

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION UI/SQSP
	CORRESPONDENCE SYMBOL OWS/DPM
	DATE July 11, 2005

ADVISORY: FIELD MEMORANDUM NO. 15-05

TO: ALL REGIONAL ADMINISTRATORS

/s/

FROM: JACK H. RAPPORT
Administrator
Office of Field Operations

**SUBJECT: Fiscal Year (FY) 2006 Unemployment Insurance (UI) State
Quality Service Plan (SQSP) Process and State Plan Review
Instructions**

1. **Purpose.** To provide regional office (RO) UI staff with SQSP process and review instructions for FY 2006.
2. **References.** Employment and Training (ET) [Handbook No. 336, 17th Edition](#), "Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines;" The FY 2006 Call Memo; UIPL [No. 37-99](#), "UI PERFORMS Tier I and Tier II Performance Measures, and Minimum Performance Criteria for Tier I Measures;" UIPL [No. 41-95](#), "Draft Narrative Describing the System for Enhancing Unemployment Insurance (UI) Performance: The 'UI PERFORMS' System;" Attachment B of FM 23-01, "Unemployment Insurance State Quality Service Plan (SQSP Process and Review Instructions);" UIPL 14-05, "Changes to UI Performs;" UIPL No. 22-05, "Unemployment Insurance Data Validation (UI DV) Program Software and Policy Guidance;" and Workforce Investment Act Final Rule, 20 CFR Parts 652, 660 et al.
3. **Background.** The SQSP process is a key part of UI Performs, the performance management system for the UI Program, and serves two purposes: (a) it is the state UI performance management and service plan; and (b) it is the grant document through which states receive Federal UI administrative funding. Developed in cooperation with the Federal partner, the SQSP is state-focused and is intended to be used by states as a management tool to ensure strong program performance and to guide key management decisions.

RESCISSIONS	EXPIRATION DATE September 30, 2006
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4. **UI Performs.** UI Performs has recently undergone an intensive review of its performance measures, criteria used to gauge success against measures, and the administration of UI Performs. The changes resulting from the review were issued in UIPL No. 14-05, dated February 18, 2005. Implementation of those changes will begin with the FY 2006 SQSP. ET Handbook 336, 18th Edition, will be issued later this year and will reflect the changes.

5. **FY 2006 State Plans.** The FY 2006 state plans shall be consistent with the instructions, forms, and formats contained in ET Handbook No. 336, 17th Edition, the Call Memo for the FY 2006 SQSP, and the annual state agency UI resource planning targets and guidelines. To assist in identifying and formulating corrective action plans (CAPs), the National Office (NO) will send the ROs a list of states that are expected to prepare CAPs to address performance deficiencies for Core Measures and Secretary's Standards that are still in regulation. In the SQSP Narrative, states will address any reporting delinquencies, Benefits Accuracy Measurement deficiencies, failure to complete required Tax Performance System and Data Validation reviews, and failure to properly administer UI program reviews. See Attachment B for the narrative outline. While assisting the states in the development of FY 2006 SQSPs, ROs should pay particular attention to the UI Government Performance and Results Act (GPRA) goals described in the Call Memo and to states that fail performance standards repeatedly.

6. **SQSP Discussions/Negotiations.** The success of the SQSP process depends on realistic plans and timetables to improve performance and a decision to commit resources to ensure implementation and continuous monitoring. Accordingly, any instance of failed FY 2005 CAPs or significant repeated slippage in a multi-year CAP is cause for concern and should be a key discussion item during the FY 2006 SQSP performance discussions. ROs should ensure that particular attention is given to the development and review of the new or revised CAPs to ensure that they are well reasoned, achievable, and that the state is committed to executing the CAP. Likewise, ROs should ensure that State Workforce Agencies (SWAs) are focused on providing an SQSP Narrative that not only shares their key program objectives for the coming year but also provides detailed descriptions of the reasons for deficiencies in UI programs and program reviews, reporting deficiencies, and other areas (see Attachment B), and the steps they will take to improve.

7. **CAPs.** States are expected to complete and submit CAPs if performance is unsatisfactory for Core Measures. The attached implementation schedule specifies the core performance areas for which CAPs are expected for FY 2006. CAPs are also expected for performance of Secretary's Standards that falls below the criteria and for Management Information Measures when performance is so conspicuously poor that the state's compliance with Federal law is in question. Determinations that a state's compliance with Federal law is questionable must be made jointly with the NO. The regional reviewer should ensure that the state plan includes all expected CAPs and that any question as to whether a CAP should be submitted is resolved as early as possible.

The degree of performance shortfall, the causes of the shortfall and/or the types of actions necessary to effect and sustain performance improvement may require the formulation of a multi-year CAP that shows actions and targeted performance for reaching the criterion over a few years rather than in a single year. Review of existing multi-year CAPs should include an assessment of whether planned actions have occurred as scheduled, satisfactory progress is being made, interim performance targets have been achieved, and plan revisions are adequate in light of action and progress to date. For states that have significant performance deficiencies in multiple CAP categories, the reviewer must also review and assess the appropriateness of the state's overall corrective action/performance improvement strategy and the accuracy of its assessment of areas where performance can be improved at relatively little cost or effort.

The regional reviewer must ensure that the CAP milestones represent concrete operational steps or observable actions or events that can be used by both the Federal and state partner to track and assess progress during the plan year. Acceptable CAP milestones will alert the reviewer at key points throughout the plan performance period to activities that are not occurring as scheduled, or are not having the intended effect. The state and RO will then agree upon adjustments to the plan so that the performance target can be achieved by the plan's end.

8. **SQSP Narrative.** The new SQSP Narrative will not only provide an opportunity for states to share their key program objectives for the coming year as described in ET Handbook 336, but will also allow for the states to address the following areas:

- ◆ Efforts to improve performance against GPRA goals;
- ◆ Program review deficiencies;
- ◆ Program deficiencies, including Core Measures that do not meet ALPs where a CAP is not expected for FY 2006;
- ◆ Reporting deficiencies;
- ◆ Results of Customer service surveys (optional); and
- ◆ Other areas as appropriate.

The state will include in the narrative steps it will take to improve performance in these areas as described in Attachment B. Although the narrative does not require quarterly milestones, it now has a higher level of importance and should be monitored by the RO. States need not address environmental factors such as economic conditions, political climate, labor/business relationships, and state legislative issues which were included in previous narratives. Separate Focus Narratives should not be submitted.

9. **Grants E-Management System (GEMS).** RO staff must use GEMS to store SQSPs and to track CAPs and SQSP Narratives according to the instructions in FM No. 6-05, "Instructions for Using the Grants E-Management System (GEMS) with the Unemployment Insurance (UI) Program." All plans should be entered as soon as possible after the SQSPs are accepted in the RO, but not later than October 31, 2005. ROs should request that states submit SQSPs electronically in a format that can be copied into GEMS.

10. **Budget Worksheets/Forms.** States now transmit the UI budget worksheets through the UI Reports (UIR) system. Of the Standard Forms (SFs), electronic submittal is available only for SF 269 through the Enterprise Information Management System (EIMS). States should submit hard copies of SF 424s to the RO. SFs required as part of the budget reporting process (Chapter II of ET Handbook 336, 17th Edition) are available in Portable Document Format (PDF) and may be downloaded from the Office of Management and Budget web site at <http://www.whitehouse.gov/omb/grants/index.html>. The RO should ensure that the states complete these reports in accordance with the instructions in the SQSP Planning and Reporting Guidelines (ET Handbook No. 336) and on the reverse of the forms.

a. UI-1, Annual Hours Per Staff Year and Quarterly Distribution. The UI-1 should be transmitted electronically by October 1, 2005.

b. SF 424, Application for Federal Assistance. The RO should ensure that the sum of dollars in Section 15.a. (Estimated Funding, Federal) of the SF 424 agrees with the total dollars allocated to the state.

c. SF 424A, Budget Information – Non-Construction Programs. The RO should also ensure that states complete SF 424A, line 23 (Remarks), if they wish to vary the number of claims activities base staff years paid by quarter.

d. SF 269, Financial Status Report. For FY 2006, the states have until December 31, 2006, to obligate funds (with 90 additional days to liquidate the obligations and complete the expenditure of funds); however, states may obligate FY 2006 UI funds through September 30, 2008, if such obligations are for automation acquisitions. States should submit an SF 269 report each quarter for each fiscal year of funds until all funds have been liquidated and a final SF 269 report is submitted.

11. **Regional SQSP Report.** ROs shall electronically submit the Regional SQSP Report to Delores A. Mackall in the NO (mackall.delores@dol.gov). The Regional SQSP report should include the following items:

a. Oversight Plans - A description of the RO's plans to oversee its states' CAP and Narrative activities during the year;

b. Assistance Activities - A description of the RO's activities to support general state performance improvement efforts including any special focus efforts underway or to be initiated; and

c. Summary of CAPs/Narrative - A listing of CAPs and Narrative performance components included in the SQSP and their respective performance targets (no targets are required for SQSP Narrative performance components). List multi-year CAPs by FY. The listing will also include areas discussed in the SQSP Narrative. The attached Summary of CAPS/Narrative (Attachment D) provides a format for RO use.

12. **Electronic Submission of the SQSP.** According to the FY 2006 Call Memo, states are requested to submit the SQSP electronically and to contact the RO SQSP

Coordinator prior to submittal to identify and coordinate specific details. ROs should ask states to use an electronic format that will facilitate transfer of the SQSP into GEMS.

13. **Plan Monitoring and Oversight.** The ROs will maintain the CAP tracking system in GEMS and, no less frequently than quarterly, assess each state's success in implementing its corrective actions and its progress toward improved performance. During FY 2006, ROs should devote special attention to states that failed to achieve their FY 2005 CAPs to ensure that repeated failure does not occur relative to their FY 2006 CAPs.

14. **Action.** Regional Administrators are requested to:

- a. Establish plan submission deadlines and participate in discussions with states on the preparation of FY 2006 plans;
- b. Coordinate specifics with the state for electronic submittal of plans;
- c. Establish a formal state plan review process to ensure that SQSPs are approved;
- d. Fax signed SQSP signature pages to the NO (attn: Delores Mackall) by September 23, 2005. The fax number is (202) 693-3975;
- e. Maintain in the RO the approved SQSP for each state including any CAPs or modifications occurring during the fiscal year;
- f. Prepare and submit FY 2006 Regional SQSP Report to the NO via email to *mackall.delores@dol.gov* by October 14, 2005;
- g. Enter all SQSPs, including CAPs/Narrative, in GEMS by October 31, 2005;
- h. Maintain CAP/Narrative tracking information in GEMS and, no less than quarterly, review the success of each state in implementing its plan, and assess the state's progress in achieving its performance targets;
- i. Promptly apprise the NO (Attn: OWS/DPM) of negative assessments of CAPs and the actions taken to address them; and
- j. Ensure that the state transmits SQSP worksheet UI-3, Quarterly UI Contingency Report, and data for SF 269, Financial Status Report.

15. **Inquiries.** Direct questions on program matters to Delores Mackall at (202) 693-3183, and on budget matters to Tom Stengle at (202) 693-2991.

16. **Attachments.**

- A. Core Measures Criterion Table
- B. SQSP Narrative Outline
- C. Implementation Schedule
- D. Summary of SQSP CAPs/Narratives