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| <b>EMPLOYMENT AND TRAINING ADMINISTRATION<br/>ADVISORY SYSTEM</b><br>U. S. Department of Labor<br>Washington, D.C. 20210 | <b>CLASSIFICATION</b><br>UI             |
|  | <b>CORRESPONDENCE SYMBOL</b><br>OWS/DPM |
|  | <b>DATE</b><br>June 23, 2009            |

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 28-09**

**TO: STATE WORKFORCE AGENCIES**

**FROM: DOUGLAS F. SMALL /s/  
Deputy Assistant Secretary**

**SUBJECT: Government Performance and Results Act (GPRA) Unemployment Insurance (UI) Program Goals: Fiscal Year (FY) 2008 Performance and Performance Targets for FY 2009 and FY 2010**

1. **Purpose.** To summarize the UI program's GPRA performance for FY 2008 and announce the FY 2009 and FY 2010 GPRA goals and targets.
2. **References.** Training and Employment Guidance Letter (TEGL) 09-08 Change 1, "Revised National Performance Goal Targets for the Government Performance Results Act (GPRA) to support Negotiating State Performance Goals for the Workforce Investment Act Title IB Programs, Wagner-Peyser Act Funded Activities for Program Year 2009;" TEGL No. 20-07, "Government Performance and Results Act (GPRA) Unemployment Insurance (UI) Program Goals: Fiscal Year (FY) 2007 Performance and Performance Targets for FY 2008 and FY 2009."
3. **Background.** The Employment and Training Administration (ETA) includes five performance goals for the UI program as part of its GPRA plan for FY 2009 and FY 2010. Four of these performance goals have been in place since FY 2003; the fifth, an efficiency measure, was introduced in FY 2005. Data were available to compute measured performance against all targets for the goals in FY 2008. Three performance targets were met: *Establish Tax Accounts Promptly*; *Detect Overpayments*; and *Efficiency*. Performance declined between 2007 and 2008 for the *Payment Timeliness* and the *Facilitate Reemployment* measures and their targets were not met.

This directive addresses targets for four indicators. The *Efficiency* goal is not included because it is computed from U.S. aggregate data, and no state indicator exists. Using regression models that relate historical performance on the four indicators to economic conditions, all performance targets for FY 2009 and FY 2010 have been revised from those contained in TEGL 20-07. Because the

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| <b>REVISIONS</b><br>None | <b>EXPIRATION DATE</b><br>June 23, 2010 |
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Administration forecasts lower economic performance during 2009 and 2010, in accordance with the models' projections, three of the targets have been lowered considerably relative to the targets in TEGLE 20-07 and relative to FY 2008 performance. The model forecasts rising performance for *Establishing Tax Accounts Promptly* and the targets were raised accordingly; however, recent experience suggests that performance may be adversely affected as states divert tax staff to claims taking to meet unprecedented claims volumes. The attachment provides information on state performance on the four indicators addressed.

4. **FY 2008 Performance and Targets for FY 2009 and FY 2010.** The table below gives the goals and targets for FYs 2008 - 2010 and FY 2008 performance.

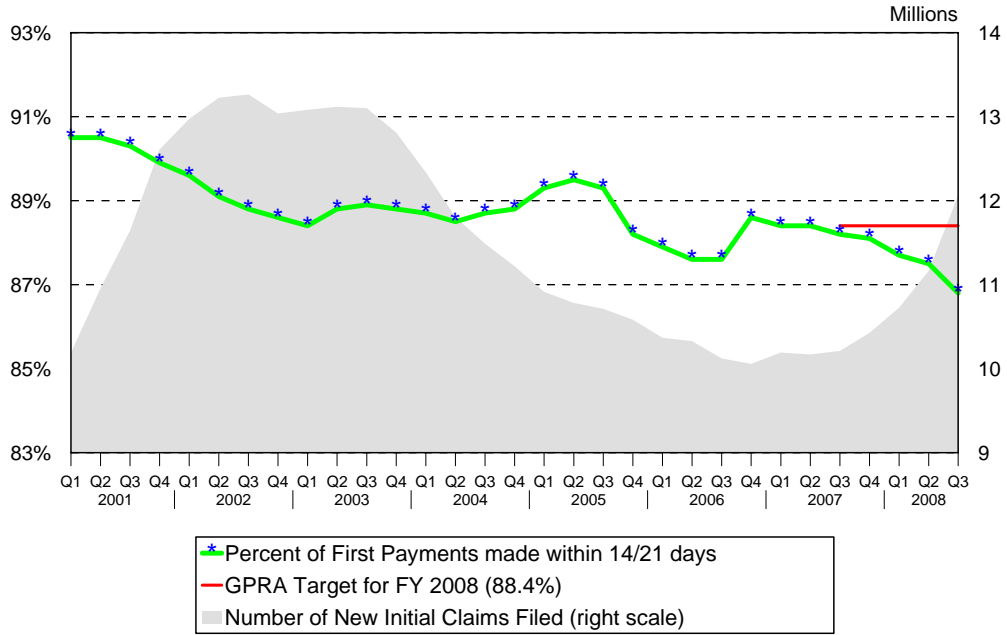
| <b>FY 2008 GPRA Targets and Performance and<br/>FY 2009 and FY 2010 Targets</b>   |                           |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Goal and Indicator</b>   | <b>FY 2008<br/>Target</b> | <b>FY 2008<br/>Actual</b> | <b>FY 2009<br/>Target</b> | <b>FY 2010<br/>Target</b> |
| <i>Payment Timeliness:</i> Percent of intrastate first payments made within 14/21 days.   | 88.4%                     | 86.8%                     | 85.7%                     | 85.9%                     |
| <i>Establish Tax Accounts Promptly:</i> Percent of new employer liability determinations made within 90 days of the end of the first quarter in which they become liable. | 84.9%                     | 84.9%                     | 88.7%                     | 90.0%                     |
| <i>Detect Overpayments:</i> Establish for recovery a percent of the amount of estimated overpayments that states can detect and recover.                                  | 56.0%                     | 56.0%                     | 51.8%                     | 52.8%                     |
| <i>Facilitate Reemployment:</i> Percent of UI claimants who were reemployed by the end of the first quarter after the quarter in which they received their first payment. | 65.2%                     | 62.5%                     | 59.0%                     | 58.6%                     |

The goals and performance during FY 2008 were as follows:

- *Payment Timeliness.* FY 2008 Target: 88.4% of all intrastate first payments for weeks of full unemployment will be made within 14/21 days.
  - Actual performance for FY 2008: 86.8% were made within 14/21 days. States' first payment timeliness fell almost 2 percentage points as claims rose sharply – by 39% from 2007-Q3 to 2008-Q3. The largest decreases occurred in Kansas, Missouri, New Hampshire, Virginia, and Massachusetts. In view of projected weakness in the labor market for at

least the next two years, FY 2009 and 2010 targets reflect performance levels below the FY 2008 level.

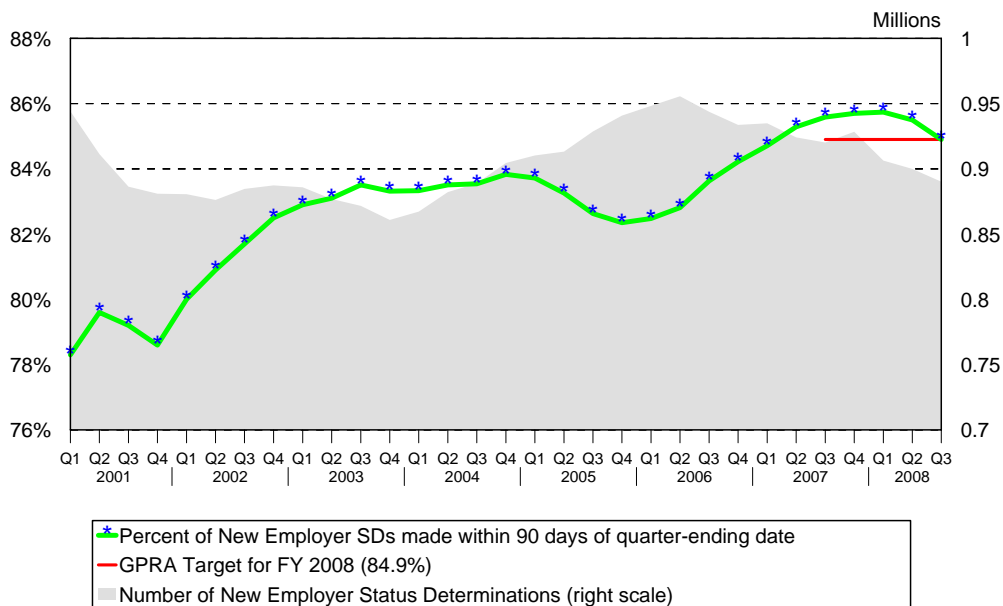
### First Payment Timeliness



Each data point represents the one year period up to and including the given quarter.

- *Establish Tax Accounts Promptly.* FY 2008 Target: 84.9% of new employer status determinations will be made within 90 days of the end of the quarter in which liability first occurred.
  - Actual performance for FY 2008: 84.9% were made within 90 days. Performance, however, declined from the FY 2007 level of 85.6%. Based on a regression analysis of historical data showing that status timeliness increases counter-cyclically, targets for FY 2009 and beyond have been raised in light of Administration economic assumptions. If states continue to divert tax staff to claims taking to meet service demands, however, the historical relationship may no longer hold and future targets may need to be revised.

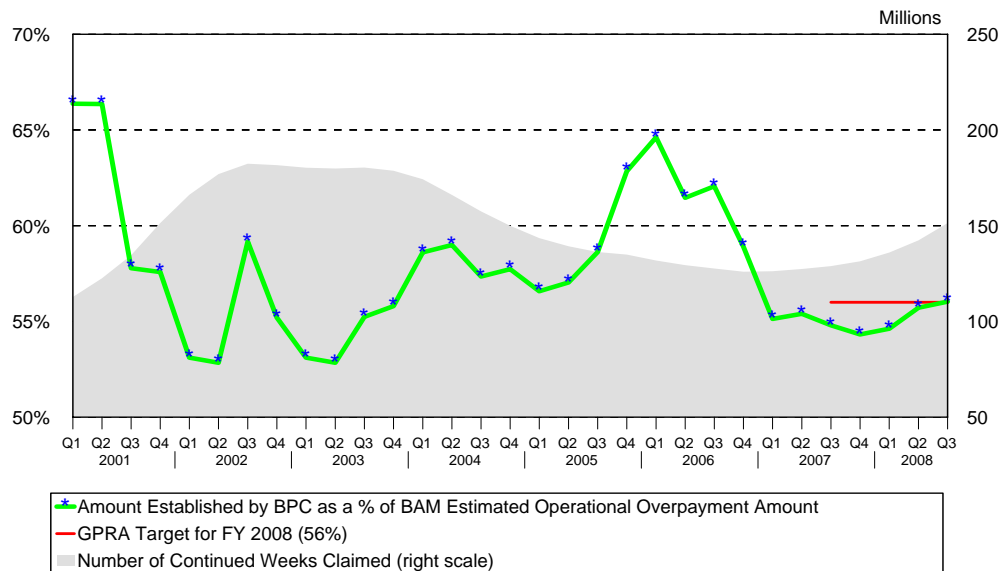
## Timeliness of New Employer Status Determinations



Each data point represents the one year period up to and including the given quarter.

- *Detect Benefit Overpayments.* FY 2008 Target: Establish actual overpayments totaling at least 56.0% of the Benefit Accuracy Measurement estimate of recoverable dollar overpayments most readily detected through state operations.
  - Actual performance for FY 2008: 56.0% were established. The increase of 1.2 percentage points from FY 2007 occurred because the measured overpayment rate declined while states increased establishments of overpayments. The overpayment rate declined because more individuals were laid off due to lack of work – reducing the second leading cause of overpayments, which is separations due to quits and discharges. The increase in overpayments established is attributable to increased use of improved integrity tools, especially the National Directory of New Hires, which shortens overpayment spells and facilitates the detection and establishment of overpayments. Based on regression analysis of this measure, performance over the next few years is expected to decline because labor market conditions are expected to weaken enough to cause states to divert Benefit Payment Control staff to other activities. Consequently, targets for FY 2009 and 2010 have been set below FY 2008 performance.

### Detection of Overpayments

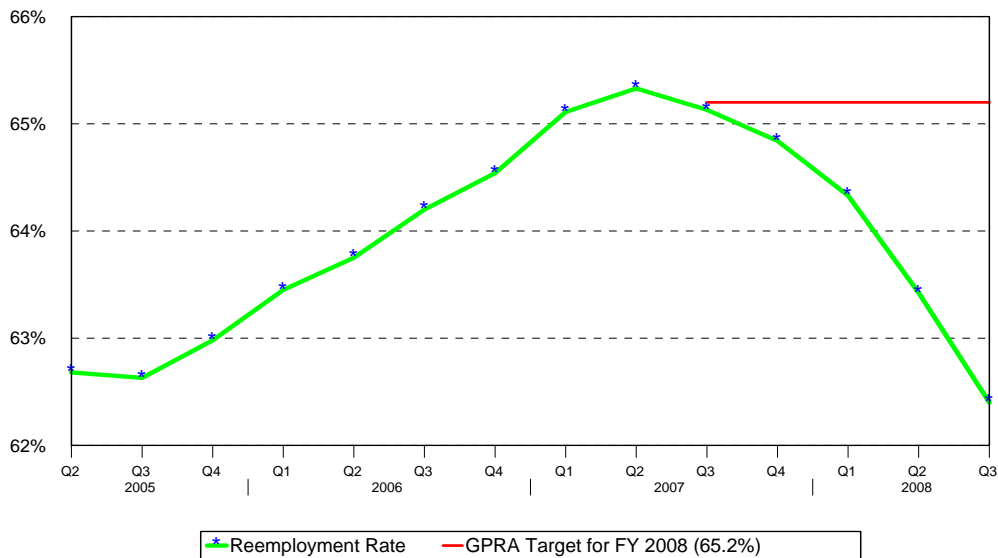


Each data point represents the one year period up to and including the given quarter.

- *Facilitate Claimant Reemployment.* FY 2008 Target: Reemploy 65.2% of new UI beneficiaries by the end of the first quarter following the quarter in which they received a UI first payment.

- Actual performance for FY 2008: 62.5% of new UI beneficiaries were reemployed, a decline of 2.6 percentage points from the FY 2007 level of 65.1%. Analysis of UI reemployment data shows that reemployment is significantly related to economic conditions (measured by the total unemployment rate, or TUR) and the percentage of claimants who have no definite expectation of reemployment or recall to their former jobs. Because Administration economic assumptions show higher unemployment rates for FY 2009 and 2010, and because fewer claimants can expect definite recall as the TUR rises, performance for this indicator is significantly below the FY 2008 level and targets have been reduced accordingly.

### Facilitation of Reemployment



Each data point represents the one year period up to and including the given quarter. Referenced quarter is that of reemployment.

5. **Actions.** State Workforce Agency administrators and liaisons are requested to:
  - a. Distribute this advisory to appropriate staff; and
  - b. Review state performance on each performance goal. Although the GPRA targets do not apply to individual states, every state's performance influences the overall system performance to which the targets do apply. Therefore, states are urged to at least maintain, and preferably improve, performance on these key performance indicators.
6. **Inquiries.** Direct questions to the appropriate Regional Office.
7. **Attachment:** Performance on GPRA Indicators by state, FY 2008.