

TRAINING AND EMPLOYMENT NOTICE	NO. 25-18
	DATE April 11, 2019

TO: STATE WORKFORCE AGENCIES

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

SUBJECT: Changes to the Unemployment Insurance (UI) Performance Excellence Awards and Performance Management Processes

1. **Purpose.** To announce the Employment and Training Administration's (ETA's) creation of two new UI State Performance Excellence Awards to recognize states for program integrity performance and communicate a change to the performance evaluation time period for all future awards.
2. **Action Requested.** ETA requests that state administrators distribute this advisory to appropriate staff.
3. **Summary and Background.**
 - a. Summary – UI Performs, the performance management system for the federal-state UI program, includes core measures of performance for key aspects of state UI program administration. The performance management process is designed to ensure that states are effectively administering the UI program and achieving outcomes that reflect the mission of the program. This process includes not only measuring program outcomes and promoting program improvement, but celebrating state successes, such as with non-monetary awards to recognize states that demonstrate top operational performance. In 2006, ETA implemented the UI State Performance Excellence Awards program. The top performing states are recognized with performance excellence awards, which are announced at the National Association of State Workforce Agencies' annual National UI Directors' Conference and posted on ETA's website at <https://oui.doleta.gov/unemploy/performance/awards.asp>.
 - b. Background – ETA currently recognizes top performing states nationwide with the UI State Performance Excellence Awards based on their performance in key areas of UI operations. Awardees are recognized annually by ranking state performance of the UI Performs core measures in each of three performance categories:
 - Timely, proper, and high-quality nonmonetary determinations and benefit payments;
 - Timely and high-quality appeals decisions; and
 - High quality tax operations.

In Training and Employment Notice (TEN) No. 10-05, ETA announced that it would assess state performance using the performance period of July 1 – June 30 of the preceding year.

4. **Changes to Performance Excellence Awards.**

- a. New Program Integrity Awards. To recognize states that are top performers, as well as those that have significantly improved performance in addressing UI improper payments, ETA announces two new UI State Performance Excellence Awards – the “Program Integrity Excellence Award” and the “Significantly Improved Program Integrity Award.”

The methodology for determining the new integrity-related awards will, similar to the existing awards, group states based on size (small, medium, and large). Some of the data for the new integrity awards are derived from a statistical sample survey used in the Benefit Accuracy Measurement (BAM) program, such as data used for the computation of the improper payment rate and overpayment detection measures. To mitigate the effects of relatively small state samples used in the BAM survey, three years of performance data is used to reduce potential volatility and produce more precise estimates.

- i. The Program Integrity Excellence Award will recognize states that have demonstrated top performance in their program integrity operations. State program integrity performance will be evaluated using the Improper Payment Rate, Overpayment Detection Rate, and Overpayment Recovery Rate performance measures. To identify top-performers in this award category, ETA will calculate each state’s composite score, which represents an unweighted average of the three performance measures.

Awardees are determined by:

- Grouping states by size – small, medium and large;
- Eliminating states not meeting the annual acceptable criteria for individual performance measures;
- Calculating the unweighted average state score for the three noted integrity measures; and
- Ranking states by the highest composite scores to identify the top state(s) meeting these criteria in each size category.

- ii. The Significantly Improved Program Integrity Award will recognize states that have made significant improvement in reducing their Improper Payment (IP) Rate even if the state may not yet be meeting the IP target rate. The goal is to encourage states to focus specifically on addressing the IP rate and continue to implement strategies that directly impact the reduction of the IP rate.

Awardees are determined by:

- Grouping states by size – small, medium and large;
- Calculating the difference between the most current three years of data on the state’s IP rate and the prior three years performance on a “rolling” basis to obtain an “improvement” score;
- States will be required to have at least a three percentage point decrease in the IP rate in order to qualify for this award. ETA retains the discretion to increase this threshold based on program need; and
- Ranking states by the highest improvement scores to identify the top state(s) meeting these criteria in each size category.

- b. Computation of State UI Performance Excellence Awards. ETA recognizes that state size is a critical factor in evaluating and comparing states’ performance and the selection method allows states to compete within groups based on size. ETA’s website provides the methodology used to categorize state by size and a listing of each state and its current size category. This information is located at <https://oui.doleta.gov/unemploy/performance/awards.asp>

States that fail to meet an Acceptable Level of Performance (ALP), fail to submit a required ETA report, or submit an untimely ETA report are not eligible for consideration to receive these awards. Furthermore, to remain eligible for an award, states are required to submit and pass Data Validation (DV) populations related to the award category that were due during the performance period to ensure data quality and validate the reporting process. The formula that ETA uses in determining the selection of awardees is set out in Attachment I.

- c. New Performance Evaluation Period. ETA is aligning the performance awards evaluation period with the State Quality Service Plan (SQSP) performance year. Effective with the 2019 Awards, ETA will use the 12-month period from April 1 to March 31 as the performance evaluation period to determine state recipients for all awards. For the 2019 awards, the evaluation period will be April 1, 2018, through March 31, 2019.

5. **Inquiries.** Inquiries should be directed to the appropriate ETA Regional Office.

6. **References.**

- TEN No. 10-05, *Unemployment Insurance (UI) Performance Recognition System; and*
- TEN No. 2-08, *Changes to Unemployment Insurance (UI) Performance Recognition System.*

7. **Attachment.**

Attachment I - Computation of State Unemployment Insurance (UI) Performance Excellence Awards.