Questions and Answers on Data Validation

Benefits Questions

Weeks Claimed (Population 1)

Pop 1-1 *Question: In reference to population 1, how do we report a week filed (week claimed) that is initially monetarily ineligible, but two weeks later it is redetermined to be monetarily eligible? For example, how would we report the week filed on the ETA 5159 report for December 2008 if the same week is redetermined in January 2009? Would we amend the December 2008 ETA 5159 report?*

Answer: Two things are important when reporting a week claimed: 1) is the claimant monetarily eligible or is the claimant's monetary eligibility pending, and 2) did the claimant have excessive earnings for the week claimed. Monetarily eligible means that the claimant has received a sufficient monetary determination and has not exhausted benefits. Pending means that there was no final determination on the claimant's monetary eligibility because the appeal period for an ineligible monetary determination had not expired, or a status determination to investigate unreported or covered wages is ongoing, or an appeal of an ineligible monetary determination had not been decided.

The question implies that a monetary redetermination was pending while missing Base Period (BP) wages were being investigated. Under these circumstances the agency should continue to report every week for there are not excessive earnings as a week claimed until a final determination has been made that the claimant is monetarily ineligible. These are legitimately countable weeks claimed; whether the claimant is determined eligible or ineligible in January 2009 will not change the fact that the December 2008 report that counts such claimed weeks is correct and should not be amended. Additionally, in this latter scenario, the state would report a monetary determination on insufficient wages on its 200804 ETA 218 report to reflect the monetary status at end of the quarter.

Pop 1-2 *Question: A situation occurs in certain states where an individual is claiming payments in a continued claim series when the status of the monetary determination is pending (i.e. monetary eligibility has not been finally determined). Should these weeks be counted as weeks claimed? A related issue is determining whether weeks claimed should be counted when a pending monetary*

determination precludes a consideration about whether excessive earnings are being reported which would invalidate the "weeks claimed" count.

Answer: Yes. If weeks are claimed while a monetary determination is pending, and for there are not excessive earnings, they should be reported as weeks claimed on the ETA 5159 Report. See answer to 1-1, above. However, in answer to the second question, if the monetary determination is made, and later in the same reporting period the earnings test deems some of the weeks ineligible due to excessive earnings, then those weeks initially considered "claimed" in the reporting period should be removed before submitting the report. If the weeks are determined not payable due to excessive earnings after the report has been transmitted to the National Office (NO), then a revised report for that period need not be submitted unless it results in a variance of greater then +/- 2%.

Final Payments (Population 2)

Pop 2-1   *Question: States with provisions for partial disqualification have encountered situations where the claimant received a final payment under a claim but the claimant had access only to a portion of the state's maximum benefit entitlement based on the monetary determination. The claimant receives the maximum benefit payment to which he is entitled, but not the maximum which would have been available absent the disqualification. Should this final payment be classified as "final payment for maximum duration" on the ETA 218 Report?*

Answer: For purposes of the 218 Report (State UI claimants only), maximum duration is defined by the monetary determination. All claimants whose monetary determination entitles them to the state's maximum duration would be reported on the 218 Report as qualifying for maximum potential duration [cell 28 (c28) and perhaps c6] before any reductions apply due to disqualifications or penalties.

Claimants who only have access to a portion of their original monetary entitlement due to a penalty, and whose payments exhaust their reduced entitlement, should be reported on the 5159 (line 303 -26, -27, or -28) and on the 218 (lines 102 and 104, 8-14,19) as having received a final payment. The weeks of actual duration on the 218 report will reflect the reduced entitlement. When constructing the extract file for Final Payments, those claims for which entitlement was exhausted because the balance was reduced due to disqualification should have their Maximum Benefit Allowance (MBA) reduced by the amount of the disqualification to get the accurate actual weeks of duration.

Pop 2-2   *Question: Reporting instructions refer to a final payment of zero as indicative of claim exhaustion. This presents difficulties when state policy allows for situations where a balance exists but is not available to the claimant because of a disqualification. How are final payments identified?*

Answer: Claim exhaustion, or the receipt of a final payment, is consistently defined in both the validation handbook and the *ET Handbook 401* definitions for the ETA 5159 and 218 Reports. State reporting procedures may use "final payment of zero" as a proxy for exhaustion; in this case the previous payment, which represented the remainder of benefits to which the claimant was entitled, would be the actual "final payment." This must be harmonized with the common definition of final payment, which is "the last regular benefits a claimant receives in a benefit year because the claimant has no further entitlement to payment" (*ET Handbook 401*, page 1-5-5 (ETA 218).

Pop 2-3   *Question: In some cases the designation of "final payment" is determined based on claim status, and then additional wages are added to the claim resulting in an extension of the entitlement period (monetary redetermination). Is the count for original "final payment" valid?*

Answer: Yes, if the claim met all conditions for final payment at the time the designation was assigned and the additional credits are not added until a subsequent report period.

Pop 2-4   *Question: Can an adjustment payment be counted as a final payment?*

Answer: Yes. A final payment is the payment that exhausts the claimant's benefit entitlement, and this payment can be an adjustment payment or a payment for the last week compensated.

Initial Claims (Population 3)

Pop 3-1   *Question: Some states use the "processing date" for new claims instead of the "claim-filed" date. Is this an issue?*

Answer: Yes. Handbook 401 specifies that claims are to be "counted as of the date…taken or received." (see Handbook 401, page I-2-3). Depending on a state's processes, certain types of claims, e.g., claims filed over the Internet, may not be processed when "taken or received." In these instances, using the Processing date for the true "claim-filed" date will cause many claims to be counted in the wrong period. This is particularly problematic for the weekly ETA 539 report, which is a key economic

indicator. Because the 539 report's definitions mirror those on the 5159 (see Handbook 401, page I-1-7), a state must strive to count initial claims when actually filed for both the 5159 and 539 reports. In cases where process date follows the date received (or "filed"), and actual filed date is not available on its system, the state should do two things. First, develop an algorithm based on process date that yields the true filed date in all or most instances, and use that for both reporting and validation. For example, if new claims taken over the Internet are processed the next business day, the algorithm would calculate the date claim filed on the system as Processed Date minus one day and would appropriately account for weekends and holidays. Second, take steps to capture the actual filed date in its data system.

Pop 3-2   *Question: A claim was filed on 1/23/09 with insufficient wages* (no base period wages), *but UCX wages were added on 2/16/09. When validating Field 6, "Program Type," which is reported on the ETA 5159 report, would we use the information that would have been available as of the date the 5159 report was run for January 2009?*

Answer: No. Population 3 is used to simultaneously validate claims reported on the ETA 5159 report, and monetary determinations reported on the ETA 218 report. When validating the "Program Type" the 218 report rule is followed, that is, you use the "Program Type" that is applicable at the end of the reporting period (quarter). In this case it is the status of the claim on 2/16/09, and the "Program Type" is UCX. If the claim were initially filed as State UI, and no UCX wages were added, it would be reported on the 218 as "Insufficient Wages" and on the 5159 as "State UI." However, because UCX wages were added and no UI wages were found, when the Pop 3 record is built it would be considered a UCX claim, and it would not be reported on the 218 report, which includes only State UI monetaries. (If the claim initially had some UI wages, but they were insufficient to establish a benefit year, the claim would always be State UI even if it depended on the UCX wages to establish a BY. In such a case, the monetary would be reported on the ETA 218, with the final amount and duration based on the redetermination that included the UCX wages.)

Pop 3-3   *Question: A claim was filed 1/23/09 which appeared to be a UCX-only claim. On 2/16/09, UCX wages were received, and a monetary determination was issued. On 2/18/09, the claimant contacted the agency and reported working for a UI base-period employer, and UI base-period employer wages were added to the claim on 2/24/09. Are we to validate Fields 9 "Sufficient/Insufficient/Combined*

Wages", 10 "WBA", 11 "MBA," 12 "Potential Weeks of Duration," and 13 "Potential Weeks of Maximum Duration," based on the end of the quarter data?

Answer: Yes, when the record for that transaction is built for the extract file, Fields 9 – 13 should be based on the end-of-quarter data.

Pop 3-4   *Question: A claimant initially files an intrastate claim against "State A" via the internet. The claim is established as a monetarily ineligible (insufficient wage credits) "State A" claim, and a monetary determination is issued. Claimant contacts State "A" and advises that that all of his/her wages were actually earned in "State B." The claimant subsequently files an Interstate-Agent claim against "State B," and cancels the intrastate "State A" claim. How should this State "A" claim be reported?*

Answer: The Handbook 401 instructions for the 5159 report indicate that claims are to be counted "as of the date the claims are taken or received." Based on the example, you would report only one new claim initial claim transaction in order to maintain a one-to-one relationship between initial claims filed (captured on the ETA 5159 report), and spells of unemployment (captured on the ETA 539 report). The Intrastate claim filed in State "A" would be cancelled because there were no wages earned in that state. Thus the claim filed against State "B" becomes an Interstate Claim filed From the Agent State. In the example, both the cancelled intrastate claim, and the Interstate-Agent claim represent the same spell of unemployment, of which only one should be reported. If both transactions occur in the same reporting period, the state would report only the Agent Claim. If the transactions span 2 separate reporting periods, then State A would have reported the Intrastate Regular UI claim in month 1 and a monetary determination with insufficient wages on the ETA 218 report. It would report the Interstate Filed from Agent state in month 2. Unless the variances are +/- 2%, no revisions to the ETA 5159 report for period 1 would be necessary.

Pop 3-5   *Question: Should an Interstate-Agent claim be reported, under Line 100, column 2, on the ETA 218 report, as a claim with insufficient wage credits? For example, a claimant living in "State A" files a claim against the liable "State B." "State A" does not establish a claim, and does not issue a monetary determination.*

Answer: No. The ETA 218 reporting instructions, on page I-5-4, of HB 401, indicate: "1. Activities to be Reported...monetary determinations which were made during the reported period." In the example, a monetary determination was not made; and "2. b. The liable state should submit data relating to interstate claims." In the example, "State B" is the

liable state, which would report an Interstate Liable initial claim on the 5159 report, and--if the claim is State UI--a monetary determination on the 218. State A reports the Interstate Agent claim but has no monetary determination to report on the ETA 218.

Pop 3-6 *Question: What date do we use in determining whether the claim is intrastate or interstate (Field 7), if the status changes during the same month?*

Answer: For Field 7 "Intrastate/Interstate," a validator should enter the final status of the claim in the state and use the date that claim was filed. For example, if Mr. Smith initially files an Intrastate claim against state A on June 10 but on June 15 decides to file an Interstate claim against state B in which he also worked because this would yield a higher WBA, the Intrastate claim would be cancelled. State A would report Smith's claim as an Interstate Agent claim, filed on June 15.

Pop 3-7 *Question: UI Benefits Data Validation (DV) Handbook information regarding Population 3 indicates that the entry for the "MBA," must be blank or 0. If "0000.00" is entered, will it be treated as a syntax error?*

Answer: No, the software will treat "0000.00" or "0" as = 0

Pop 3-8 *Question: Some states have provisions for claimants to draw benefits through the UI program while pursuing self-employment. How should these claims be counted?*

Answer: Self-employment claims should be reported on line 201 (13) of the 5159 report, and weeks and amounts compensated on lines 301 (20) and 302 (20), respectively. Records should be included in two extracts: 1) Population 3: Subpopulation 3.46, which is the number of self-employment claims (Appendix A, page A.17), and 2) Population 4: Subpopulation 4.43, which is the number of self-employment payments (Appendix A, page A.28).

Additional Claims (Population 3a)

Pop 3a-1 *Question: Can we use the employer identification (ID) number in the extract file for Population 3a instead of the employer name?*

Answer: Yes, either Employer Account Numbers (EAN) or employer name is acceptable in Field 10, Last employer.

Payments (Population 4)

Pop 4-1   *Question: The reporting instructions for the ETA 9050, on page V-1-5, of HB 401, related to "First Compensable Week," indicate: "1) This will normally be the first week in the claims series in non-waiting week states and the second week in the claims series in waiting week states; 2) If two or more weeks of benefits at the beginning of the claims series are paid at the same time (whether by separate checks or by one check), then the earliest week-ending date in the benefit year is the starting date for measuring the timeliness of the first payment." If a decision to deny benefits is appealed and upheld, will the first non-denied week be the first compensable week?*

Answer: No, in this case there will be no first compensable week. See Scenario 2 in the tables on pages V-1-6 and V-1-7 of Handbook 401 instructions for the 9050 report. In those scenarios, the result for "Week 1 denied, appealed and denial upheld on appeal" would be the same as "Week 1 denied, not appealed." A denial of what would be the first compensable week in a benefit year does not cause the first compensable week to shift to the first non-denied week.

Pop 4-2   *Question: Appendix A of the UI Benefits DV Handbook labels the type of compensation for Subpopulations 4.46 and 4.47 as, "Weeks Compensated Not First Payments." However, the Population 4 Record Layout gives the "Type of Compensation" labels as First Payment, Continued Payment, Adjustment, Self-Employment, and Prior Weeks Compensated. In the date record, should the label for a Continued CWC Payment be "Weeks Compensated not First Payments," or "Continued Payments?" The footnote on page A.29 seems to indicate the use of the label, "Weeks Compensated not First Payments."*

Answer: In building the record, states must use the labels provided in the Population 4 Record Layout; the DV software only accepts those values. Appendix A often uses a more inclusive term, but only for descriptive purposes. In this case, use "Continued Payments" for all weeks paid to a CWC clamant during the reporting quarter, whether paid before or after the CWC first payment was made.

Pop 4-3   *Question: If a UI benefit check is produced by a state, but it is cancelled before it is mailed to the claimant, should it be counted as a UI payment?*

Answer: No, since a cancelled check/payment would not have a mail date and it would not appear in a state's accounting system as a payment, or debit against the claimant's MBA.

Pop 4-4   *Question: An adjustment payment covering a number of weeks, some of which were partial payments and some total, was made as a lump sum. How do we account for partial/total unemployment flags for the component adjustment payments?*

Answer: The state should break the adjustment payment down into its component weeks, and code the information for each week for which the payment adjustment was made.

Pop 4-5   *Question: A check was sent for a regular week of UI benefits on February 28, 2008. No withholdings or reductions were made to the benefit check. The claimant exhausted benefits on May 5. This was flagged, and presumably reported as a final payment. On July 5, the check was cancelled as a "Stale-Dated check" (valid check never deposited). As a result, the claimant has a one-week available balance. Until the point when the check was cancelled, the payment on 2/28 was counted as a week compensated. If the payment is cancelled, and the amount returned to the claimant's balance, should it still be reported as a payment? Once the payment was cancelled would the week previously reported as a final payment still be reported as a final payment? Is this a moot point because all of the dates in question (check sent: 1st quarter, final pay: 2nd quarter, first check cancelled: 3rd quarter, benefit year ending (BYE): 4th quarter) are in different quarters (so the only reports affected would be those that include the cancel/stale date and the time the check was sent, such as an annual report)?*

Answer: Yes, the February 28 payment would be reported as a week compensated on the February 2008 ETA 5159 report and the payment on May 5 would be reported as a week compensated and as a final payment on the May 2008 ETA 5159 report and as a final payment on the 2nd quarter's ETA 218 report because all these represented counts/amounts of payments actually made based on information accurate at the time. If a week's entitlement is then restored to the claimant's balance and another payment made in July, then that payment would be reported on the July 2008 ETA 5159 as a week compensated and final payment, as a final payment on the 3rd quarter ETA 218 report. Thus, two final payments can be reported for one claim series, as long as they occur in different months (ETA 5159) or quarters (ETA 218).

Nonmonetary Determinations (Population 5)

Pop 5-1   *Question: Note #1 of the Population 5 Notes (page A.46) states: "For states that require a week to be claimed in order to count a nonmonetary determination, use the transaction date of the nonmonetary determination when the mail date precedes the week claimed date. For example, if a determination is mailed in December and the week is claimed in January, the state enters the transaction (or*

countable) date in January to signify that this nonmonetary determination is countable for Federal reporting purposes." We require a week claimed before a nonmonetary determination (nonmon) can be counted. What is meant by the term "Transaction date" and what date should be used in the Notice Date field of the Pop 5 extract (Field 12)?

Answer: Since the mid-1990s, Federal reporting policy has not required that a week be claimed for a nonmonetary determination to be counted. However, some states have policies that specify that a nonmon may not be issued (i.e., does not become effective) until the claimant claims a week of benefits. The Department insists that reporting follow state policy and that no nonmon in these states be counted until the state declares it issuable. Thus, if it happens that such a state does prepare and issue a nonmon before a week is claimed, reporting and time lapse calculations must be based on the date the week is claimed (the "transaction date" in Note 1.) That is the date the nonmon becomes effective in the state.

The note is intended to ensure that Population 5 extract records include only issuable nonmonetary determinations, and that they are counted in the right time period and their time lapse is based on the correct transaction dates. The note indicates that the correct date in Field 12 (Notice Date) for a nonmon in a state that still requires a week to be claimed is the later of (a) the date a week is claimed or (b) the issue date on the determination (i.e. the date the determination notice is mailed or, if no notice is required, the date payment is authorized, waiting week credit is given, or an offset is applied). In the unlikely situation that the state has dated the nonmon before it has become issuable, the nonmon record must use the date of the appropriate week claimed (the transaction date) in Field 12. If the week claimed date *is no earlier than* the issue date on the determination —which is more likely--then use the issue date on the determination in the Notice Date field because that is the date the nonmon was both issued and became effective and is the official start date of the state's appeal period.

This procedure ensures that the *validation counts* will be correct; if the state is systematically counting and reporting nonmons before their true issue dates, they will fail RV. Any nonmon record examined during the DEV process that contains a Notice Date that precedes the date of week claimed must fail validation as it is issued (or at least dated) contrary to state policy.

Pop 5-2   *Question: We have some issues (approved training, for example) where we do not require a week to be claimed to count them. Page A.46, of the UI Benefits Data Validation Handbook, under "Population 5 Notes" states, "For states that require a week to be claimed in order to count nonmonetary determination, use the transaction date of the nonmonetary determination when the mail date precedes the week claimed date." We infer that because we do not require a week claimed for these decisions that we should fill "first week affected" with the determination mailed date, is that correct?*

Answer: Yes. That would be acceptable. However, since the elimination of the ETA 9053 report, the First Week Affected (field 10) is now optional and it may also be left blank. Because a week claimed is not required for these transactions, the operative transaction date would be the date of the determination itself.

Pop 5-3   *Question: The time requirement for the issuance of non-monetary determinations (nonmons) is a key performance indicator. States have different methods of recording the dates used for this calculation. How can procedures be standardized to assure that states are in compliance?*

Answer: The UI benefits Population 5 record layout requires that dates be provided for issue "Detection date" (Field 11) and "Notice date" (Field 12). These terms are defined in *ET Handbook 401* and the UI Benefits Validation Handbook. The only exception to the general rule comes in states that require a week to be claimed before a nonmon can be counted. In such states, if the Notice Date *precedes* the date the week is claimed, the Week Claimed Date is used in Field 12 instead of the Notice Date. See Appendix A, Population 5, Note 1, p. A.46, where Week Claimed Date is called "transaction date.")

Claims Filed (Populations 6 and 7)

Pop 6-1   *Question: The UI Benefits DV HB on page A.49 states, "If a state experiences delays in mailed appeals, it can use the <u>received date</u> rather than the postmark date to ensure all appeals are counted." What we keep in the mainframe is the date the transaction was entered into the system (Entry Date). This field is used for the UI data validation extract file and for the monthly federal 5130 reporting. Are we in compliance with Step 32?*

Answer: No. Using Entry Date would not satisfy the requirements for Step 32. The Department rates agency appeals performance by basing time lapse or case aging on the date an appeal was actually filed because that is the time lapse experienced by the appellant. However, if the mail system typically produces long delays between the time an appeal is filed

and when it reaches the agency, the use of received date instead of filed date is allowed so that the agency is not penalized for *uncontrollable* delays and to ensure that appeals filed are properly counted. Entry date is not an acceptable proxy for received date because it can give a misleading impression of time lapse/case aging by eliminating time lags that are *under the agency's control.* Therefore, states should use actual Filed Date when their mailed appeals are not typically affected by extended mail delays; if mail delays are a problem, they should use <u>Received Date</u> or the closest approximation to received date available from operational data and work to resolve delayed mail with the United States Postal Service.

<u>Average Age of Pending Lower and Higher Authority Appeals (LAA/HAA) (Populations 10 and 11)</u>

Pop 10-1   *Question (HAA): In the extract file for March, 214 records were identified as errors because the "Docket Number/Unique ID" field was blank. This occurred because we have cases that were appealed in March, and prior months, but the docket numbers were not assigned until after April 1. Essentially, there is a filed date in our system (and the case is coded as a higher authority appeal), but the case does not have a docket number. Can we use the lower authority appeals docket number when a higher authority number has not been assigned?*

Answer: Yes, that is one of two ways to approach this. The Lower Authority docket number (preferably with a suffix such as -1 or –a to differentiate it clearly from the LAA appeal), or some other "dummy" docket number could be used to ensure that the "Docket Number Unique ID" field is populated; however, a crosswalk between the Higher Authority docket number, and the Lower Authority or "dummy" document number, should be assembled, and maintained to avoid any discrepancies during Data Element Validation (DEV). If that method is not chosen, the agency could wait until the docket numbers are assigned to build the extract file. In any case, however, the state must make sure that the date the docket number is assigned is not used as the file date, or time lapse and case aging will be skewed.

<u>Overpayments Populations 12 (Established), 13 (Reconciliation) and 14 (Age of OPs)</u>

Pop 12-1   *Question: On the ETA 227 report, under which cell in Section C, Recovery/Reconciliation, should credit card payments be included? Do credit card payments get included under "Cash" or "Other?"*

Answer: Credit card payments would be classified as "Cash," in the same manner that personal check payments are treated.

Pop 12-2   *Question: Benefit overpayments reported on the ETA 227 report should be included in the "dropped" category on the report when they are no longer in active status. How is it determined when overpayments should be categorized as "dropped"?*

Answer: For reporting purposes, overpayments should be classified as "D" (dropped) when the overpayment has been reported for nine or more quarters and was in active collection throughout the quarter prior to the report quarter but has been removed from active collection status during the report quarter. These criteria are only for *reporting* purposes, and do not affect how long state law or policy requires them to keep overpayments "on the books." Validators must be clear on the state's criteria for considering an overpayment in active collection status or dropped from active status, and ensure that is applied properly when conducting DEV.

Module 4 – Lower Authority Appeals Quality Sample

Mod 4-1   *Question: When validating Population 8, we discovered that our ETA 9054 reported count was significantly lower than the universe count, which caused us to fail. After investigating, we determined that while the universe file count included issues that do not affect a claimant's benefits, the ETA 9054 count did not include these issues. Handbook 401 instructions and definitions for the ETA 9054 are identical to the ETA 5130, and page I-3-4, indicates, "If state procedures permits recourse to the appeals authorities by employers or employer representatives desiring to appeal a state agency decision which did not directly affect the benefit rights of a specific claimant or claimants, such appeals should be excluded from this report." Additionally, the ETA 5130 instructions also apply to the ETA 9057 report. Should issues that do not affect a claimant's benefits be included on the ETA 9054 report, and should they be included in the Module 4 appeals quality sample?*

Answer: No. As noted in Handbook 401, page I-3-4, issues that do not affect a claimant's benefits, should not be reported on the ETA 5130 (or the ETA 9054), and they should also be excluded from the universe for the ETA 9057 sample. Also excluded from those reports are hearings of Interstate appeals held by agent states (See Note, HB 401, p.1-3-4).

Tax Questions

<u>Active Employers (Population 1)</u>

Pop 1-1   (Active Employers*) Question: The "number of liable quarters" is defined as "the number of consecutive quarters between the date the employer was activated or reactivated ….." This implies that the count of quarters should start over again when the account is reactivated. How is employer status established?*

Answer: An employer may be added to the state's accounts, and be countable as an active employer, when the employer meets the state's threshold of liability (based on paying a certain amount of wages). When this occurs the state will make a New Status Determination (validated on Population 3) and add the employer account to its list of liable employers (validated using Population 1). The criteria for the identification of active employers using the Tax Population 1 extract file, and for New Status determinations using the data in Tax Population 3, are displayed on pages A.15 and A. 20 of Appendix A in the UI Tax Data Validation Handbook. Both population extract files contain "reactivation process date" as a data element. That is the date when an employer account that had been previously inactivated or terminated was reestablished by paying enough wages to meet the state's liability threshold. On the DV extract file, the count of the number of quarters for a reactivated employer will begin with the quarter of liability on which that reactivation is based. The number of quarters that a given employer has been in active status can be established using the Activation or Reactivation Date in combination with quarterly wage file extract data and the Liability Met Threshold date, although the Population 1 extract file only contains 8 quarters of wage data before the report quarter.

Pop 1-2   *Question: The count of new employers required for item 14 on the ETA 581 report is susceptible to state-specific definitions and administrative procedures. Some states assign account numbers to potential employers before they actually establish payroll. The DV software rejects employers for whom no records indicating wages paid by that employer were submitted. How can the validation methodology be reconciled with state policy in this regard?*

Answer: National reporting standards were established to allow meaningful comparisons among all states. For this reason, the national reporting standards do not provide states the latitude to report data using state-specific definitions that are contrary to those established federally. States that do not use the DOL definition for determining subject employers will not reconcile with data validation requirements. ETA 581

reporting instructions specify that potential employers who have not actually met a specific threshold or condition of liability contained in a state's unemployment compensation law do not meet the definition of "employers" and should not be included in the count of new employers until wages-paid data indicate that they are "liable employers." This rule was established as part of Handbook 401, Change 12. For employers that met the state's liability threshold since 1/1/2003, the validation software checks to see that the activation processing date (Field 8 of Population 1) is not earlier than the Liability/Met Threshold Date (Field 5). In the case of employers that had been inactivated/terminated and then reactivated, it checks to see that the Reactivation Processing Date (Field 6) is not earlier than the Liability/Met Threshold Date.

Pop 1-3   *Question: Some states do not require reimbursable employers to report wages to the UI agency. Claims filed against these employers require that wage information be obtained by request. Because there is no record of wages paid during preceding quarters, the DV software does not identify these employers as "active." How can this discrepancy be dealt with?*

Answer: One criterion for "active employer" status for data validation is evidence of wages paid. Every state should require all subject employers to report wages quarterly. (As of November 2009, only Massachusetts has not complied with this requirement.) All states can expect that the DV software will reject as errors validation extract records for employers that have not submitted quarterly wages and this may cause them to fail DV. States that do not require reimbursing employers to report wage records should describe the situation in the *comments* section of the summary report. Regional Office (RO) coordinators will review comments when deciding when to impose Corrective Action Plans (CAPs) in response to specific DV issues.

Report Filing Delinquency (Population 2)

Pop 2-1   *Question: Line 201, (8) and (11) on the ETA 581 Report require states to identify the number of employer accounts which have been "resolved" through obtaining a report, determining non-liability for taxes, or issuing an assessment. According to ETA 581 definitions, reports can only be resolved by assessments if assessments are "final." State procedures vary considerably on this matter; some consider a report resolved when they issue an assessment that is legally binding, even though it is not a "final assessment" because the appeal period is not exhausted. Others only classify the account as "resolved" when the final assessment is issued. These different interpretations of when an account is resolved by assessment can affect how long it takes to resolve reports and thus*

distort the information provided in the "resolved reports" category of the ETA 581 Report. How can this apparent distortion be avoided?

Answer: ET Handbook 401 defines a Resolved Report as, "A contribution report which has been received or resolved by a final assessment of tax that is legally due and collectible or by a determination of non-liability." Unfortunately, "legally due and collectible" and "final assessment" do not mean the same thing in all states. Many states consider an assessment "legally due and collectible" when it is issued; it becomes "final" only when the employer's opportunity to appeal the formal legal notice of the amount of the unpaid contributions has expired. In deciding when a report is resolved for ETA 581 purposes, states should be guided by the two elements that normally make up a Final Assessment. These are: first, that the employer's appeal period must have passed; and, second that the tax must be "legally due and collectible" and the state includes the estimated assessment in item 26 on line 401 of the ETA 581 report (and in the quarter assessed, in item 22 as well). States should therefore use the date on which the assessment has satisfied these two elements to indicate when a report is resolved.

Status Determinations (Population 3)

Pop 3-1   *Question: How do we count Successor status determinations in the following situations: Company A acquires Company B, and Company C; Company A is the Successor and Company's B and C are the Predecessors. Should we build a successor record for both B and C?*

Answer: Yes, if Companies B and C are unique employers, and the successorship was determined to meet the state UC laws of succession separately, then there should be two distinct successor records.

Field Audits (Population 5)

Pop 5-1   *Question: Items 53 through 58 on the ETA 581 Report pertain to audit data for under- and over-reported wages and contributions. Should these amounts be "netted" with only the net results reported?*

Answer: No. The under- and over-reported amounts should be reported separately for each quarter. Reporting the amounts separately provides information about how accurately employers are reporting wage information.

Module 5 – Wage Item Validation

Mod 5-1   *Question: If states put all magnetic media together as a single mode of transmission (compact disc, diskette, tape) should they be broken out for Wage Item Validation (WIV)?*

Answer: Yes, because the intention of Module 5 is to assess the accuracy with which a state counts wage items for each mode of entry it uses, so that it can improve the accuracy for any mode that is deficient.

Mod 5-2   *Question: If only one of the five modes used had an error percentage >2%, does the entire validation fail? Do we do WIV for <u>all</u> modes again next year, or just the mode that fails?*

Answer: WIV is treated the same as Report Validation (RV) for one of the populations, that is, if one group fails, then the entire population fails, and must be repeated the following year. The failure of one mode equals total failure for WIV.

Mod 5-3   *Question: What is a batch in terms of WIV? One state has 50 employers per batch, while in other states a batch is a day's work of transactions.*

Answer: States typically batch wage and contribution reports received, by mode, into groups, to process them and to organize their accounting records. Depending on state procedures, a batch could contain 50 reports, 100 reports, or an entire day's processing. A day's worth of Wage and Contribution reports could yield many batches, or only a single batch. Validators must select a batch for each mode that contains at least 150 wage records in accordance with the sampling instructions in the Module 5 guidance.

Mod 5-4   *Question: During WIV, if you have to do one mode more than once, how do you get that total of 150 records? Can the total for the second batch include other modes?*

Answer: In WIV, we have changed the approach to validating Wage Items from recounting a batch to recounting a sample of records. For each mode, you are asked to recount a sample of 150 wage records. Thus, for each mode, select a batch that contains at least 150 wage records; if none is readily available, select two or more batches. These will be recounted in two parts, a subsample of 50 records as a first-stage acceptance sample that will pass if the recount equals the number of wage items in your

system, and the full sample of 150 records that will pass if the difference is six or fewer.

Mod 5-5   *Question: Can WIV be done at any time during the Validation Year (VY)?*

Answer: Yes, as long as it involves the validation of counts reported for the report periods that the VY (April 1 through March 31) comprises. Given the reporting lag for the ETA 581 report, that means the validation will probably apply to the 2nd, 3rd, or 4th calendar quarters so that results can be submitted by the June 10 deadline.

General Questions

Gen 1-1   *Question: The DV software automatically eliminates duplicate records when deriving counts for summary validation. The criteria used by the software to detect duplicate records sometimes result in the identification of records as being duplicate when, in fact, they are not. How can states cope with the situation when records are erroneously identified as duplicate and eliminated from the data set resulting in failure for a given population?*

Answer: The criteria built into the software consistently apply federal requirements. These identify "true" duplicate records in most states but are too simple to address all situations in all states. Instances exist where records appear to be duplicates when, under unique states' procedures and processing conventions, they are legitimately reportable cases. Based on our discussions with state staff, it appears that such cases are relatively infrequent, and the ±2% validity standard will typically accommodate them. Thus, it did not seem advisable to introduce the additional complexity into the extract files and the software needed to determine they are legitimate claims. However, if the number of duplicates is large enough to cause a population to fail, states should manually check the transactions the software has identified as duplicates, determine which are "true" duplicates and eliminate them from the file, and note the number of legitimate, reportable transactions still identified as duplicates by the software in the *comments* field and explain why they are legitimately reportable cases. If it should happen that they exceed the ±2% threshold, the comments will serve both to explain why the state should have passed, the documentation for changing the Fail to Pass, and as a guide for the design of future versions in the software.

Gen 1-2   *Question: Are the optional (grey-highlighted) fields in Appendix A, the Report Validation Specifications, validated? It is my understanding that any entry in an optional (grey-highlighted) field is simply passed.*

Answer: If a field is optional, and the programmer left it blank, the validator should pass it. If a field is optional for every sub-population in the population, and the programmer has filled in a value, it is at the discretion of the validator to determine whether to automatically pass the field or not. It is preferable that the optional fields are reviewed for consistency; however, since they are not used for case assignment, they may be passed.

If a field is optional for some subpopulations, but applicable for others, conduct a thorough DEV, since, in some instances an optional field is used for subpopulation assignment.

Gen 1-3   *Question: Our reporting methodology involves building the DV population files first, and then using the extracted data for the ETA required reports. This is the reporting methodology that was outlined for us; is this still correct?*

Answer: The Department has no policy on this; it only requires states to assess the accuracy of selected key report items by using the Data Validation system. The Department recommends using the DV methodology as a basic guide to reporting because it systematically interprets reporting requirements. However, the DV program has some limitations: it does not validate every reportable item; and it does not necessarily perfectly classify all the elements that it validates.

Gen 1-4   *Question: For data fields that appear in a number of populations such as WBA, MBA, Earnings, Intrastate/Interstate, are we to use the earliest information available, or the current information available at the time of reporting/validation?*

Answer: The best general guide for all fields is to use the value that is applicable to the transaction at the time that the ETA report is produced, i.e. following the reporting instructions on Handbook 401. For example, when validating the ETA 218, the WBA and MBA values should correspond to the last available information at end of the report quarter being validated. For the monthly ETA 5159, on the other hand, a claim is classified as Intrastate or Interstate according to how it was classified at the time the claim was taken and not to how it was classified at the end of the month. Earnings in Population 4 must be captured for each week in order to validate a partial payment correctly.

Gen 1-5   *Question: Do we have to create extract files for programs other than Regular UI, such as Extended Benefits (EB), Extended Unemployment Compensation (EUC), Disaster Unemployment Assistance (DUA), etc?*

Answer: No. We only validate regular UI reports data and so no extract files need be built for reports specifically for temporary or episodic programs such as EB, DUA, EUC, etc.

Gen 1-6   *Question: How must UI DV deficiencies be addressed through the State Quality Service Plan (SQSP)?*

Answer: Every spring, the SQSP Call Memo explains how unmet UI DV requirements must be addressed in the SQSP for the upcoming fiscal year. For example, for FY 2010, any DV items due for VY 2009 but not submitted must be addressed in a Corrective Action Plan (CAP), and a DV CAP must also be done if a state has a combination of non-submitted and submitted-but-failing items. If, however, a state submitted all DV items due for VY 2009 but some of them failed, it may address those that did not pass in the SQSP narrative. Both CAPs and narratives must explain the cause of the failure and the actions the state will take to correct the failure during the upcoming validation year 2010. Because requirements and how they must be addressed in the SQSP may change from year to year, validators must always consult the current SQSP Call Memo.

Gen 1-7   *Question: Will states be allowed to conduct Workload Validation?*

Answer: No. UIPL 22-05, Change #2, indicates, "Beginning with VY 2009, Workload Validation is no longer an alternative to DV."

Gen 1-8   *Question: When reporting errors are found in the course of validation, how far back should reports be revised?*

Answer: It would be useful to revise reports as far back as can be done at reasonable cost so that analyses and projections which rely on this data will be accurate. Because actuarial projections--e.g., of the number of nonmonetary determinations used as workload items--are usually based on data over time (time series), accurate time series data help produce accurate projections. However, costs of making retroactive changes can often be high. Consult with Regional Office (RO) or NO staff regarding the importance of making retroactive changes to specific data series.

Gen 1-9   *Question: How will DV results affect the interpretation of performance results and the size of administrative allocations?*

Answer: Policy regarding DV results will be used in the calculation of funding allocations and the calculation and interpretation of UI

PERFORMS and GPRA performance measurements. The timeline for when the Department will begin using DV results for these purposes, is under development. This issue will be addressed in a subsequent advisory. Even in the absence of a formal connection between data validation and formal performance measurements and allocations, the importance of accurate reporting cannot be overemphasized, and states need to take all appropriate steps to ensure that the data used by policymakers and those responsible for oversight and management of the UI system are correct.

Gen 1-10   *Question: States sometimes discover through the DV process that data gathered for a Federal report is incorrect or incomplete. Even if the state has a commitment to correcting the problem it has no way of preparing correct and/or complete report information until the problem is diagnosed and corrected. Should the state provide report data even if it knows that it is not correct?*

Answer: States should always report the best data available at the time. If the state knows that accuracy of the data is suspect, it must use the *Comments* section to alert the Department of this fact, and subsequently correct the data. Cells for which data are questionable should not be left blank. ET Handbook 401, 4th Edition, Introduction and General Reporting Instructions states, "For six regular-program workload reports (ETA 5159, ETA 5130, ETA 218, ETA 207, ETA 581, and ETA 586) any values not filled in will prevent the report from being transmitted to the National Office. Incomplete reports are not acceptable. For non-workload reports or for workload reports other than regular versions, cells not filled in are assumed to be zero and are automatically zero filled when left blank." States need to undertaken appropriate analyses to determine the causes of any incorrect data as soon as data problems are discovered (e.g., through a failing data validation RV) and take steps to correct the reporting errors. This is particularly important for key data such as used in GPRA or UI Performs performance reports, or for workload.