategies for performance improvement.

  Budget worksheets and various assurances will continue to be submitted annually since funds for UI operations are appropriated each FY. These and other required documents related to the federal UI administrative funding process are to be submitted with both the Formal (biennial) SQSP and the *Alternate* year submittals.

  Additional descriptions of the Formal and *Alternate* year submittal, SQSP cycle schedule, significant activities, and dates relating to the submittal and approval of the SQSP are outlined in ET Handbook No. 336, 18th Edition, Change 4.

b. SQSP Preparation

States must use the Excel CAP Workbook to develop their CAPs and IAPs for the SQSP submissions. States must use the Workbook also for reporting updates to the specific milestones and performance each quarter. The RO will provide states with the Workbook and specific instructions at the beginning of the SQSP planning cycle.

c. The “At-Risk” Process

ETA had previously identified persistently low performing states as "At-Risk" since FY 2011, because of consistently significant low performance for the first payment and appeals timeliness measures. States that have been identified as “At-Risk” in previous years will continue to work collaboratively with ETA to achieve performance improvement. The action strategies and technical assistance activities are to be included in the state’s SQSP CAP for those measures that have caused the state to be designated “At-Risk.”

The “At-Risk” designation will continue until each of the remaining states designated as “At-Risk” meets the ALP for the identified performance measure for six consecutive months, and is likely to continue to sustain this performance improvement. These states will also continue to receive enhanced technical assistance as needed.

The ROs must schedule and conduct quarterly status calls with each “At-Risk” state to discuss the state’s progress in implementing the activities and strategies identified in the SQSP, and the state’s progress towards achieving the performance standards.

d. The “High Priority” States Process

As part of the reengineering of its program oversight and accountability processes, ETA identifies states that are considered to be “High Priority” and in need of more intensive technical assistance. The “High Priority” model is designed to use a variety of important program performance measures relating to UI benefit payment performance, integrity, and operations, to produce a score for each state. The methodology was developed to include integral parts of UI Performs core measures, DV results, and program integrity-related data. Please refer to TEN Nos. 08-14 and 03-15 for details.

The selected “High Priority” state(s) will be formally notified by ETA with information on the specific focus areas that caused their selection under this initiative. One of the key aspects of this process is an onsite review with each “High Priority” state by a select expert team of program specialists. The expert team will include National, Regional, and state subject matter experts on the issue areas identified as needing improvement. ETA will work collaboratively with each state to identify strategies and action steps to enable the state to improve its performance in the areas identified by the onsite review. The “High Priority” designation framework and process are outlined in UIPL No. 17-16.

As states develop their SQSPs, they should consider including strategies that will significantly enhance program accountability and performance improvement, and seek technical assistance through ETAs ROs. Also, those states that have been designated as “High Priority” must address review findings as part of the SQSP process.

ROs must schedule and conduct quarterly status calls with each “High Priority” state to discuss the state’s progress in implementing the activities and strategies identified during the onsite review and address those items in the state’s SQSP. The quarterly calls will include the “High Priority” state, the RO, and the National Office.

The "High Priority" designation will continue until the state completes corrective actions resulting from the state's onsite review; meets the standards for the core measures related to the areas of concern during the initial designation process for six consecutive months, and is likely to continue to sustain this performance improvement; and maintains performance in other program areas without any diminution of performance.

e. The "High-Rate/High-Impact" States Process

Starting in FY 2019, the Department is identifying states with high UI improper payment rates (based on the three-year average for the period from July 1, 2015, through June 30, 2018) that also significantly contribute to the national UI improper payment rate. These "High-Rate/High-Impact" states will be expected to take actions to address improper payments in their states.

The selected "High-Rate/High-Impact" states will be formally notified by the Department with information on the specific focus areas that caused their selection under this initiative. ETA will establish connections between these states and UI subject matter experts from the UI Integrity Center, and work with the state to:

- Identify action steps designed to reduce improper payments with a particular focus on prevention, establish a target reduction for the state's improper payment rate, and provide technical assistance strategies to support the successful implementation of action strategies and the achievement of improved performance;

- Modify the state's IAP to include the newly identified action steps and improper payment rate reduction targets; and

- Monitor the state's performance and conduct quarterly conference calls to assess progress and identify ongoing technical assistance needs.

All "High-Rate/High-Impact" states will remain subject to additional monitoring and technical assistance until they achieve an improper payment rate under 10 percent and sustain that performance for at least two quarters.

f. SQSP Assurances

By signing the SQSP Signature Page, a state certifies that it will comply with the assurances listed in ET Handbook No. 336, 18th Edition, Change 4, and institute plans or measures to comply with the requirements for each of the assurances.

States will continue to provide information for the Assurance of Contingency Planning and the Assurance of Automated Information Systems Security. In the State Plan Narrative, Section H, states are expected to provide the dates that their Information Technology (IT) Contingency Plan, System Security Plan, and Risk Assessment were implemented, tested, and reviewed/updated.

Each state must:

- Review and, if necessary, update, and test its IT Contingency Plan annually;
- Review and/or update its System Security Plan annually; and
- Conduct a Risk Assessment once every three years.

If a state does not have an IT Contingency Plan, System Security Plan, and Risk Assessment procedures in place or if these documents are incomplete, then the state is required to address the actions it plans to take to meet these requirements in a CAP. These plans and procedures must meet the minimum controls listed in the Chapter I, Section VIII-H and Section VIII-J of the ET Handbook No. 336, 18th Edition, Change 4.

9. **Funding Period.** The Department's proposed FY 2020 appropriation language for State UI and Employment Service Operations allows for obligation of UI allocations by states through December 31, 2020, with 90 additional days to liquidate the obligations and complete the expenditure of funds. Under this proposed language, states would be able to obligate FY 2020 UI funds through September 30, 2022, if such obligations are for automation, competitive grants awarded to states for improved operations, or for conducting in-person reemployment and eligibility assessments and improper payment reviews, and providing reemployment services and referrals to training, as appropriate. However, if such funds were obligated to states for automation being carried out through a consortium of states, states would have through September 30, 2026 to obligate and September 30, 2027 to expend FY 2020 funds. ETA will notify state agencies on what language Congress adopts.

10. **Data Availability.** The ROs will provide states with data showing their performance measured against the Core Measures, Secretary's Standards, and other information relevant to the SQSP (*e.g.*, reporting deficiencies).

11. **SQSP Submittal Deadlines.**

    Each RO will set a date and inform states of the deadline to submit their SQSPs for FY 2020.

    States electing to include UI in a Combined State Plan must incorporate the SQSP into the Combined State Plan upon approval of the SQSP, but no later than October 31, 2019.

12. **Electronic Submission of the SQSP.** States must submit the SQSP electronically and should contact their RO SQSP Coordinator before submittal to coordinate specific details. Standard forms required as part of the budget reporting process (Chapter II of ET Handbook No. 336, 18th Edition, Change 4) are available in PDF and may be downloaded from the OMB website at: https://www.grants.gov/web/grants/forms/sf-424-family.html#sortby=1.

    States may submit the SQSP Signature Page electronically if the state law permits. States that do not submit the signature page electronically (which includes by fax or scan) must submit the signature page by mail by the deadline set by the RO.

13. **Inquiries**. Please direct inquiries to the appropriate ETA Regional Office.

14. **References**.

- Social Security Act (SSA), sections 303(a)(1) and 306 (42 U.S.C. §§503(a)(1) and 506);
- Government Performance and Results Act (GPRA) of 1993, Pub. L. 103-62, as amended by GPRA Modernization Act of 2010, Pub. L. 111-352;
- Improper Payments Elimination and Recovery Act of 2010 (IPERA), Pub. L. 111-204 (31 U.S.C. 3301 note and 3321 note);
- Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), Pub. L. 112-248;
- Workforce Innovation and Opportunity Act (WIOA), Pub. L. 113-128, 29 USC 3101 note and Title I;
- Wagner-Peyser Act, 29 U.S.C. Sec. 49 et seq., as amended by Title III of WIOA;
- Trade Act of 1974, Pub. L. 93-618, as amended;
- The Bipartisan Budget Act of 2013, Pub. L. 113-67;
- Bipartisan Budget Act of 2018, Pub. L. 115-123;
- Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019, Pub. L. 115-245;
- 20 CFR Parts 601, 640, 650, 652, and 660;
- 20 CFR Part 200, Subpart F;
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Parts 200 and 2900;
- Unemployment Insurance Program Letter (UIPL) No. 14-05 (February 18, 2005), *Changes to UI Performs*, and its Changes 1 (October 12, 2005), 2 (December 13, 2006), and 3 (April 16, 2008);
- UIPL No. 22-05, *Unemployment Insurance Data Validation (UI DV) Program Software and Policy Guidance* (April 28, 2005), and its Changes 1 (July 21, 2006) and 2 (March 14, 2008);
- UIPL No. 3-07, *Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits* (October 31, 2006), and its Change 1 (February 27, 2008);
- UIPL No. 17-08, *The Unemployment Insurance (UI) Reemployment Rate Core Measure* (May 14, 2008);
- UIPL No. 22-10, *Selecting and Monitoring At-Risk States for Continuous Improvement and Compliance with First Payment Timeliness and First Level Appeals Promptness* (April 23, 2010);
- UIPL No. 03-11, *Implementation of the Effective Audit Measure* (December 30, 2010);

- UIPL No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program* (June 10, 2011);
- UIPL No. 34-11, *Performance Measure for Unemployment Insurance (UI) Integrity* (September 28, 2011), and its Changes 1 (May 28, 2014) and 2 (July 20, 2016);
- UIPL No. 05-13, *Work Search and Overpayment Offset Provisions Added to Permanent Federal Unemployment Compensation Law by Title II, Subtitle A of the Middle Class Tax Relief and Job Creation Act of 2012* (January 20, 2013);
- UIPL No. 09-13, *Integrity Performance Measures for Unemployment Insurance (UI* (January 29, 2013), and its Change 1 (January 27, 2015);
- 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"* (July 7, 2014);
- UIPL No. 17-16, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Process: High Priority Designation of States with Sustained Poor Performance* (July 13, 2016);
- UIPL No. 03-17, *Fiscal Year (FY)2017 Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grant* (December 8, 2016), and its Change 1 (September 22, 2017);
- UIPL No. 18-17, *Unemployment Insurance Benefits Operations Self-Assessment Tool* (July 28, 2017);
- UIPL No. 07-19, *Fiscal Year (FY) 2019 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants* (January 11, 2019);
- Workforce Innovation and Opportunity Act (WIOA), Notice of Proposed Rulemaking; Proposed Rules, 80 Fed. Reg. 20573-20687 (April 16, 2015);
- Training and Employment Notice (TEN) No. 08-14, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes* (September 2, 2014);
- TEN No. 03-15, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes: Update on Implementation Progress and State Impacts* (July 27, 2015);
- TEN No. 12-16, *Unemployment Insurance (UI) State Information Data Exchange System (SIDES)* (September 27, 2016);
- ET Handbook No. 336, *Unemployment Insurance (UI) State Quality Service Plan (SQSP) Planning and Reporting Guidelines,* 18th Edition, Change 4 (March 2019);
- ET Handbook No. 395, *Benefit Accuracy Measurement State Operations Handbook,* 5th Edition (November 2009);
- ET Handbook No. 396, *Unemployment Insurance Benefit Accuracy Measurement Monitoring Handbook*, 4th Edition (November 2009); and
- ET Handbook No. 401, 5th Edition, *UI Report Handbook No. 401* (July 2017).

15. Attachments.

I. Instructions for State Quality Service Plan (SQSP) Submittal to the WIOA State Plan Portal

II. Measures/Programs to be addressed in the Fiscal Year (FY) 2020 State Quality Service Plan (SQSP)

Attachment I

Instructions for State Quality Service Plan (SQSP) Submittal to the WIOA State Plan Portal

States that choose to include the UI program in their Combined State Plan must submit their State Plans via the online WIOA State Plan Portal at https://rsa.ed.gov/login.cfm?mod=fom&usp=Y#skipnav. SQSP documents must be cut and pasted into the Portal. However, the Portal has limitations, and not all approved SQSP documents can be incorporated. Below are specific instructions for including SQSP documents into the Portal:

1. **Transmittal Letter**: The Portal does not support Adobe Portable Document Format (PDF); therefore, states including UI in a Combined State Plan must include the unsigned Microsoft Word version of the transmittal letter into the Portal. States must add a note at the end of the section in the Portal indicating that the signed copy of the transmittal letter is maintained with the state agency and the Regional Office (RO).

2. **SQSP Narrative, Corrective Action Plans (CAPs), and Integrity Action Plan (IAP)**: The CAP and Quarterly Reporting Workbook documents are Excel documents with multiple rows in a single column, which is not supported by the Portal. Therefore, states including UI in a Combined Plan must use the Microsoft Word version of the CAP, IAP, and Narrative forms. States are to cut and paste the Microsoft Word version of the CAP, IAP, and Narrative into the Portal.

3. **Budget Worksheets/Forms:** The Portal does not support Adobe PDF; therefore, states including UI in a Combined Plan must add a note at the end of the section that includes information from the standard form (SF) 424, including: a) the title, b) description, c) funding total, d) project start and end date, and e) the name of the authorizing representative. The note must also include a statement that the signed copy of the SF 424 and other appropriate budget-related forms are maintained with the state agency and the RO.

4. **Organization Chart:** These charts must be converted to Microsoft Word, and cut and pasted into the Portal. If the state cannot convert the chart into Microsoft Word format, the state must add a note at the end of this section in the Portal that the Organization Chart is maintained with the state agency and the RO.

5. **SQSP Signature Page:** The Portal does not support Adobe PDF format; therefore, states including UI in a Combined Plan must include the unsigned version of the Signature Page. The approving official's name must be typed on the form that is submitted into the Portal. States must include a note at the end of this section in the portal that the signed copy of the "SQSP Signature Page" is maintained with the state agency and the RO.

   Note: All approved/signed SQSP documents must also reside in the RO.

Attachment II

Measures/Programs to be Addressed in the Fiscal Year (FY) 2020
State Quality Service Plan (SQSP)

Core Measures	Measurement Period	Criteria	CAP	Narrative
First Payment Promptness	Apr 1, 2018 – Mar 31, 2019	87%	√	
Nonmonetary Determination Time Lapse	Apr 1, 2018 – Mar 31, 2019	80% (combined score)	√	
Nonmonetary Determination Quality – Nonseparations	Apr 1, 2018 – Mar 31, 2019	75%	√	
Nonmonetary Determination Quality – Separations	Apr 1, 2018 – Mar 31, 2019	75%	√	
Detection of Overpayments	BPC: Apr 1, 2016 – Mar 31, 2019; BAM: Oct. 1, 2015 – Sept. 30, 2018	≥50%	√	
		≤95%		√
	If the rate is a result of improper administration of BAM and/or BPC	>95%	√	
Average Age of Pending Lower Authority Appeals	Apr 1, 2018 – Mar 31, 2019	30 days	√	
Average Age of Pending Higher Authority Appeals	Apr 1, 2018 – Mar 31, 2019	40 days	√	
Lower Authority Appeals Quality	Apr 1, 2018 – Mar 31, 2019	80%	√	
New Employer Status Determinations Time Lapse	Jan 1, 2018 – Dec 31, 2018	70%	√	
Tax Quality – Part A	Jan 1, 2018 – Dec 31, 2018	No more than 3 tax functions failing Tax Performance System (TPS) in a year	√	
Tax Quality – Part B	Jan 1, 2018 – Dec 31, 2018	The same tax function cannot fail for 3 consecutive years	√	
Effective Audit Measure	Jan 1, 2018 – Dec 31, 2018	Score ≥7;and pass all 4 factors	√	
Improper Payments Measure	BAM batches 201727201727 to 20126 (July 2, 2017 to June 30, 2018)	< 10%	√	
UI Overpayment Recovery Measure	July 1, 2017 – June 30, 2018	68%	√	

Measures/Programs to be Addressed in the UI (FY) 2020
State Quality Service Plan (SQSP) (cont'd)

Secretary's Standards in Regulation	**Measurement Period**	**Criteria**	**CAP**	**Narrative**
First Payment Promptness (Intrastate 14/21 Days)	Apr 1, 2018 – Mar 31, 2019	87%	√	
First Payment Promptness (Intrastate 35 Days)	Apr 1, 2018 – Mar 31, 2019	93%	√	
First Payment Promptness (Interstate 14/21 Days)	Apr 1, 2018 – Mar 31, 2019	70%	√	
First Payment Promptness (Interstate 35 Days)	Apr 1, 2018 – Mar 31, 2019	78%	√	
Lower Authority Appeals (30 Days)	Apr 1, 2018 – Mar 31, 2019	60%	√	
Lower Authority Appeals (45 Days)	Apr 1, 2018 – Mar 31, 2019	80%	√	

UI Programs, etc.	**Measurement Period**		**CAP**	**Narrative**
Data Validation – Populations & Modules	Apr 1, 2018 – Mar 31, 2019	Results not submitted by June 10, 2019	√	
		Failing/incomplete submission by June 10, 2019	√	
Compliance with NDNH matching requirements for BAM	Status as of March 31, 2019		√	
BAM operations not compliant with investigative and/or method and procedure requirements including construction of valid samples and sample populations	Based on the annual determination letter issued by May 1, 2019		√	
Incorrect recording of the Issue Detection Date and/or Determination Date	Apr 1, 2018 – Mar 31, 2019			√
TPS Sample Reviews	Jan 1, 2018 – Dec 31, 2018		√	
UI Program Integrity		**To be addressed in the UI Integrity Action Plan**		