

ET HANDBOOK NO. xxx

**STATE AGENCY
UI STATE QUALITY SERVICE PLAN (SQSP)
PLANNING AND REPORTING GUIDELINES**

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**STATE AGENCY
UI STATE QUALITY SERVICE PLAN (SQSP)
PLANNING AND REPORTING GUIDELINES**

CHAPTER I - PLANNING

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I. INTRODUCTION. The SQSP Handbook provides guidelines for the completion and submittal of the State Employment Security Agency (SESA) State Quality Service Plan (SQSP) for the Unemployment Insurance (UI) program and instructions for the Supplemental Budget Request (SBR) process for extraordinary funding.

A. Background. UI PERFORMS, the performance management system for the Unemployment Insurance Program, was officially announced in August 1995. UIPL No. 41-95, August 24, 1995, outlined a construct for a comprehensive performance management system based on the following:

- C a significantly improved data collection infrastructure that provides more management information more frequently;
- C performance measures that include national core criterioned measures (Tier I) and a menu of non-criterioned measures (Tier II) for SESAs to utilize in measuring and improving their program performance;
- C a dynamic strategic planning process that is state focused; and
- C a goal of continuous improvement with shared responsibility by both SESA and Federal partners.

The focus of this Handbook is to provide specific guidance regarding the State Quality Service Plan (referred to as the State Plan) which is the manifestation of the strategic planning process described above. The State Plan is an integral part of the entire performance management process that makes up UI PERFORMS. It is, therefore, critical to understand the broader context in which the State Plan is developed.

1. The Continuous Improvement Cycle. UI PERFORMS embraces the continuous improvement cycle advocated by the Federal Quality Institute which is commonly known as the “Plan-Do-Check-Act” cycle. It also is referred to as a “closed loop” continuous improvement cycle. It incorporates a strategic planning process of identifying priorities, ongoing collection and monitoring of valid data to measure performance, identification of areas of potential improvement, and development of specific action steps to improve performance, followed by use of available data to determine if the action steps are successful. The cycle continues indefinitely with the opportunity at any point to reassess priorities, performance, and action that can improve performance.

2. The Planning Process. UI PERFORMS emphasizes joint responsibility between SESAs and ETA for setting priorities and responding to performance information both annually

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and on an ongoing basis. The relationship between the SESAs and the Department will include the following shared responsibilities:

- C continued tracking and analysis of performance data;
- C identification of Federal and SESA priorities;
- C development of planning directions;
- C negotiation to determine improvement levels;
- C development and implementation of strategies for performance improvement.

To accomplish these ongoing responsibilities will require an enhanced interaction and consultation process between SESAs and the Department. SESAs are also encouraged to include other stakeholders in the ongoing planning process.

3. The State Quality Service Plan. The heart of the UI PERFORMS continuous improvement cycle is a restructured plan of service. The State Plan is intended to be a dynamic document SESAs can utilize as a management tool - much like a business plan - not only to ensure strong program performance, but also to guide key management decisions such as where to focus resources. It should focus the SESA's efforts to ensure well-balanced performance across the range of UI activities. The State Plan also is designed to be flexible so as to accommodate, among other things, multi-year planning and significant changes in circumstances during the planning cycle. Although it will be developed in cooperation with the Federal partner, the State Plan is SESA focused. The Federal role in the process is designed to be constructive and supportive.

Operationally, the State Plan also will serve as the grant document through which SESAs are certified to receive Federal UI Administrative Funding, similar to its predecessor, the Program Budget Plan (PBP). To serve this purpose, the SESA will be required to submit Budget worksheets and the various assurances required in a Federal Grant Document. It is important, however, to emphasize that the State Plan is designed to be very different from the PBP, both in the process for development and the actual content.

To be submitted annually, the State Plan is designed to provide the structure for recording the following kinds of information:

- C the current environment within the SESA impacting UI performance (economic factors, legislative emphasis, etc.);

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- C SESA priorities;
- C responses to Federally identified priorities;
- C performance assessment information;
- C performance improvement targets for both Tier I and negotiated Tier II measures;
- C short and long term strategies for achieving performance targets;
- C required corrective action plans for failure to meet Tier I performance criteria;
- C status of critical program components such as Trust Fund integrity; and
- C SESA strategies for evaluating customer satisfaction and gaining customer input to promote performance improvement.

Electronic transmittal of the SQSP to the Regional Offices is envisioned after critical Year 2000 conversion activities are complete.

B. Relationship/Coordination with Other Plans. The UI program does not stand alone. It is the income replacement component of an overarching effort to return a worker to suitable employment. As such, the SQSP should be developed in consort with Wagner-Peyser/Workforce Investment Act/Worker Adjustment/One Stop Career System plans which also address the same customer to insure a coordinated effort and minimal obstacles for the client in moving from program to program.

Although different funding years for different programs preclude a unified funding approach, this does not preclude coordinated planning. Moreover, both Department-wide and ETA-specific goals are multi-year in nature, making the planning process less dependent on specific program funding allocations.

This coordination will most likely be apparent in the SESA State Plan Narrative portion of the SQSP. Mandatory performance improvement plans will relate specifically to unacceptable performance for nationally criterioned measures of UI program performance.

C. Planning Considerations. This section provides information for SESAs to use in developing their SQSPs.

1. State Agency Resource Planning Targets for UI.

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a. Financial Guidelines. SESAs will prepare UI SQSPs according to financial guidelines transmitted with targeted funding levels provided by the Regional Offices.

b. Changes and Revisions to Targets. Regional Offices will negotiate necessary changes and revisions to targeted funding levels with State agencies.

c. Final allocations. Final allocations may contain increases or decreases from the Regional plans, which may require some revisions to approved State plans.

2. State Flexibility. Once final allocations have been received, SESAs are required to meet the base workloads allocated, including all activities, but have the flexibility to use the total dollars approved by the Department among the various UI program categories as they deem appropriate. However, for purposes of determining certification of contingency funding for workload above the base, the base staff year levels for claims activities as allocated by the Department will be used. Note that this flexibility does not include Year 2000 Automation funding allocations.

3. SESA Financial Reporting System. SESAs are free to use any accounting system that meets the standards for State grantee financial management systems prescribed by Federal Regulations at 29 CFR 97.20(a). However, SESAs must be able to report UI financial information in the form and detail described in Chapter II of this Handbook.

II. CONTENT AND SUBMITTAL OF SQSP.

A. Overview of Process. While the SQSP process is ongoing throughout the year, the formal plan submittal occurs once each year in conjunction with the funding cycle and utilizes the following process:

1. Annual Call Memo. Each year, formal SQSP plan submittal will be initiated with an announcement memorandum. This memorandum will specify the dates relevant to the SQSP process for the approaching Fiscal Year; summarize Federal Program Emphasis for the year and identify any special planning requirements in effect for the Fiscal Year.

a. Schedule. The significant activities and dates relating to the submittal and subsequent approval of the annual SQSP are estimated to be:

<u>Activity</u>	<u>Approximate Date</u>
1. Projected UI Staff Hours and Travel Costs obtained from SESAs	Early April

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| 2. Annual “Call Memo” Issued | Late May |
| 3. Regional Offices send SQSP planning targets to SESAs | Late June |
| 4. SESAs submit original and two copies of signed SQSP to Regional Office. | Mid August |
| 5. Regional Office notification To SESAs of SQSP approval | Late September |
| 6. Regional Offices notify National Office of approved SQSPs | No later than Sept 30 |

b. Federal Program Emphasis. The Federal Program Emphasis, which may be found in the annual memo which initiates the SQSP each year, summarizes the primary areas in which the Federal partner will focus attention and resources for the planning year. The five-year Department of Labor (DOL) and the Employment and Training Administration (ETA) Strategic Plans, and the DOL and ETA Annual Performance Plans, form the basis for the Federal Program Emphasis. Required by Congress under the Government Performance and Results Act, the Federal plans are developed in consultation with stakeholders and are an integral part of the Federal budget process. They establish program performance goals and outcomes and identify strategies and performance objectives to attain them. Accordingly, SESAs will want to review the current edition of these planning documents prior to developing of their annual SQSPs. These planning documents may be found on the DOL and ETA webpage, <<http://www.doleta.gov>>. Printed versions also are available through the Regional Offices.

c. Special Planning Requirements. Any special planning considerations or requirements for the planning year will be identified in the announcement memorandum. NOTE: SESAs should carefully review the annual announcement memorandum. It will explain opportunities for increased, targeted funding made available on an annual basis in the President’s budget if such opportunities exist.

2. Performance Assessment.

a. Continuous Assessment. In a continuous improvement environment, both the Federal partner and the SESA will routinely access performance data to monitor program performance and initiate corrective action whenever it appears to be warranted. Therefore, under UI PERFORMS, the SESAs will develop Corrective Action Plans (CAPs) alone, or in

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collaboration with their Regional Office, whenever a serious performance issue is detected based on cumulative performance data. CAPs will result also from Program Reviews conducted during the year by the Federal partner.

b. Annual Assessment. This ongoing process will be augmented with an annual assessment of program performance which will occur in conjunction with the SQSP process, and will form the basis for performance improvement planning for the upcoming SQSP. This assessment will utilize the most recent 12-month performance data reasonably available. For data reported on a monthly basis, that will include the 12 months ending June 30 of each year; for data reported on a quarterly basis, the four quarters ending with the second calendar quarter; and for data reported on an annual basis, the calendar year ending December 31.

Because of the lag that must be built into this process, it is possible that more current data will show that a performance problem already has been corrected. In that case, the SESA will need only to reference that more current information.

c. SESA/Regional Negotiation. Identification of the specific areas for which Program Improvement Plans will be submitted in the upcoming SQSP will be finalized through SESAs /Regional Office negotiations. For mandated Tier I program review, or program reporting performance areas, a CAP will be prepared if performance is unsatisfactory and an effective plan is not already in place. For Tier II areas of negotiated performance (or Tier I performance above the mandated level), a Continuous Improvement Plan (CIP) will be prepared to reflect that negotiation.

3. SESA SQSP Preparation. SESAs must prepare and transmit an annual SQSP in accordance with the instructions in this Handbook and in the annual SQSP “call memorandum.”

4. SQSP Review & Approval. Regional Offices shall review SQSPs for completeness and conformity with instructional requirements and negotiated agreements. This review may result in the RO initiating additional discussion or obtaining clarification. Plans which are deemed unsatisfactory and for which resolution of differences cannot be achieved shall be returned to the SESA for revision without approval.

B. SQSP Content. The Annual SQSP must contain the elements/documents listed below:

1. Transmittal Letter. SESA Administrators must prepare and send a cover letter to the appropriate Regional Office transmitting all the required SQSP documents.

2. State Plan Narrative. A summary and one or more (ideally one page) focused narratives, in a prescribed format, addressing each major planning element (goal, objective,

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functional or programmatic area) upon which the SESA plans to focus during the program year must be prepared and included in the SQSP.

The State Plan Narrative provides the vehicle for sharing State/SESA specific efforts which impact on the administration of the UI Program with the Federal partner, indicating how the SESA intends to address Federal Program Emphasis areas, and identifying desired technical assistance. Much as the Federal partner has done by defining Program Emphasis annually, the State Plan Narrative allows the SESA to designate elements on which it intends to focus in the coming year, and incorporate those elements into a cohesive and comprehensive plan for administration of the UI Program.

Section III., State Plan Narrative, provides a detailed description and instructions. A sample narrative is contained in Appendix I.

3. Corrective Action/Continuous Improvement Plans. SESAs must complete and submit CAPs for:

1. Performance areas which did not meet established criteria;
2. Failure to submit any Federally required reports;
3. Deficiencies identified in UI program reviews which remain uncorrected;
and
4. Failed Federal requirements, based on Regulation, identified in Benefits Accuracy Measurement (BAM) and remaining uncorrected.

Supportive of a continuous improvement environment, the SQSP allows for the optional submission of CIPs which focus on performance which is not deficient, but for which a SESA and Regional Office see the opportunity to attain an enhanced goal in service delivery. States, on their own initiative, or due to negotiations initiated by the Regional Office, may prepare CIPs for Tier II measures, or Tier I measures above base requirements. The preparation of such plans may be useful to indicate new goals or SESA program emphasis. Such CIPs are considered part of the SQSP.

The CAP/CIP format may be found in Appendix I.

4. Financial Worksheets. SESAs must complete required budget forms and plan for administration based on projected allocations received from the Federal partner, and Congressional action.

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SESAs must complete Worksheet UI-1 and SF 424, and SF 424B. SESAs must complete the SF 424A only if they vary the quarterly distribution of base claims activity staff years.

SESAs must submit the Worksheet UI-1 by April 1 of each year separately from the majority of the SQSP submittal. SESAs must include SF 424, SF424A (if necessary), and SF 424B in the SQSP submittal.

Facsimiles of these forms and completion instructions are located in Appendix I.

5. Organizational Chart. The SESA must submit a new organizational chart if its organizational structure has changed in the last year. This organizational chart must conform to the requirement for delivery of service through public employment offices, or such other designated providers as the Secretary may authorize, show the SESA's configuration from the Governor of the State down to the point of Employment Service and UI customer service delivery, and provide sufficient detail to show each organizational unit involved and the title of the unit manager.

6. Drug-Free Workplace Certification. SESAs must submit a copy of the signed Drug-Free Workplace certification to the Regional Office with the SQSP.

7. Lobbying Certification. SESAs must submit a signed copy of the Lobbying certification to the Regional Office with the SQSP.

8. SQSP Content Checklist. SESAs must review the SQSP Content Checklist located at the end of this chapter. This checklist is used to show all the documents which comprise the entire SQSP. Each SESA must insure that those documents appropriate to its plan are submitted to minimize the potential for a delay in the approval and funding process.

9. Signature Page. SESA Administrators must sign and date the Signature Page located on page 1 of Appendix I. By signing the Signature Page, the SESA Administrator certifies that the SESA will comply with all the assurances contained in the SQSP guidelines. Therefore, it is not necessary for SESAs to include written assurances with their SQSP submittals.

C. Submittal of SQSP. SESAs must submit an original and two signed copies of the SQSP to their respective Regional Office by the date they have specified. Electronic transmittal of the SQSP to the Regional Office is envisioned after critical Year 2000 conversion activities are complete.

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III. STATE PLAN NARRATIVE.

A. Description. A vital element of the SQSP is the newly created ability it provides for SESAs to share their key program objectives for the coming year, and the strategies the State intends to utilize to achieve those objectives. Each SESA must provide one or more narratives in this area. To the extent feasible, these key program objectives will include elements identified as areas of Federal Program Emphasis. In addition, this section provides an opportunity to report on the integration and coordination with other internal and external plans which serve the same client.

The State Plan Narrative consists of an overview and one or more brief (ideally one page) focus narratives or summaries, in a prescribed format (see Section III B below), addressing each major planning element (goal, objective, functional or programmatic area) upon which the SESA plans to focus during the fiscal year. A format, rather than a paper form, is utilized to facilitate the electronic transmittal of data between the SESA and the Regional Office. Refer to Appendix I for a completed sample. This narrative should be concise, and serve only as a springboard for additional information.

A more detailed discussion with Regional Office staff already may have occurred, or may occur as a follow up. In order to develop Regional and National Office support for its objectives, the SESA needs to provide a minimum amount of information relative to the categories defined in a format that allows for follow-up and tracking.

Of necessity, the SESAs engage in an annual planning process and set priorities for the coming year. The State Plan Narrative provides a vehicle for sharing the results of that process with the Federal Partner, in a mutually agreed upon format.

This should not be a lengthy document. It should, however, reflect the SESAs' use of available performance data and the strategic direction the SESA plans to ensure continuous program improvement. Below are the components to be included in the State Plan Narrative:

- C A brief description of the current SESA environment that has a direct impact on UI program performance. Examples of environmental factors include economic conditions, political climate, labor/business relationships, and State legislative issues.

- C Assessment of program performance in prior program years.

- C State identified performance improvement targets for the coming year and strategies for accomplishing them.

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- C Responses to the Secretary of Labor’s areas of program emphasis.
- C Information on the SESA approach to maintaining Trust Fund integrity.
- C Information on the SESA strategy for evaluating customer satisfaction and including customer input to promote performance improvement.

B. Format and Instructions.

STATE PLAN NARRATIVE
(State Name - FY xxxx)

Provide a short, concise summary of the SESA’s key direction and strategies for the plan year. This summary should identify the cohesive elements which underlie the State’s annual plan and give context to the focus summaries prepared.

(Note: From 1 to 3 pages)

FOCUS SUMMARY # 1 *(Number sequentially)*

Fiscal Year <i>Identify applicable fiscal year, e.g., 1999</i>	State <i>Identify State</i>
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1. Objective #x: *(Number sequentially)*

Provide a short, concise statement of the objective selected for focus, and the strategies planned to achieve it. Objectives may be single or multi-year in nature.

2. Outcome Expected/Target Population:

Provide a statement of the outcome expected and the target population impacted.

3. Cost/Benefit Assessment:

Provide an elementary assessment of cost/benefit for addressing this element.

4. Milestones/Intermediate Accomplishments:

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Identify milestones/ intermediate accomplishments that the SESA will use to monitor progress toward goal. One or more milestones should be identified for each quarter of the plan year.

5. Assistance:

Summary request for any Federal partner assistance (primarily non-financial) that would help the SESA attain its goal.

IV. CORRECTIVE ACTION/CONTINUOUS IMPROVEMENT PLAN (CAP/CIP)

These plans consist of a narrative section and milestone summary completed and submitted in the format in Appendix I. Each CAP/CIP must be titled and numbered as indicated in Section V below.

A. Mandatory CAPs. SESAs must complete and submit CAPs for:

1. Performance Deficiencies. Performance areas which did not meet criteria established for Secretary's Standards (SS) for the annual measurement period which remain uncorrected prior to the preparation of the SQSP.

In many instances, performance deficiencies will have been identified prior to the annual assessment with a CAP already in existence to remedy the problem, or more recent data may indicate that a deficiency no longer exists. Accordingly, the SQSP will not, in many instances, require development of a new CAP unless progress on an existing plan is not on target, does not adequately address milestones for the plan year, or is no longer determined by the Regional Office to be adequate to address the extent of the deficiency as revealed by the annual assessment. Such CAPs (i.e., adequate, existing CAPs) will be incorporated into the SQSP submission along with revised CAPs and CAPs addressing newly identified deficiencies.

2. Reporting Delinquencies. Any performance area for which required reports were either inaccurate or not submitted, as required by regulation or UIPL.

3. Program Review Deficiencies. Deficiencies identified in program reviews conducted by the State, or the Department, which remain uncorrected. Examples of such program reviews include Federal programs (UCFE, UCX, etc.), Data Validation, Benefit Payment Control, Internal Security, UI Automation Support Account (UIASA) monitoring, and State Audits.

4. BAM Requirement Deficiencies. Failed Federal requirements identified in

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Benefits Accuracy Measurement (BAM) which remain uncorrected. The Regional Office will notify the SESAs when, based on the annual BAM administrative determination, States must prepare a CAP covering any failed Federal BAM requirements. The BAM requirements are contained in the Benefits Quality Control State Operations Handbook (ET Handbook No. 395). The CAP must specify measures to be taken for correcting the problem(s) in question and provide projected dates for the completion of each step in the plan.

5. TPS Requirement Deficiencies. A CAP is required for a SESA that has not fully completed all parts of the Tax Performance System as required in ET Handbook 407, Revenue Quality Control.

B. Continuous Improvement Plans. Supportive of a continuous improvement environment, the SQSP allows for the optional submission of CIPs which focus on performance that meets minimum criteria, but for which a SESA and Regional Office see the opportunity to attain an enhanced goal in service delivery. States, on their own initiative, or due to negotiations initiated by the Regional Office, may prepare CIPs for Tier II measures, or Tier I measures above base requirements. The preparation of such plans may be useful to indicate new goals or SESA program emphasis. CIPs are part of the SQSP, and must reference the number and title of the measure as found in section V of this Handbook.

C. CAP/CIP Format Completion. When developing a CAP/CIP for failed performance or performance improvement, the prescribed format includes the data elements listed below. A sample format is contained in Appendix I.

1. Narrative. The narrative section must address items 1-3 below. It must explain how the SESA plans to correct the deficiency. In the case of Continuous Improvement, it must reference the goal negotiated between the SESA and Regional Office.

a. An explanation of the reason(s) for the deficiency. For Continuous Improvement, this explanation may be omitted.

b. If a plan was in place the previous fiscal year, an explanation of why these actions were not successful in improving performance, and an explanation of why the actions now specified will be more successful.

c. A brief description of plans for monitoring and assessing accomplishment of planned actions and for controlling quality after achieving performance goals.

2. Milestones. The SESA must list both the specific milestones (planned corrective action or improvement activities) and the completion date for each milestone in the space provided. One or more milestones must be provided for each quarter of the fiscal year for

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tracking progress and to establish State and Regional follow-up schedules.

If the desired improvement will not be accomplished by the end of the current fiscal year, the SESA provide: (1) an estimate of where performance will be at the end of the fiscal year, (2) major actions remaining to be taken in subsequent fiscal years, and (3) a projection as to when the SS/DLA will be achieved or the program review deficiency or failed Federal BAM requirement will be corrected.

NOTE: Milestones should be concise and specify the SESA's proposals for organizing, directing, and controlling the corrective action/improvement activities throughout the planning year.

3. Assembly. CAPs/CIPs must be arrayed in the same order in which they appear in the following list of Tier I/Tier II measures.

V. PERFORMANCE MEASURES. UI PERFORMS incorporates two tiers of performance measures. Tier I measures are those measures that are considered to be critical to the overall performance of the program, and not met, would fundamentally impair the integrity of the program. Tier II measures represent a menu of additional measures on which Federal data is collected. SESAs are encouraged to routinely monitor performance data on both Tier I and Tier II measures, to select those measures in Tier II that are considered SESA priorities, and to establish acceptable SESA performance targets for them.

A. TIER I. Tier I, or criterioned measures, are those measures which represent core performance of the UI program. They were selected to provide coverage of the major areas of UI performance in both the benefits and tax areas based on the Federal UI law requirements and key indicators for customer service including timeliness, accuracy, and quality. The established criteria for the Tier I measures represent minimum acceptable levels of performance - floor levels below which the SESA's customers would not be getting acceptable service. SESA performance measured by Tier I measures will be the basis for formal Departmental action when criteria are not met. Formal definitions of current measures may be found in ETA Handbook 401.

Note: Definitions for Tier I measures are found in ETA Handbook NO. 401.

1. First Payment Time lapse - criterion - (add the criterion and a legal cite)

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2. Nonmonetary Determinations Time Lapse, Detection Date - criterion - (add the criterion and a legal cite)

3. Nonmonetary Determination Quality Review- criterion - (add the criterion and a legal cite)

4. Lower Authority Appeals Time lapse - criterion - (add the criterion and a legal cite)

5. Higher Authority Appeals Time lapse - criterion - (add the criterion and a legal cite)

6. Lower Authority Appeals Quality Review - criterion - (add the criterion and a legal cite)

7. Timeliness of New Status Determinations - criterion - (add the criterion and a legal cite)

8. New Status Determinations Accuracy - criterion - (add the criterion and a legal cite)

9. Timeliness of Transfer from Clearing Account to Trust Fund - criterion - (add the criterion and a legal cite)

B. TIER II. Tier II measures, like Tier I measures, are routinely reported by the SESA using Federal definitions, but have no nationally established Federal criteria for judging the adequacy of the SESA's performance. Instead, in conjunction with the Regional Office, and as part of the annual planning process, the SESA will identify Tier II measures that require special attention. The SESA will identify strategies for improvement and reach agreement with the Regional Office for a numerical performance goal for the measure for the year. As provided in Federal UI Law, the Secretary of Labor retains full authority to address cases of egregious poor performance in a State. Egrigious poor performance will be adjudged by the Regional Office by comparing the SESA's performance against annual goals established in the SQSP. The primary means of enhancing performance in these areas, however, is through the CIP negotiated between the SESA and the Regional Office in an effort to facilitate continuous improvement in program delivery.

Note: Definitions for existing Tier II measures are found in ETA Handbook NO. 401.

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- 1. Workshare First Payments Timeliness.**
- 2. Continued Weeks Payments Timeliness.**
- 3. Nonmonetary Issue Detection Timeliness.**
- 4. Workshare Continued Weeks Payment Timeliness.**
- 5. Nonmonetary Determinations Implementation Timeliness.**
- 6. Implementation of Appeals Decision Timeliness.**
- 7. Employer Tax Appeal Timeliness.**
- 8. Combined Wage Claim Wage Transfer Timeliness.**
- 9. Combined Wage Claim Billing Timeliness.**
- 10. Combined Wage Claim Reimbursements Timeliness.**
- 11. Wage /Tax Report Filing Timeliness.**
- 12. Securing Delinquent Reports Timeliness.**
- 13. Resolving Delinquent Reports Timeliness.**
- 14. Contributions Payments Timeliness.**
- 15. Lower Authority Appeals Due Process Quality.**
- 16. Higher Authority Appeals Quality - [to be developed]**
- 17. Employer Tax Appeals Quality - [to be developed]**
- 18. Posting Contributions Accuracy.**
- 19. Delinquent Reports Resolution Quality.**
- 20. Collection Actions Quality.**

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- 21. Field Audits Quality.**
- 22. Employer Accounts Posting Accuracy.**
- 23. Employer Billings Accuracy.**
- 24. Employer Credits/Refunds Accuracy.**
- 25. Benefit Charging Accuracy.**
- 26. Experience Rating Accuracy. .**
- 27. Benefit Payment Accuracy.**
- 28. Lower Authority Appeals, Case Aging.**
- 29. Higher Authority Appeals, Case Aging.**
- 30. Turnover of Receivables Liquidated or Written Off.**
- 31. Writeoff of Receivables.**
- 32. Assessment of Receivables to Taxes Due.**
- 33. Audit Penetration, Employers.**
- 34. Audit Penetration, Wages.**
- 35. Audit Targeting , Percent Change in Annual Total Wages.**
- 36. Trust Fund Solvency.**
- 37. Timeliness of Deposit to the Clearing Account.**

C. Program Integrity Measures. Work is currently underway to develop integrity measures in Benefit Payment Control. Appropriate measures will be added to the SQSP process when they are completed.

VI. BUDGET WORKSHEETS AND INSTRUCTIONS. This section contains

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instructions SESAs will need to prepare resource requests for administering the UI program during the Fiscal Year. Budget worksheets are on pre-numbered pages in Appendix I. Only two UI program operations worksheets (UI-1 and SF 424) are required. State agencies must prepare and submit the UI-1 (via UIRR) for staff hours and travel staff year estimates, and the SF 424 for base level planning and supplemental grant requests.

A. Worksheet UI-1, UI Staff Hours and Travel Staff Years. A facsimile of Worksheet UI-1 and associated form completion instructions are found on pages 33 and 34 in Appendix I. These data are required for the development of annual base planning targets. The UI-1 worksheet is due in the National Office (Attn: TEUFA) by April 1 of each year.

B. SF 424, Application for Federal Assistance. The regulation at 29 CFR 97.10 requires the use of the OMB Standard Form (SF) 424, Application for Federal Assistance, or other forms approved by OMB under the Paperwork Reduction Act of 1995, for application for grant funds by State grantees. The Department requires that SF 424 and its instructions be used by States for submitting applications for UI base grants and supplemental budget requests (SBRs).

1. Procedures for Submission. States must submit a separate SF 424 and SF 424B for each request for base funding and each SBR. A separate SF 424A also may be required as described in sub-paragraph 2.b., below. In addition, States which submit SBRs should provide supporting justification and documentation.

2. Forms Completion Instructions. States are encouraged to follow the standard instructions in completing SFs 424, 424A and 424B; however, States are not required to complete all items on the SF 424 and 424A. A facsimile of these forms and completion instructions are found in Appendix I. The following are specific guidelines for completing SFs 424 and 424A.

a. SF 424. States are not required to complete Items 3, 4, 9, 12, and 14 for base grants and SBRs. States must complete the remaining items. In Item 8, all SBRs are considered to be revisions. In Item 12, the title of the project must refer to either the base grant or SBR title and number. SBRs must be numbered sequentially within the fiscal year, e.g., 00-1, 00-2, etc.

b. SF 424A. States must complete Items 1, 6, and 16 for SBRs. States are not required to complete this form for base grants, unless they vary the number of base claims activity staff years paid by quarter; States that do so must show the quarterly distribution in Item 23 (Remarks).

3. SBR Criteria. ETA may on occasion award supplemental funds for specific items not

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funded in the base allocations or contingency entitlement.

a. Allowable Costs. SESAs may submit SBRs only for one-time costs that are not a part of base or contingency. SBR funds may be used only for the purposes identified in the SBR and/or any modifications to the original agreement approved by the grant officer.

b. Unallowable Costs. SBR funds may not be used for ongoing costs, such as maintenance of software and hardware, or ongoing communications costs. In addition, SBRs may not be used to pay for salary increases, even when these increases are caused by a law change.

4. Guidelines for Preparing SBR Supporting Documentation. ETA will evaluate and approve all SBRs on the basis of supporting documentation and justification provided. Insufficient justification may delay processing and result in partial or total disapproval of the SBR.

a. Format. SBRs may address a variety of projects whose scope cannot be fully anticipated. At a minimum, the SBR supporting documentation must contain the following six elements; however, these guidelines will not perfectly fit every SBR. SESAs should use them as a minimum starting point.

1) Summary. For larger projects, the SBR should contain a summary (1-2 paragraphs) that explains what the funds will accomplish. It should identify major capital expenditures including hardware, software, and telecommunications equipment; staff in excess of base staff; contract staff; and other purchases. It should also state what the final product or results will be when the funds have been expended.

2) Commitment to Complete Project. ETA cannot assure the availability of future Federal supplemental funds. Applicants must agree to continue efforts to complete the SBR project, and supply any additional funds necessary to complete the project in a timely manner. This assurance is necessary to ensure that Federally-funded projects are not abandoned due to a lack of additional Federal funding.

3) Schedule. If the project activities haven't been completed, the SBR must include a projected schedule. The schedule should provide the projected dates for significant activities from start to completion.

4) Description of the Proposed Fund Usage. The SBR must contain a full description of how the funds are to be used and why the proposed expenditures represent the best use of funds for the SESA.

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5) Amount of Funding Requested. The total dollar amount of the SBR should be included. The costs of specific program modules or tasks also must be listed.

6) Expenditures. The SBR must include a description of actual or proposed expenditures. For each specific program module or task, the SBR must include costs for:

(a) Staff. The request must identify both one-time SESA staff needs (in excess of base staff) and contract staff needs. Staff needs must include the type of position (e.g., program analysts), the expected number of staff hours, and the projected hourly cost per position.

(1) SESA Staff. Any staff costs are allowable only for additional staff, not staff previously funded by the SESA's base grant. Costs incurred by regular SESA staff assigned to the project on a temporary basis may not be funded by the SBR unless those positions are "back-filled." The request may include costs for staff that conduct training; however, personal services (PS) and personal benefit (PB) costs for staff attending training are not allowable unless those positions are back-filled. Unless otherwise justified, regular, Administrative Staff and Technical Services (AS&T), and contingency staff year costs must be based on the State (PS) and (PB) rate approved for the current year's UI grant. If not itemized in the SBR, standard add-on costs for support and AS&T staff must be based on the rates approved for the current year's base allocation.

(2) Contractor Staff. For contract staff, the SESA must supply documentation including the estimated positions and hours, and the anticipated costs. SESAs electing to negotiate with the ESSI, ITSC, or other available sources for technical assistance must supply the same information normally requested for all contract staff, including the type of position, the expected staff hours, and the costs.

(b) Non-Personal Services (NPS). SESAs either may identify itemized one-time SESA NPS needs or may calculate staff-related NPS costs by formula. If not itemized in the SBR, staff-related NPS costs (excluding data processing and other needs) must be based on the rates approved for the current year's base allocation.

(1) Hardware, Software, and Telecommunications Equipment. This section must include any hardware, software, and/or telecommunications equipment purchases that are a part of the request. Descriptions must show that the sizing and capabilities of the proposed purchases are appropriate for the SESA. SESAs that receive SBR funds for specific items and subsequently determine that other items are more suitable may elect to substitute, contingent upon the grant officer's agreement and documentation of the appropriateness of the substituted purchases. Substitutions must be in line with the overall goals of the project.

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(2) **Travel.** The request may include NPS travel costs; however, PS and PB costs for staff while on travel are not allowable.

(3) **Other.** The request may include one-time costs for other activities, not identified above, anticipated to be obtained from vendors, such as, telephone companies, Internet service providers, and telecommunications providers.

7) **Automation Acquisitions.** SBRs sometimes include requests for items covered under the definition of automation acquisition in Chapter II. The obligation and expenditure periods for these funds are longer than the periods for regular UI base and contingency funds. SESAs must clearly identify automation acquisition items in the SBR.

b. Additional Required Items for Law Change SBRs. SBRs for law changes must contain the following information:

- 1) The specific bill number of enactment, and effective date of law change.
- 2) Relevant provisions as an attachment.
- 3) Costs per legislative provision and a narrative explaining why costs were or will be incurred for each provision, e.g., implementing tax rate changes; increasing the maximum benefit amount; or creating an alternative base period.
- 4) If a legislative provision benefits both UI and non-UI activities, the SBR must contain a statement certifying that the request is only for costs which, under Federal law, may be funded from UI grants.

c. Supplementary Items. Some SBRs are for large-scale, complex projects that may meet an objective over a period of years. The following items are not required, but would be helpful in the SBR evaluation process:

1) **Technical Approach.** If applicable, the request should describe how the SESA will use technology in this project, including the technical appropriateness of the hardware, software, and/or telecommunications equipment for integration with the SESA's current operating systems.

2) **Strategic Design.** The SBR should include a description of the strategic design of the project as evidence of a well-thought-out analysis of operations.

3) **Measurable Improvements Expected in UI Operations.** The request should identify the areas in which services could be improved through implementation of the

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proposed project. Measurable improvements may include accomplishing necessary work using fewer steps, doing work more quickly, incorporating work steps which are not currently accomplished, or reducing the amount of error which presently occurs in the work product.

4) **Supporting Materials.** SESAs should attach additional materials which will enhance the content of the SBR.

VII. Assurances. The SESA Administrator, by signing the SQSP Signature Page, certifies that the SESA will comply with these assurances and that the SESA will institute plans or measures to comply with the following requirements. Since the Signature Page incorporates the assurances by reference into the SQSP, States should not include written assurances into their SQSP submittals.

A. Signature Page. The Signature Page appears on page 1 in Appendix I. The assurances are explained in Paragraphs B - G below.

B. Assurance of Equal Opportunity (EO). As a condition to the award of financial assistance from the Department, the SESA must assure that the operation of its program, and all agreements or arrangements to carry out the programs for which assistance is awarded, will comply with Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the Americans with Disabilities Act of 1990. Further, the SESA must assure that it will establish and utilize such methods of administration as give reasonable guarantee of compliance with the above equal opportunity and nondiscrimination laws and regulations regarding the services it provides and employment. These methods of administration must, at a minimum, include:

1. **Designation of a Responsible Employee.** The SESA must designate an individual to coordinate its EO responsibilities. Sufficient staff and resources must be assigned to this individual to ensure effective implementation of his or her responsibilities.

2. **Notification.** The SESA must take affirmative steps to inform applicants, participants, and employees:

- a. that it does not discriminate in admission, access, treatment, or employment; and
- b. of their rights to file a complaint and how to do so.

Methods of notification of this information may include, among other things, display of posters, placement of notices in, among other things, local offices, and publication of notices in

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newsletters, newspapers, or magazines.

3. Monitoring. The SESA must develop and implement a system for periodically monitoring the compliance status of its local offices.

4. Grievance System. The SESA must establish procedures for resolving complaints alleging discrimination on the basis of handicap in services or employment filed with its local offices. The procedures must comply with the appropriate provisions of the regulations implementing Section 504 of the Rehabilitation Act of 1973 at 29 CFR 32.45. All other discrimination complaints will be filed directly with the U.S. Department of Labor, Office of Civil Rights.

5. Accessibility. The SESA must assure that the services/programs provided in the local offices are accessible to handicapped individuals. The program information must be available to hearing and vision impaired persons and, as necessary, to persons of limited English-speaking ability.

6. Corrective Action/Sanctions. The SESA must establish procedures for taking prompt corrective action regarding any noncompliance finding of a local office.

7. Record keeping. The SESA must ensure that characteristics data (e.g., race, sex, national origin, age, handicap status) are maintained in local offices' records on applicants, participants, and employees and that such records are sufficient to determine whether that local office is in compliance with Federal nondiscrimination and equal opportunity statutes and regulations.

C. Assurance of Administrative Requirements and Allowable Cost Standards. The SESA must comply with administrative requirements and cost principles applicable to grants and cooperative agreements as specified in 20 CFR Part 601 (Administrative Procedure), 29 CFR Part 93 (Lobbying Prohibitions), 29 CFR Part 96 (Audit Requirements), 29 CFR Part 97 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments), and OMB Circular A-87 (Revised), 95 FR 26484 (May 17, 1995) (Cost Principles for State and Local Governments), and with administrative requirements for debarment and suspension applicable to subgrants or contracts as specified in 29 CFR Part 98 (Debarment and Suspension). The cost of State staff travel to regional and national meetings and training sessions is included in the grant funds. As a condition of the grant, if State staff do not attend mandatory meetings, funds will be recaptured based on Regional Office recommendations.

States that have subawards to organizations covered by audit requirements of OMB Circular A-133 (Audit Requirements of Institutions of Higher Education and Other Non-Profits) must

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(1) ensure that such subrecipients meet the requirements of that circular, as applicable, and (2) resolve audit findings, if any, resulting from such audits, relating to the UI program.

1. Administrative Requirements. The following specifications of administrative requirements are in 29 CFR Part 97.

a. Program Income. Program income is defined in 29 CFR 97.25 as gross income received by a grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. States may deduct costs incidental to the generation of UI program income from gross income to determine net UI program income. UI program income may be added to the funds committed to the grant by ETA. The program income must be used only for UI administrative purposes. Any rental income or user fees obtained from real property or equipment acquired with grant funds from prior awards shall be treated as program income under this grant.

b. Budget Changes. Except as specified by terms of the specific grant award, ETA waives the requirements in 29 CFR 97.30(c)(1)(ii) that States obtain prior written approval for certain types of budget changes.

c. Real Property Acquired with Reed Act Funds. The requirements for real property acquired with Reed Act or other non-Federal funds and amortized with UI grants are in 29 CFR 97.31 to the extent amortized with UI grants.

d. Equipment Acquired with Reed Act Funds. The requirements for equipment acquired with Reed Act or other non-Federal funds and amortized with UI grants are in 29 CFR 97.32 to the extent amortized with UI grants.

e. Real Property, Equipment, and Supplies.

(1) Real property, equipment, and supplies acquired under prior awards are transferred to this award and are subject to the relevant regulations at 29 CFR Part 97.

(2) For super-microcomputer systems and all associated components which were installed in States for the purpose of Regular Reports, Quality Control, and other UI Activities, the requirements of 29 CFR Part 97 apply. The National Office reserves the right to transfer title and issue disposition instructions in accordance with section (g) of Federal regulations at 29 CFR 97.32. States also are to certify an inventory list of system components which will be distributed annually by ETA.

f. Standard Form 272, Federal Cash Transactions Report. In accordance with 29 CFR 97.41(c), SESAs are required to submit a separate SF 272 for each sub-account

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under the Department of Health and Human Services (DHHS) Payment Management System. However, SESAs are exempt from the requirement to submit the SF 272A, Continuation Sheet.

2. Exceptions and Expansions to Cost Principles. The following exceptions or expansions to the cost principles of OMB Circular No. A-87 (Revised) are applicable to SESAs:

a. Employee Fringe Benefits. As an exception to OMB Circular A-87 (Revised) with respect to personnel benefit costs incurred on behalf of SESA employees who are members of fringe benefit plans which do not meet the requirements of OMB Circular No. A-87, Attachment B, Paragraphs B.10. and B.13., the allowable costs of employer contributions or expenses incurred for SESA fringe benefit plans are allowable, provided that:

(1) For retirement plans, all covered employees joined the plan before October 1, 1983; the plan is authorized by State Law; the plan was previously approved by the Secretary; the plan is insured by a private insurance carrier which is licensed to operate this type of plan in the applicable State; and any dividends or similar credits because of participation in the plan are credited against the next premium falling due under the contract.

(2) For all SESA fringe benefit plans other than retirement plans, if the Secretary granted a time extension after October 1, 1983, to the existing approval of such a plan, costs of the plan are allowable until such time as the plan is comparable in cost and benefits to fringe benefit plans available to other similarly employed State employees. At such time as the cost and benefits of an approved fringe benefit plan are equivalent to the cost and benefits of plans available to other similarly employed State employees, the time extension will cease and the cited requirements of OMB Circular A-87 (Revised) will apply.

(3) For retirement plans and all other fringe benefit plans covered in (1) and (2) of this paragraph, any additional costs resulting from improvements to the plans made after October 1, 1983, are not chargeable to UI funds.

b. Unemployment Insurance Claimant's Court Appeals Costs. To the extent authorized by State law, funds may be expended for reasonable counsel fees and necessary court costs, as fixed by the court, incurred by the claimant on appeals to the courts in the following cases:

(1) Any court appeal from an administrative or judicial decision favorable in whole or in part for the claimant;

(2) Any court appeal by a claimant from a decision which reverses a prior

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decision in his/her favor;

(3) Any court appeal by a claimant from a decision denying or reducing benefits awarded under a prior administrative or judicial decision;

(4) Any court appeal as a result of which the claimant is awarded benefits;

(5) Any court appeal by a claimant from a decision by a tribunal, board of review, or court which was not unanimous;

(6) Any court appeal by a claimant where the court finds that a reasonable basis exists for the appeal.

c. Reed Act. Payment from the SESA's UI allocations made into a State's account in the Unemployment Trust Fund for the purpose of reducing charges against Reed Act funds (Section 903(c)(2)) of the Social Security Act, as amended (42 U.S.C. 1103(c)(2)), are allowable costs provided that:

(1) The charges against Reed Act funds were for amounts appropriated, obligated, and expended for the acquisition of automatic data processing installations or for the acquisition or major renovation of State-owned office buildings; and

(2) With respect to each acquisition or improvement of property, the payments are accounted for as credit against equivalent amounts of Reed Act funds previously withdrawn under the respective appropriation.

(3) States may use these Reed Act moneys for purchasing real property for UI purposes. These purchases could be amortized against UI grant funds consistent with the UI grant agreement.

d. Prior Approval of Equipment Purchases. This exception amends the requirement in OMB Circular No. A-87, (Revised) that grant recipients obtain prior approval from the Federal grantor agency for all purchases of equipment (as defined in 29 CFR 97.3). This authority is delegated to the SESA Administrator.

D. Assurance of Management Systems, Reporting, and Record keeping. The SESA assures that:

1. Financial systems provide fiscal control and accounting procedures sufficient to permit timely preparation of required reports, and the tracing of funds to a level of expenditure

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adequate to establish that funds have not been expended improperly (29 CFR 97.20).

2. The financial management system and the program information system provide Federally-required reports and records that are uniform in definition, accessible to authorized Federal and State staff, and verifiable for monitoring, reporting, audit, and evaluation purposes.

3. It will submit reports to ETA pursuant to instructions issued by ETA and in such format as ETA shall prescribe.

4. The financial management system provides for methods to insure compliance with the requirements applicable to procurement and grants as specified in 29 CFR Part 98 (Debarment and Suspension), and for obtaining the required certifications under 29 CFR 98.510(b) regarding debarment, suspension, ineligibility, and voluntary exclusions for lower tier covered transactions.

E. Assurance of Program Quality. The SESA assures that it will administer the UI program in a manner sufficient to ensure proper and efficient administration. "Proper and efficient administration" is measured by ETA through criterioned measures and the administration of the UI BAM, BTQ, and TPS program requirements.

F. Assurance of Use of Unobligated Funds. The SESA assures that it will use funds unobligated as of the December 31 immediately after the fiscal year ends, only for automation acquisitions (as defined in Chapter II). The SESA further assures that obligations after the end of the second quarter after the end of the fiscal year only will relate to automation acquisitions. With prior written approval of ETA, the SESA may liquidate (expend) non-ADP obligations after the second quarter after the end of the fiscal year. Any unobligated funds remaining as of two years after the fiscal year end, may not be obligated by the SESA. Failure to comply with this assurance may result in disallowed costs from audits or review findings.

G. Assurance of Prohibition of Lobbying Costs. The SESA assures that in accordance with the DOL Appropriations Act, no UI funds will be used to pay salaries or expenses related to any activity designed to influence legislation or appropriations pending before the Congress of the United States.

H. Assurance of Disaster Recovery Capability. The SESA assures that in accordance with DOL directives UIPL 34-87 and ETA Handbook No.376, it periodically conducts a risk analysis of systems and facilities, and develops and tests a Disaster Recovery plan based on the results.

I. Assurance of Conformity and Compliance. The SESA assures that the State will meet all Federal UI law requirements, will adhere DOL program letters, will meet all tier I

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performance measures as described at (add cite), and if the State is failing to meet a performance measure will take all actions necessary to meet such measures.

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2. State Plan Narrative (Program Focus Summaries)
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 - UI-1 - UI Staff Hours and Travel Staff Years
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5. Organization Chart
6. Drug-Free Workplace Certification
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8. Signature Page

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