

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U. S. Department of Labor Washington, D.C. 20210	CLASSIFICATION Data Validation
	CORRESPONDENCE SYMBOL OWS/DPM
	DATE July 21, 2006

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 22-05,
Change 1

TO: STATE WORKFORCE AGENCIES

FROM: EMILY STOVER DeROCCO
Assistant Secretary 

SUBJECT: Unemployment Insurance Data Validation (UI DV) Program
Activities During Validation Years (VY) 2007 and 2008 and Policy
Clarification

1. **Purpose.** To provide updated guidance on UI DV activities for VY 2007 and VY 2008, and to clarify certain DV policies.
2. **References.** Unemployment Insurance Program Letter (UIPL) No. 22-05, "Unemployment Insurance Data Validation (UI DV) Program Software and Policy Guidance."
3. **Background.** In June 2005, the Department installed data validation software that runs on the state Sun computers and, beginning July 1, 2005, states were required to use the software to validate reports data and submit results to the National Office (NO). UIPL No. 22-05 provided guidance regarding validation schedules and explained the basic rules for determining whether a validation passed or failed and when various validations needed to be done and submitted.

As state validators began using the software in regular validation activities to transmit results to the NO, various deficiencies became apparent. These involve the software itself, the data transmission, and the structure of the database that stores DV summary results from which the NO determines compliance.

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4. **Revised Validation Schedule and Activities.** Until the software and database deficiencies have been corrected, we are suspending *software-related* validation submissions for VY 2007, i.e., validations of UI required reports for the period April 1, 2006, through March 31, 2007, that would be due by May 10, 2007. Other DV activities will continue as discussed below. A new version of the software is under development and is scheduled for release in late calendar year (CY) 2006. Version 1.1 will correct the software bugs identified, improve duplicate detection criteria, facilitate validators' use of the software, and enhance the Department's ability to administer the DV program. Shortly after Version 1.1 is released, the Department will issue revised versions of the generic Benefits and Tax DV handbooks. The revised handbooks will reflect the policy guidance in UIPL No. 22-05, clarify the specifications for building extract files and incorporate references to the new software.

VY 2007 Actions

- States are required to:
 - Refrain from submitting any validations of populations using the DV software.
 - As in VY 2006, submit results from the validation of Tax Performance System (TPS) and Benefits Timeliness and Quality (BTQ) samples in Microsoft Word® documents as e-mail attachments sent to dvrpts@uis.doleta.gov using the template posted on the Data Validation Web page at <http://ows.doleta.gov/dv/>.
 - Because the BTQ sample validation includes determining whether the correct sample size is being drawn for each of the CY's quarterly reviews, the BTQ validation should always occur before the state conducts the quality review for the *first quarter of the calendar year*.
 - In the State Quality Service Plan (SQSP), address failures to *implement* DV, i.e., failures to build extract files for all populations, or to submit BTQ or TPS validations. States do not need to address in the SQSP a population that failed VY 2006 validation, due to the possibility that the software caused the failure. If a state believes a software problem caused a population to fail, it should provide documentation of this to the NO through its regional coordinator.
 - Conduct or have completed Independent Validation and Verification (IV&V) activities if Fiscal Year 2005 Supplemental Budget Request funds were received for them. (Clarified extract file record layout specifications and the Report Validation Specifications necessary to conduct IV&V activities are available on the Data Validation Web page at <http://ows.doleta.gov/dv/>.)

- Complete unfinished population extract files and assure that all extract files conform to the record layouts for all DV populations.
- Update Module 3 and submit this information to the NO via e-mail to dvrpts@uis.doleta.gov.
- Obtain software training, if needed, from the Minnesota Training Center, after release of the new software. The Center's scheduled offerings can be seen at <http://www.tc.state.mn.us/calendar.html>.
- Upon the release of software Version 1.1, validators should begin to familiarize themselves with it in preparation to resuming the validation of reports for the VY beginning April 1, 2007, and inform the Department of any functionality problems.

VY 2008 Actions

States will be required to resume validation activity using software Version 1.1. This includes validations that were due for VY 2006 and were not done because of software problems or other reasons. The suspension of validation submissions for VY 2007 does not affect the timing of validations that are due for VY 2008; e.g., validation populations due to be submitted in 2008 because they passed in 2005 are still due for 2008.

5. **Data Validation Policy Clarifications.** Through UIPL No. 22-05, the Department articulated policy and procedures regarding administration of the DV program. This change includes the following refinements:

- The status and use of Benefits Data Element Validation (DEV) samples other than random samples (generally called "non-random" samples); and
- Procedures for submitting results for validations of BTQ and TPS quality samples and Wage Items.

Status and Use of Non-random Benefits Samples.

The DEV process for Benefits DV uses a series of sample investigations to assess whether the data used for reporting from the state's underlying database are consistent with Federal reporting requirements, and whether the validation extract files are properly built. There are 16 two-stage random samples, which are part of the formal process for determining whether 11 of the 15 populations pass or fail validation. In addition, there are numerous smaller "non-random" DEV samples: (a) *minimum samples* (two cases per subpopulation); (b) *missing subpopulation samples* (one case per each subpopulation not represented in a random sample); and (c) *outlier samples* (the five largest and five smallest observations, usually on the basis of time lapse, in a set of subpopulations.) Although these non-random samples are not used to determine whether a population passes or fails, they are important

diagnostic tools to help ensure that extract files are built properly and that underlying data meet reporting definitions. Because they are not used in the formal pass/fail determination, the results of benefits non-random sample investigations do not have to be submitted to the NO during VY 2008, but as an integral part of the DV design they need to be done and the results saved outside the software on a local area network, CD, or another storage medium. Non-random sample results may be subject to regional office review, Office of Inspector General audit or other reviews.

Submitting Results for BTQ and TPS Quality Samples and Wage Items

BTQ, TPS, and Wage Item validation results are submitted independently from any population and are valid for three years if they pass.

- Wage Item validation must be repeated the following year if at least one mode does not pass with an error rate of 2 percent or less. Wage Item validation results are submitted using the DV software.
- For the review of BTQ and TPS samples,
 - If all validation components pass, then the results are valid for three years.
 - If a sample does not pass the test for randomness, the sample must be redrawn before the BTQ or TPS sample can be used. If the universe from which the sample is drawn is not within 2 percent of the reference population, the validation must be repeated the following year.
 - The results of these sample reviews are to be submitted in Microsoft Word®, using the template posted on the DV Web site, and sent by e-mail to dvrpts@uis.doleta.gov.

6. **Actions**. State Workforce Administrators are requested to distribute this advisory to appropriate staff.

7. **Inquiries**. Direct questions to the appropriate Regional Office.