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**DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 9-88**

**TO : ALL STATE EMPLOYMENT SECURITY AGENCIES**

**FROM : DONALD J. KULICK**  
**Administrator**  
**for Regional Management**

**SUBJECT : Guidelines for Quality Control Program Improvement Studies**

1. **Purpose.** To provide guidance to State Employment Security Agencies (SESAs) on the development of special studies to facilitate taking UI program improvement actions ("QC program studies").
2. **References.** [UIPL 27-86](#) (April 18, 1986); UIPL 6-87 (January 27, 1987)
3. **Background.** The complete UI Quality Control process involves repeating cycles of several steps: data gathering; data analysis and assessment; formulation and implementation of program improvement actions; and continuing reassessment through future samples and analysis of the data. To date, most efforts have involved the data gathering phase of this process. The Department has worked with State agencies to ensure that QC programs carry out the data gathering portion of the process according to a sound, standardized methodology. The next steps, for which States are primarily responsible, are equally crucial to the success of a quality control process.

The resources allocated to the States for QC are intended to be used primarily for data gathering, since adequate amounts of reliable information are the essential ingredients for analysis and action. As the program matures, States will accumulate usable data under the mandatory program (many States already have much data from voluntary QC as well). Then, they should devote attention to the latter phases of the QC cycle--data analysis, and formulation and implementation of corrective action. The Department has tried to anticipate and

support SESAs' need to emphasize these data uses. First, States are actively encouraged to have UI support staff use QC data to understand and improve program operations. In addition, every SESA has been given a QC analyst position specifically to ensure QC data are fully used; and 21 States have received system support positions to provide programming support for analysis besides. Cycles of training for QC analysts are underway. Additional training will be provided for analysts, support staff and QC supervisors.

The Department has always wanted States to develop innovative and cost effective methods for obtaining and using QC data. The QC regulation at 20 CFR 602.21(b)--following the consensus agreement--provides a certain flexibility in resource use with such "special study" activities in mind by mandating a minimum sample size smaller than each State's allocation. The Department does consider reductions in sampling effort to be exceptional and temporary and thus requires that each diversion of staff for a "special study" be approved in advance. Initially, it was anticipated that these special studies would primarily be for the purpose of refining or developing alternatives to standard QC methodology. In April 1986 the Department issued UIPL 27-86 to announce the standards of an acceptable methodological special study involving diversion of QC staff. Because of the Department's responsibilities for maintaining the integrity of QC methods, these criteria are quite stringent.

It is becoming apparent that if QC's goals are to be fully met, States need additional support to undertake QC program studies--analyses and/or data gathering studies leading to program improvement actions. As with methodological Special Studies,, these will involve temporary diversion of QC staff from verification activities (in certain extraordinary instances, the Department may even provide additional temporary resources for such efforts). It needs to be stressed that since program improvement actions are a State responsibility, the standards of an acceptable QC program study may be different from those of an acceptable methodological study. The applicable standards are whatever will enable a SESA administrator or policy committee to make a decision and take a program improvement action. These will vary from state to State and may even vary from action to action (e.g., depending on the cost of the action being considered). Of course, the Department is still responsible for ensuring that the proposed project is appropriately focused and well enough designed that it is likely to produce information on which program improvement decisions can be made.

Several States are already developing approaches which can provide models for QC program studies. One such is the Oregon Quality Improvement Project ("QIP") described at the national UI Directors' meeting in Seattle. Other States, e.g., Utah, have established committees or similar groups to review QC findings and identify corrective actions from them or indicate where additional data must be developed before program improvement actions can be taken. The number and type of possible approaches are limited only by the inventiveness and technical sophistication of the State's staff. The Department will make information available on the developmental projects underway through its Clearinghouse and other means to guide SESA efforts.

4. **Policy.** In addition to what can be done by QC analysts and UI support staff, SESAs are encouraged to undertake temporary special projects involving limited reduction of their QC sample sizes which further the accomplishment of all phases of the complete QC cycle. These may involve either analysis beyond the capability of the QC analyst and other available analytical staff, or additional data gathering efforts (either to refine QC methodology or support program improvement actions). No advance approval is required when the State is maintaining its required sample size and is funding the project from available resources. Advance approval from ETA is required if a State plans to fund an analysis or study by reducing its required sample size; no State, however, may reduce its sample size below 400 cases per year. If approval is required, the standards of an acceptable special effort will depend on whether it is designed to support methodological change or program improvement action:
- a. If it is a methodology study ("Special Study"), it must be prepared and cleared according to the criteria set forth in UIPL 27-86.
  - b. If it is a QC Program Study, designed directly to support UI program improvements, the standards are more flexible, and reflect primarily the needs of SESA decisionmakers. To request permission to use QC resources for such a study, the SESA must prepare a study request covering the following elements:
    - (1) What are the problem areas identified through QC verifications, and what kinds of analysis have existing QC/other UI staff already done of these QC data to indicate the need for further study before corrective actions can be considered?
    - (2) Description of the program study objectives and methodology.
    - (3) Why this methodology was chosen: what kind of information SESA managers need to make a decision about the action(s) in question, and why this methodology will produce that kind of information.
    - (4) If applicable, a description of information available from regular UI sources other than QC the study will use (e.g., BPC), or new information the study will generate.
    - (5) A description of the process through which the information produced and analysis done under the program study is expected to lead to decisions about program-improvement actions.
  - c. The amount and character of the resources needed to operate the program study (including ADP support which the SESA will provide), the timeframes involved, and the implications for the rate of QC sampling during the study period.

At the conclusion of the QC program study, four copies of a report describing the Study's procedures, findings, and the outcome of the findings (action taken, no action needed, action pending, findings inconclusive, etc.) must be provided to the appropriate regional office.

5. **Procedures.** SESAs wishing to undertake QC program studies using QC resources are encouraged to contact their Regional office to obtain assistance in constructing the project and drafting the study plan/request to use QC resources. Completed proposals should be submitted to the Regional Office. The Region will transmit them, along with its evaluation and recommendations, to the National office for review. The National office will approve the proposal(s) or recommend changes.
6. **Action Required.** SESA administrators are requested to provide this information to appropriate staff.
7. **Inquiries.** Questions should be directed to the appropriate Regional Office.