

DEPARTMENT OF LABOR

Employment and Training
Administration**Unemployment Insurance Program:
Unemployment Insurance Program
Letter No. 13-95 Providing an
Evaluation of a Field Test of
Alternative Unemployment Insurance
(UI) Performance Measures as Part of
the Performance Measurement Review
(PMR) Project**

This Unemployment Insurance Program Letter (UIPL) transmits to the States, for comment, an "Interim Evaluation Report" that provides the results of a field test of alternative UI performance measures in six State Employment Security Agencies (SESAs).

The Unemployment Insurance Service (UIS), with the involvement of SESA and Federal UI representatives, defined alternative timeliness and quality measures. The intent of the measures is to promote improved service delivery thereby strengthening the Federal-State UI program. The alternative measures were successfully field tested from July 1993 through September 1994.

This UIPL also provides the status of other UI Federal oversight components and their relationship to developing a coordinated and integrated oversight system, and efforts to concurrently develop an integrated data validation system to ensure the reliability of the data.

The PMR project "Interim Evaluation Report" was produced by the field test evaluation contractor, Mathematica Policy Research, Inc., of Princeton, New Jersey. The report is an attachment to the UIPL.

Because of the length of the report and substantial cost to reproduce it in this **Federal Register** notice, the report is available only upon request. Reviewers are invited to comment on the report; comments will be considered in developing final implementation plans.

Copies of the "Interim Evaluation Report" may be obtained by sending written requests to the address below or by telephoning William Coyne or James Laham at (202) 219-5623 (this is not a toll free number).

Reviewers are invited to provide their comments within 60 days of the date of this notice to: Mary Ann Wyrsh, Director, Unemployment Insurance Service, United States Department of Labor, Employment and Training Administration, Room S-4231 FPB, Attn: TEUMC, 200 Constitution Avenue, NW., Washington, DC 20210.

For Further Information Contact:
William Coyne, PMR Project Officer, or
James Laham, Unemployment Insurance
Program Specialist, at (202) 219-5623.

Signed at Washington, DC, this 4th day of
January 1995.

Doug Ross,
Assistant Secretary of Labor.

Date: January 5, 1995.

Directive: Unemployment Insurance Program
Letter No. 13-95

To: All State Employment Security Agencies
From: Mary Ann Wyrsh, Director,
Unemployment Insurance Service
Subject: Field Test Results, Plans for
Implementation of Unemployment
Insurance (UI) Performance Measurement
Review (PMR) Project, and Status of
Oversight Efforts.

1. *Purpose.* To convey the results of a six-State field test of performance measures under the PMR Project and to provide States with the opportunity to comment on the interim final report.

2. *References.* **Federal Register** Notice (FRN) No. 54 FR 2238; FRN No. 57 FR 126; Unemployment Insurance Program Letter (UIPL) No. 10-89; UIPL No. 13-91; and UIPL No. 30-92.

3. *Background.* The Department of Labor (DOL) initiated the PMR Project in 1988 to examine, evaluate and improve performance measurement in the Unemployment Insurance Service oversight of State Employment Security Agencies (SESAs). The UI Quality Appraisal (QA) program had not been subject to in-depth review since its inception in the mid 1970s, so it did not take into account the impact of changing technologies in the delivery of UI services to the public. At the same time the Department recognized a need to integrate the components of its Federal oversight system.

This UIPL provides current information regarding PMR design, field test results, and implementation plans.

4. *PMR Design and Field Test.* PMR was designed in three phases. Phase I consisted of the analysis of existing oversight measures to determine their legislative basis and to identify gaps or overlaps in measurement areas, the development of new or revised measures and the design for a field test of selected measures.

With the involvement of State and Federal UI representatives, the project defined eleven timeliness measures and five quality measures covering benefit payments, adjudications, lower authority appeals, and the Combined Wage Claim (CWC) program. Some of the measures added program categories and reporting intervals to existing measures derived from the Unemployment Insurance Required Reports system; some of the measures looked at UI service areas which had not formerly been measured.

In Phase II, six States successfully conducted a 15-month field test of PMR measures. The test ran from July 1993 through September 1994. UIS provided the Field Test States—California, Illinois, Kansas, Missouri, New Hampshire, and Wisconsin—with the PMR data entry applications on their existing UI system

platform. UIS National Office designed a data base system to automate, as much as possible, the entry, storage, and analysis of the PMR data. The States developed programs to extract PMR report data from their mainframe-based unemployment compensation records. States also developed extract programs to select random samples from a universe of eligible cases.

The first 3 months of the test were a pretest of system capabilities and State programming. Corrections were made during that time with the help of Mathematica Policy Research, Inc., (MPR) of Princeton, New Jersey. MPR contracted with the State of New Hampshire to assess State ability to implement the PMR design, to validate the data collected and to provide analysis and recommendations for establishing levels of performance.

The "Interim Evaluation Report" dated December 5, 1994, contains an analysis of the field test data by MPR and is included as an attachment to this UIPL. The report shows that the new performance measures and the software developed could yield meaningful and statistically valid information in a cost-effective manner, except for the CWC quality measures. States are invited to review and comment on the attached "Interim Final Report," as comments will benefit the development of final implementation plans.

In Phase III, PMR will be implemented nationwide.

5. *PMR Implementation.* After resolving comments from stakeholders responding to this UIPL, UIS will provide States by May 1995, detailed implementation directions including data systems specifications and an implementation schedule.

6. *Status Report on UI Oversight.* DOL's oversight programs have evolved over time. Each component represents a building block in the Federal UI oversight structure, beginning with Quality Appraisal (QA) and Workload Validation (WLV), and growing to include Cash Management, Benefits Quality Control (BQC) and Revenue Quality Control (RQC) programs. The Department recognized a need to integrate parts of the oversight system so that they would form a more coherent whole, and has convened a workgroup to examine the issue.

a. *Performance Enhancement Work Group (PEWG).* The PEWG is a joint Federal/State work group composed of representatives from Federal National and Regional Offices, and State Agencies formed in conjunction with the Interstate Conference of Employment Security Agencies. The PEWG has been working for 13 months to revise systems for measuring and fostering good performance in the UI system. The group has developed a set of partnership principles which recognize mutual responsibility for the UI system. Shared ownership is made real by collaboratively involving State Agencies and other stakeholders in developing policy and procedures.

A basic tenet of the PEWG is that all measures and standards developed for the UI system should be implemented in such a way as to foster continuous improvement, and that the comprehensive oversight system should recognize the respective interests of each partner. The PEWG has reviewed the