

**From:** Gilbert, Gay - ETA <Gilbert.Gay@dol.gov>  
**Sent:** Wednesday, October 7, 2020 2:05 PM  
**To:**  
**Subject:** IMPORTANT INFORMATION: UI Tax Flexibilities  
**Importance:** High

Hello, State Colleagues:

As you may recall in my June 12, 2020 e-mail message to you regarding State Operational Flexibilities, ETA allowed for an extension of the completion of State UI Tax Performance System (TPS) sampling to June 30, 2020. ETA also granted approval for states to suspend Tax Field audit functions/activities through July 31, 2020.

The expectation was that after these extensions, states would resume TPS and field audit operations. Subsequently, states have continued to reach out to staff in ETA's Regional and National Offices requesting further extensions or additional flexibilities regarding UI tax operations. As a result, Regional staff met with several states and gathered additional information on the challenges confronting states in resuming full tax operations.

Based on the additional information, we offer a few more flexibilities for tax operations and provide states the following instructions:

#### Tax Performance System (TPS)

- States must reinstate TPS reviewers who were temporarily assigned to perform UI benefit functions as soon as possible.
- State TPS reviewers may postpone to calendar year (CY) 2021 any uncompleted systems reviews of tax functions that are currently due in CY 2020. Please notify your Regional Office Tax representative if your state will be postponing any reviews.

Except for the postponement of uncompleted systems reviews due in CY 2020 to CY 2021, State TPS reviewers must complete all of the following major tasks of the TPS program for CY 2020:

1. Evaluate Computed Measures to assess state performance;
  2. Conduct Acceptance Sampling;
  3. Enter sample data into the Federal data base; and
  4. Prepare an annual report of findings, conclusions, and recommendations.
- States may submit a justification to the Regional Office for consideration to allow for an extension of the cutoff date to finalize CY 2020 State TPS results from March 31, 2021 to April 30, 2021. This justification must be submitted to the Regional Office Tax representative no later than March 31, 2021.

- ETA will not require a state to prepare a Corrective Action Plan (CAP) for the fiscal year (FY) 2022 State Quality Service Plan (SQSP) if the state fails Tax Quality Part A (no more than three tax functions may fail a TPS review) for CY 2020.
- A CAP for the FY 2022 SQSP will be required if a state fails Tax Quality Part B (a tax function cannot fail for three consecutive years, which includes a failed tax function in CY 2020). A failed tax function in CY 2020 will be included in the measurement of Tax Quality Part B for a SQSP in future years.

Note: Exceptions for tax functions as measured by Tax Quality Part A and Part B 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 for conducting a sample review of a tax function by the RO (“W”).

### TAX FIELD AUDITS

- All states must conduct field audits that conform to ETA audit policy as defined in the Employment Security Manual. States must notify their Regional Office Tax representative no later than October 30, 2020, of the date when they have resumed audits. States may conduct only remote field audits until circumstances are suitable in their state to resume normal audit processes. If the state has not yet resumed field audits, the state must provide their Regional Office Tax representative no later than October 30, 2020, the reason why the state has not resumed field audits and the date of planned resumption. ETA will not require states to submit a CAP for the FY 2022 SQSP if they fail the Effective Audit Measure based on CY 2020 audit data.

ETA is also planning a webinar on successful practices for remote audits. We will be sending an announcement in the next few weeks.

If you have requests for additional information regarding these flexibilities/instructions, please send them to [COVID-19@dol.gov](mailto:COVID-19@dol.gov) with a copy to your Regional Office UI Director.

We will provide responses as quickly as feasible.

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