

Comments on FRN: Proposed Changes to UI Performs

Issue	Comment	DOL Response
Tax Performance Measures	A total of 34 states provided comments regarding proposed changes to UI Performs. Of those, 24 had comments relating to tax performance measures: 9 were supportive of the tax performance measures; 2 were supportive but questioned the Tax Performance Systems' Posting sections (which have been removed); 1 requested more information; and 12 had varying concerns which are listed below.	
Overarching Comments	4 states supported the new measure of tax quality, overall. 1 said, "We believe that these standards are reasonable measures of the timeliness and due processes of the program's employer accounts function."	<i>Agree. These measures of tax quality are the product of extensive state and Federal interaction.</i>
General Concerns re: Implementation	1 state urged DOL to "sync up the program performance timeframes of UI Performs to TPS. A similar measure with differing timelines would be inefficient." Another state added: "We would like to see that UI Performs and TPS operate on the same performance year...calendar years are easiest, but a consistent period would be better..." 2 other states raised concerns that measurement should only begin "after sufficient time has been provided to implement the changes...until after the beginning of the next measurement period." The other state said, "We request that the date of implementation be pushed back to FY 2007."	<i>A decision was made to continue measuring TPS by CY (January through December) due to the program's structure and sampling frames. The SQSP measurement period must remain on an April through March timeframe due to its relationship to the Federal funding process.</i> <i>The decision was made to have states address failures in the narrative for the FY '06 SQSP.</i>
TPS Sample: Stringency of pass/fail (3 or + fails out of 60 cases = failure)	1 state was in general agreement with the new tax measure but strongly objected if three or more failures out of a total of 60 cases cause failure of that tax function. It wanted to allow up to 5 failures before the tax function fails because it saw TPS as subjective, open to interpretation. Another state said that a stringency level of 3 failures combined with having to focus on all samples would be unduly burdensome.	<i>There is little subjectivity in deciding whether a status determination or tax rate is accurate or not. In addition, TPS accuracy levels were set by state Tax Administrators, in the early 90's, who wanted to be made aware whenever any major tax outputs were processed inaccurately. The emphasis was on identifying problems before they became too large.</i>

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<p>TPS Sample: Accuracy in posting non-substantive data.</p>	<p>3 respondents were concerned that non-substantive posting errors such as misspellings could cause failure. 1 asked that posting sections of New Status, Successorship and Inactivation be removed from Tier I. "Either allow 4 or 5 samples to fail or make it less restrictive."</p>	<p><i>Agree. These sections have been removed from TPS. Only a few, material posting questions remain. All non substantive questions have been removed and will not be used in UI Performs measures.</i></p>
<p>Tax Accuracy Measure: Stringency of allowing 3 failures out of 13 samples</p>	<p>3 states agreed with stringency level of no more than 3 failures out of 13 tax functions/ samples. One said this "...calculates to be approx. a 25% level of failure, which would equate to a 75% passing rate...in alignment with other UI Performs quality standards such as BTQ."</p> <p>However, 1 state said it was too rigid because there are a "maximum of 16 different samples reviewed." Another state said that the number of samples allowed to fail should be raised from two to four in "consideration of the high number of sampling categories..."</p> <p>Another respondent noted that with the Cashiering tax function blended in as one of the 13 samples, the states could pass the tax quality measure while failing to meet Cashiering timeliness requirement, as long as less than three tax functions out of 13 passed TPS review.</p> <p>2 states agreed with this standard. However, another state said that only if two or more tax functions failed for three consecutive years should a CAP apply.</p>	<p><i>Agree.</i></p> <p><i>Only 13 samples are reviewed, and one, (Experience Rate) is only sampled once every 4 years. The number of sampling categories should have little bearing on the level of accuracy expected.</i></p> <p><i>This is true unless or until the Cashiering function failed three consecutive years.</i></p>
<p>Tax Accuracy Measure: Stringency of not allowing a sample to fail for 3 consecutive years</p>	<p>2 states said that not all 13 tax functions should be considered Tier I. 1 state said that only 4 of the 13 samples were important enough to warrant Tier I status (Status, New and Successor, Report Processing, and Cashiering) and that the rest should be Management Information (MI). Another noted that tax functions previously identified as MI or Core measure should remain as such and not be lumped together. One state recommended the 70% timeliness measure and Status accuracy measure as the only Core measures.</p>	<p><i>A state will have two years to correct a process problem that caused the particular tax sample to fail in both years. Therefore, it seems reasonable to expect a Corrective Action Plan if the sample fails for 3 consecutive years.</i></p> <p><i>The 13 samples represent the 13 major UI tax functions. They are interrelated and operate together as a fully functioning UI tax system. Attempts have been made, but no particular tax function/s could be extracted as being more significant than the others (and consistently so, between states). The proposal is to compute <u>one</u> single measure</i></p>

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Tax Accuracy Measure: Which Tax Functions to Include as Core Measures	<p>3 states supported the combining of all 13 TPS tax functions into one measure of Tax performance: "This measure is an improvement over the current measure. It raises the overall quality measure to a Tier I measure without increasing the number of measures & reporting burden" and it "...agrees with the consideration of quality measures and not just timeliness values...Incorporating TPS into the mix is a good idea."</p> <p>However, 1 respondent thought that the same measures will be applied to Core measures and to MI measures, "Either measure Tax Quality collectively as a Core Measure...or use the acceptance sample results as a Management Information Measure. They should not be used for both."</p>	<p><i>of Tax Accuracy from these 13 tax functions. They will still be used as Management Information on an individual basis.</i></p> <p><i>Agree. Data on all 13 tax functions is already being gathered. For purposes of UI Performs, only ONE number will represent the Tax Accuracy Measure, not 13.</i></p> <p><i>The measures will still be used as Management Information but will also be combined into one Core measure of Tax Accuracy.</i></p>
Tax Accuracy Measure: Number of Measures	<p>Another state indicated that it is too stringent, "while being substantially broadened from 1 to 11 tax functions...the proposed measure will subject the ALP to 11 areas of the TPS review..." 2 other states said that the net effect will be to increase the number of Core Measures - in contradiction to the goal of reducing the number of performance measures. Another had concerns about having to write a separate CAP for each failed sample since one all-encompassing CAP "is unrealistic." It suggested that CAPs only be required for samples that fail 3 years in a row.</p> <p>Finally, 1 state, while agreeing with combining 13 tax functions into one measure, had concerns that a separate department of state government controlled data entry and that the tax unit had no control over their rate of error.</p>	<p><i>All major tax functions are currently subject to a yearly review. It is proposed that they are now each 1/13th of one total score that represents the Accuracy side of a state's Tax Performance, and as a "Core" measure, more important. The 3 fails allowed out of 13 samples is very permissive; CAPs should be expected if a state can't meet a 75% passing rate.</i></p> <p><i>Oversight of UI tax is vital, no matter what entity is responsible for the actual process.</i></p>
Cashiering Measure	<p>2 states agreed with the 90% deposited within three days criterion. A state reminded that, at one time, there was support for compensating balances and that these arrangements have become attractive to states.</p>	<p><i>This measures the time it takes to deposit received funds into the state clearing account. It has been in place for many years and the vast majority of states have little difficulty in passing the Cashiering measure.</i></p>

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<p>Tax Timeliness Measure: Timeliness of Status Determinations</p>	<p>1 state noted that the next two measures (transferred into the Trust Fund and drawdown from the TF), were important and now appear to be missing.</p> <p>4 states agreed with the 70% level. 1 added that “by focusing on just the 90 day level, states may tend not to place emphasis on those that are beyond the 90 days...continue to monitor the 70% level to see if the rating was set high enough...” Another state thought that a focus on timeliness and reduction of status determination accuracy to 1/13 its value would drive down the accuracy levels. A different state said, “Leave the percentage at 60%!”</p> <p>Another state added that the time should begin from the date notice is filed by an employer and from the date the agency detects employer liability.</p>	<p><i>The Trust Fund measures are in place but are not Core measures. If DOL found that a state was failing to meet the requirements for transfer to the Trust Fund, DOL would work with the state to remedy the problem.</i></p> <p><i>This measure was carefully reviewed, and it was found that the national average has held steady from 1998 (78%) to 2002 (81%). It appears that a vast majority of states would have little difficulty passing this measure at a criterion of 70%. Zero (0) states scored below 60% in 2002 and only seven (7) scored below 70% in that year. In addition, the 60% benchmark was 20% less than the GPRA goal. It now remains 10% below the GPRA goal. Regarding determinations made beyond 90 days – this data is still captured as part of the MI system.</i></p> <p><i>This could discourage states from being proactive in searching out and identifying new employers.</i></p>