UNEMPLOYMENT INSURANCE (UI)

The Unemployment Insurance (UI) program requires a State Quality Service Plan (SQSP) on a 2-year planning cycle that is a condition of receipt of administrative funding to administer the program. The SQSP is the State’s UI performance management and planning process that allows for an exchange of information between Federal and State partners to enhance the UI program’s ability to reflect their joint commitment to performance excellence and client-centered services. A formal two-year SQSP is submitted biennially. On the off years, States may be required to modify the SQSP with additional corrective action plans and narrative if they are failing any new performance measures, and they are required to provide updated budget documents, certifications, and assurances. ETA Handbook No. 336, 18th Edition provides detailed guidance for the preparation and submittal of the SQSP and supplemental guidance is provided in an annual UIPL, issued as UIPL 21-14 for the FY 2015 SQSP. The Social Security Act (SSA) sections 302 and 303 authorize the Secretary of Labor to provide funds to administer the UI program and govern the expenditure of those funds. States that choose the option to include UI in a WIOA Combined State Plan will be required to submit their SQSP through the Combined State Plan process. The SQSP must be prepared in accordance to the instructions in ET Handbook 336, 18th Edition and there are no changes to the established SQSP cycle if a State chose to submit their SQSP through the Combined State Plan process.

CONTENTS OF A COMPLETE UI SQSP PACKAGE

A complete UI SQSP package includes the following documents, as described in Chapter 1, ETA Handbook 336, 18th Edition:

TRANSMITTAL LETTER

A cover letter to the appropriate Regional Office (RO) transmitting all the required SQSP documents.

The State of Tennessee, Department of Labor and Workforce Development and the Regional Office maintains a signed copy of the transmittal letter.

BUDGET WORKSHEETS/FORMS

Budget worksheets/forms and plan for program administration based on projected allocations received from the Federal partner. These forms include Worksheet UI-1 and SF 424, SF 424A and SF 424B. The SF 424A is only required if the State vary the quarterly distribution of base claims activity staff years.

The State of Tennessee, Department of Labor and Workforce Development and the Regional Office maintains a signed copy of the SF 424 and other appropriate budget-related forms.

THE STATE PLAN NARRATIVE

The State Plan Narrative is a vital element of the SQSP that provides a vehicle for sharing with the Federal partner State-specific efforts that affect the administration of the UI Program. The State Plan Narrative allows the State to describe in a single narrative: a) State performance in comparison to the Government Performance Review Act goals; b) actions planned to correct
deficiencies regarding UI programs, UI program reviews and reporting requirements; and c) results of customer satisfaction surveys (optional).

**OVERVIEW**

State priorities and the strategic direction the state has adopted to ensure continuous improvement.

During FY 19 the Tennessee Department of Labor and Workforce Development intend to focus its efforts on the following:

Improving performance on the six **Core Measures** and the six **Secretary Standards** listed below that are currently below the minimum acceptable level of performance (ALP):
- Nonmonetary Separations Quality (Core)
- Nonmonetary Non-separations Quality (Core)
- Lower Authority Appeals 30 days and 45 days
- Tax Performance System (TPS) Collections
- Data Validation (Secretary Standards)
- Complying with the requirements of UI Data Validation

Implementing measures that will help us meet or exceed the “GPRA goal” targets established by the USDOL for the below four performance areas:
- Intrastate first payment timeliness
- Facilitate Reemployment of Claimants
- Detection of Overpayments
- New employer liability determinations made within 90 days

Developing state-level priorities for the UI program that are consistent with the national priorities that have been established to prevent, detect, and recover improper payments, to improve program performance nationally, to emphasize better service delivery for the UI program by improving reemployment services to UI recipients, and to improve the process for detecting misclassified workers,

Implementing measures to correct deficiencies identified during the Tax Performance System (TPS) and Benefit Accuracy Measurement (BAM) program reviews, and Benefit Timeliness and Quality (BTQ)

Implementing a study to identify reasons for incorrect issue detection dates and/or determination dates.

1. Assessment of performance.  
   Tennessee will consistently look to improve process and policy to improve performance in all categories.

**ASSESSMENT OF TENNESSEE’S PERFORMANCE WITH RESPECT TO CORE MEASURES**
BENEFITS MEASURES

First Payment Promptness:
(% of all 1st payments made within 14 days after the week ending date of the first compensable week in the benefit year (excludes work share, episodic claims such as DUA, and retroactive payments for compensable waiting period). The acceptable level of performance (ALP) is 87%.

Tennessee’s performance for the FY 2018 SQSP measurement period Tennessee’s performance for the 12 month period ending March 31, 2017 was 88.33%.

A. Nonmonetary Determination Time Lapse:
(% of Separation and Nonseparation determinations made within 21 days of the Issue Detection Date.) The acceptable level of performance (ALP) is that 80% of the “combined” Separation and Nonseparation determinations are made within 21 days of the Issue Detection Date.

Tennessee’s performance for the FY 2018 SQSP measurement period (the 12 month period ending March 31, 2017) was 88.09%.

B. Separations Determination Quality:
(% of Separation Determinations with a BTQ Quality Score equal to or greater than 95 points based on the evaluation results of quarterly samples selected from the universe of separation determinations.) The acceptable level of performance (ALP) is that 75% of the Separation determinations achieved a quality score of 95% or greater.

Tennessee’s performance for the FY 2018 SQSP measurement period (the 4-quarter period ending March 31, 2017) was 52.85. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2019 to improve performance in this Core Measure.

C. Non-separation Determination Quality:
(% of Nonseparation Determinations with a BTQ Quality Score equal to or greater than 95 points, based on the evaluation results of quarterly samples selected from the universe of nonseparation determinations.) The acceptable level of performance (ALP) is that 75% of the Non-Separation determinations achieved a quality score of 95% or greater.

Tennessee’s performance for the FY 2017 SQSP measurement period (the 4-quarter period ending March 31, 2016) was 62.32. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2019 to improve performance in this Core Measure.

OVERPAYMENT MEASURE

A. Detection of Overpayments:
(% of detectable, recoverable overpayments estimated by the Benefit Accuracy Measurement survey that were established for recovery.) The acceptable level of performance (ALP) is an overpayment detection rate above 50%. Because states generally cannot detect and establish more than 80%-90% of estimated overpayments, states reporting ratios over 95% are also expected to explain the reasons for the higher than expected ratios.

Tennessee’s performance for the most recent three year measurement period was 34.65 % based on BPC data for the period 04/01/2014-03/31/2017 and BAM data for the period 10/01/2015-09/30/2017.

We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2019 to improve performance in this Core Measure.

**APPEALS MEASURES**

A. **Average Age of Pending Lower Authority Appeals:**
   (The sum of the ages, in days from filing, of all pending Lower Authority Appeals divided by the number of Lower Authority Appeals). The acceptable level of performance (ALP) for the Average Age of Pending Lower Authority Appeals Core Measure is 30 days.

   The average age of Tennessee’s Pending Lower Authority Appeals was 18.5 days for the FY 2019 SQSP measurement period, (the 12 month period ending March 31, 2018).

   We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2018 to improve performance in this Core Measure.

B. **Average Age of Pending Higher Authority Appeals:**

   (The sum of the ages, in days from filing, of all pending Higher Authority Appeals divided by the number of Higher Authority Appeals.) The acceptable level of performance (ALP) for the Average Age of Pending Higher Authority Appeals Core Measure is 40 days.

   The average age of Tennessee’s pending higher authority appeals was 7 days for the FY 2018 SQSP measurement period (the 12 month period ending March 31, 2017).

C. **Lower Authority Appeals Quality:**

   % of Lower Authority Appeals with Quality Scores equal to or greater than 85% of potential points, based on the evaluation results of quarterly samples selected from the universe of lower authority benefit appeal hearings. The acceptable level of performance (ALP) is 80%.
Tennessee’s performance was 100% for the FY 2019 SQSP measurement period (the 4-quarter period ending March 31, 2018).

**TAX MEASURES**

Four-Year Federal Team Reviews:
The Fourth Year Federal Team Review was conducted in November 2017 on the 2016 calendar year. The team review findings stated, “The reviewers analyzed the CY 2016 state report of findings issued by the TDLWD TPS Reviewer in 2017. This report consisted of the findings and recommendations of the State TPS Reviewer. The TDLWD CY 2016 TPS review report was written very well. It was clear, concise and well annotated with appropriate graphs and charts. The Report stated that ten (10) of the thirteen (13) tax functions reviewed passed the review. This meant that reasonable assurance of accuracy and integrity was established for those tax functions. The report also revealed that Collections, Contributory Debits, and Successor Status determinations failed the sampling review. This was the third failure in a row for Collections; therefore, a Corrective Action Plan (CAP) was required for the 2018 State Quality Service Plan (SQSP). We reviewed the CAP and believe it could be effective.”

The Report also confirmed the State’s monitoring results in all areas reviewed.

The Area of Concern was SUTA Dumping. See details in the Status section below.

The Review yielded no correctable findings and no official response is required.

The report also concluded that “Tennessee’s TPS Reviewer is the most experienced in the Region. Her expertise and vast program knowledge enabled our reviewers to be exposed to an excellent TPS program and an exemplary way in which TPS Reviews should be conducted.”

New Employer Status Determinations Time Lapse:
Is defined as the % of New Status Determinations within 90 days of the last day in the quarter in which the business became liable. The acceptable level of performance (ALP) is 70%.

Tennessee’s performance was 86.1% for the FY 2017 SQSP measurement period (the 4-quarter period ending March 31, 2018).

Measure of Tax Quality:
The Tax Performance System (TPS) assessment of the accuracy and completeness of the tax program is determined by scoring, on a pass/fail basis, samples of the 13 tax functions.
The purpose of the Tax Performance System (TPS) is to measure the quality of State Unemployment Insurance (UI) tax operations, assist State Administrators in improving tax systems, and to help carry out Federal oversight and technical assistance responsibilities. The TPS review evaluates the quality of the UI Tax Operations in each of the major tax functions using the following methodologies.

Computed Measures – UI tax data is reported by the state via the ETA 581 report and automatically computed into measures of timeliness and completeness for Status Determination, Report Delinquency, Collections, and Field Audit.

An internal audit of the State’s UI Tax Operations involves two steps, a Systems Review and Acceptance Sampling. Upon completion of each review, a detailed memo is sent to the Director of Employer Accounts (Tax) Operations and the results are discussed with the appropriate staff.

System Reviews: The Systems Review examines the internal controls and quality assurance systems that help ensure accurate and timely operations in each of the major tax functions. This review is conducted once every four years.

Acceptance Samples: Each year random samples are examined from each tax function to confirm that controls and quality assurance systems are working effectively to produce accurate outputs. If as many as three out of sixty cases in a particular tax function fail the TPS review, it means that quality cannot be confirmed for that function. The acceptable level of performance (ALP) for a measure of tax quality is no more than three failures out of the 13 tax functions reviewed under TPS in a year and no single function failing the TPS review for three consecutive years.

The 2017 TPS Acceptance Sampling Reviews revealed that ten (10) of the thirteen (13) tax functions met the criteria for TPS as established by the USDOL; therefore, reasonable assurance of quality was confirmed for these tax functions. Collections, Taxpayer Reimbursing Debits, and Benefit Charging failed the review.

Systems Review: The most recent Systems Review was conducted in 2014 and, at that time, revealed that the state was doing very well in eleven (11) of the thirteen (13) tax functions that were reviewed. Benefit Charging and Cashiering showed risks. These risks have been corrected. The next Systems Review will be conducted in 2018.

A Systems Review was conducted on Collections for 2016 because this tax function was moved to the U. I. Recovery Unit in 2015 and this tax function has failed the Acceptance Sampling for the last three (3) years. There were Risks identified in Training and Review of Completed Work. A Corrective Action Plan is required.

Due to the implementation of the new GUS System, a Systems Review was conducted on Benefit Charging and Employer Tax Rates for 2017.
ASSESSMENT OF MAJOR TAX FUNCTIONS

Note: The comments used in the below assessment of Major Tax Functions are extracts taken from the Tax Performance System (TPS) 2017 Annual Report.

Status (New/Reinstate, Successors and Inactivation/Termination)

SUTA DUMPING
The Four-Year Federal Team Reviews stated, “The SUTA Dumping process was not fully utilized. Additionally, the manual process in place was not capturing all appropriate candidates. In addition, the State transferred resources that were originally designated for SUTA Dumping to assist the Status unit. State statistics show that the SUTA Dumping process has not been very effective in TN over the last three (3) years. The SUTA Dumping Detection System (SDDS), which had been supplied by the Federal government, had not been working since 2014. It is important for the State to understand the importance and value of detecting SUTA Dumping and preventing employers from engaging in SUTA Dumping practices.”

The recommended actions include providing, to USDOL Regional Office, updates for the status of the SDDS project and submit quarterly reports about the progress of the SUTA dumping operation.

The SUTA Dumping Detection System (SDDS) has been operating effectively since April 2017. All of 2017 wage information is in the process of being updated to the system. The SAS system is in production and functioning, although some tweaks are still being made. The information is current through 2017.

On August 10, 2018, an update was provided stating on 8/3/18 they took SDDS offline to update over the weekend. It was back up on 8/6/18 with 4/16 through 4/17 added to the system. Employer Accounts Operations verified the data is showing up in SDDS and we can now run new queries to find investigations on the new quarters.

COMPUTED MEASURES
The Tax Performance result for timeliness of New Status Determinations in 90 days is above the 70% minimum level of performance established by the U. I. Performs for this core measure.

SYSTEMS REVIEW
The 2014 Systems Review for Status Determinations revealed that all internal controls were present and operating effectively.

ACCEPTANCE SAMPLING
New/Reinstate Determinations: The 2017 acceptance sampling for New/Reinstate Determinations showed that fifty-nine (59) of sixty (60) cases passed the review; therefore, we can conclude that quality in this tax function was confirmed.
Successor Determinations: Since fifty-nine (59) of sixty (60) cases passed the review, we can conclude that quality in this tax function was confirmed.

Inactivation/Termination Determinations: Since fifty-nine (59) cases passed Accuracy of Inactivated/Terminated Determinations and Accuracy at Time of Review, we can conclude that quality in this tax function was confirmed.

**REPORT DELINQUENCY**

**COMPUTED MEASURES**
2017 Computed Measures for Report Delinquency indicate that TN is above the National Average in each category for Contributory and Reimbursing employers.

**SYSTEMS REVIEW**
The 2014 Systems Review revealed no risks and indicates that all internal controls were present and operating effectively.

**ACCEPTANCE SAMPLING**
The 2017 Acceptance Sampling passed all sixty (60) cases; therefore, we can conclude that quality in this tax function was confirmed.

**COLLECTIONS**

**COMPUTED MEASURES**
Computed Measures for 2017 reveal that, since 2016, contributory and reimbursing employers have remained fairly steady in all indicators.

**SYSTEMS REVIEW**
The 2016 Systems Review for Collections revealed several risks and indicated that all internal controls were not present and operating effectively. We can conclude that reasonable assurance of quality does not exist in this tax function.

The Collections Unit is under new management and areas where risks were identified are currently being addressed.

There was a “Risk” identified in Training of existing employees in the collections unit. Per the new Director of U. I. Recovery, “UI Integrity Academy course on tax and benefit operations was offered as training to all personnel in the UI Recovery Unit. The Collection Manual is currently being updated to provide more guidance and procedures for collection activities. TPS training was offered to provide auditors with a better understanding of the review and its importance to the Agency. Weekly classes may be conducted after new processes and procedures are in place.”

The Systems Review revealed a “Risk” in Review of Completed Work. The Director stated that, “Required random samplings have been added to the supervisor’s job plan. Supervisory approval is required before liens, distress warrants, and injunctions
are filed. This change has already proven effective as the supervisor has been able to provide one-on-one training as the need arises.”

There were risks found where the employer is not being contacted timely for the most recent quarter of liability. The Director stated, “Modifications to the TRAC program have been put into place. The new queries should be more accurate in detecting accounts with new quarters of liability. Auditors have been given additional training and guidance on the importance of notifying employers before requesting a warrant or filing a lien. The collection timeline was adjusted to allow employers additional time to respond before a warrant is filed. The number of accounts assigned to each auditor was decreased due to increased staffing. This allows auditors to slow down and devote more time to each account.

The Director also states that, “Updates to the auditor’s TRAC program and other policies are still ongoing. New reports to quickly identify accounts needing enforced collection actions released are being developed. Reorganization of existing support staff to become experts in a specific enforcement action is in the planning stage. Hopefully, this will increase accuracy and the speed in which actions are released.”

ACCEPTANCE SAMPLING
The 2017 Acceptance Sample for Collections passed fifty-six (56) out of sixty (60) cases; therefore, we can conclude that accuracy in this tax function was not confirmed.

I have discussed the above findings with the new Director of U. I. Recovery. The policies and procedures manual is being updated and will include procedures to prevent several of the errors listed above. There will also be training in all areas of U. I. Recovery in the near future.

The Collections Tax Function has failed 3 years in a row. A CAP for the SQSP must be submitted to USDOL.

FIELD AUDIT
Effective Audit Measures Summary:

The Effective Audit Measures for 2017 reveal that Tennessee’s total score was 8.5% which exceeds the USDOL minimum score of 7.0%. The percent of contributory employers audited scored 1.0%. This meets the minimum requirement of 1.0%. Additional emphasis focused on the percent of wages changed as a result of the audit which is 2.5%. This is .5% above the minimum requirement of 2.0%. The percent of the state’s total wages that were audited is 1.7% which is .7% above the minimum requirement of 1.0%, and the average number of misclassified workers discovered per audit scored 3.3 which are 2.3 above the minimum requirement of 1.0.
### Systems Review

The 2014 Systems Review for the audit function revealed no risks and indicated that all internal controls were present and operating effectively. We can conclude that reasonable assurance of quality exists in this tax function.

### ACCEPTANCE SAMPLING

The scope of the review focused on audits completed in all four quarters of 2017. The Acceptance Sampling confirms that the state is doing a good job in the audit function.

There was one audit that was discarded from the sampling. The audit was conducted in March 2016 on the year 2014 and submitted in March 2017. Wages picked up were out of the base period. The audit was not expanded to include any of 2016 which was in the base period. There was an explanation for being over 120 old; however, this audit is over 360 days old.

Since fifty-eight (58) of the remaining fifty-nine (59) cases passed this review, we can conclude that quality in this tax function was confirmed.

### CASHIERING

#### SYSTEMS REVIEW

The 2014 Systems Review for Cashiering revealed a “Risk” in Recorded Information and Instructions. The handbook for the Report Audit Unit was not up-to-date. The handbook for the Cashiering Unit was updated; therefore, this is no longer a risk.

#### ESTIMATION SAMPLING
Out of a sample size of 225 items, the value to pass is 46.2%. For paper payments received, 225 items or 100% totaling $149,974.82 or 100% of the total dollar amount was deposited timely. At the end of the 2nd quarter, 2016, electronic fund transfers were 77.10% which allows us to reduce the sampling size of paper checks reviewed from 500 checks to 200 checks. When the actual review was conducted, the EFT percentage was 79.8%.

After factoring in electronic fund transfers, 100% of the total dollar amount was deposited within three (3) banking days. Per USDOL ET Handbook 407, since this is equal to or greater than the Value to pass of 46.20%, the reviewer must conclude that a standard of 90% of the dollar amount being deposited timely during the quarter was achieved.

EXEMPLARY PRACTICES
Employers have the option of paying U. I. taxes using either an ACH credit or ACH debit. For the 2nd quarter, 2017, 79.8% of the dollar amount received was electronic funds transfers. This is a 2.7% increase from 2nd quarter 2016. When employers file and pay electronically, it reduces errors; as well as, reduces the amount of staff necessary to process the paper checks.

Account Maintenance: (Contribution Report Processing, Debits/Billings, Credits/Refunds, Benefit Charging, and Tax Rates)

CONTRIBUTION REPORT PROCESSING

SYSTEMS REVIEW
The 2014 Systems Review for Report Processing revealed no risks and indicated that all internal controls were present and operating effectively. We can conclude that reasonable assurance of quality exists in this tax function.

ACCEPTANCE SAMPLING
Since all sixty (60) cases passed this review, we can conclude that accuracy in this tax function was confirmed. Out of the samples tested, those first quarter 2017 reports which were not filed were properly identified on the Master Delinquent Listing.

CONTRIBUTORY EMPLOYER DEBITS/BILLINGS

SYSTEMS REVIEW
The 2014 Systems Review for Debits/Billings – Contributory Employers revealed no risks and indicated that all internal controls were present and operating effectively. We can conclude that reasonable assurance of quality exists in this tax function.

ACCEPTANCE SAMPLING
Since all of the sixty (60) cases passed this review, we can conclude that accuracy in this tax function was confirmed.
There were three (3) cases that passed the review but were found to be problematic.

REIMBURSING EMPLOYER DEBITS/BILLINGS

SYSTEMS REVIEW
The 2014 Systems Review for Debits/Billings – Reimbursing Employers revealed no risks and indicated that all internal controls were present and operating effectively. We can conclude that reasonable assurance of quality exists in this tax function.

ACCEPTANCE SAMPLING
The scope of the review focused on debits issued on 3-14-17 to reimbursing employers for benefits paid during February 2017. These debits remained unpaid after 4-13-17 which was the due date. Billing notices were generated on 4-17-17 for the past due amounts.

Since fifty-two (52) of fifty-six (56) cases passed this review, we can conclude that accuracy in this tax function was not confirmed.

All four cases failed the questions, “Was the debit for the correct dollar amount?” and Question 4 – “Did the billing notice accurately reflect the dollar amount receivable?”

The Director of U. I. Integrity was provided copies of the information on each failed case. He notified Geographic Solutions with the information and they responded that this is a conversion issue. They are working to find a solution and make necessary corrections as soon as possible.

CONTRIBUTORY EMPLOYER CREDITS/REFUNDS

SYSTEMS REVIEW
The 2016 Systems Review for Credits/Refunds revealed a “Risk” in Recorded Information and Instructions and in Systems to Assure Execution of Events. As of 2017 both of the issues have been resolved.

ACCEPTANCE SAMPLING
Since all sixty (60) cases passed this review, we can conclude that accuracy in this tax function was confirmed.

EMPLOYER BENEFIT CHARGING

SYSTEMS REVIEW
Due to the implementation of the new GUS System, a Systems Review was conducted on Benefit Charging for 2017.

A “Risk” was found in Training. Per TPS Operations Handbook 407, training should be provided when needs are identified from reviews of finished work. At present,
there are no reviews conducted. The new supervisor will begin reviewing completed work and providing training on any issues identified.

There was no verification process in place to compare information sources to employer account transaction records after a GUS system update; therefore, errors were not detected and corrected. An OPC has been sent to correct these errors and also to correct the cause of the errors in the system.

All benefit checks issued to a claimant should be reconciled with the benefit charges that are charged to the claimant’s employer(s) account(s) or the pool account. Normally, reconciliation is prepared annually before the annual rate run; however, no reports were available to reconcile the accounts. Numerous requests have been made by our agency for these reports. An OPC will be submitted to request queries in order to reconcile the differences found on the Benefits Paid Reconciliation Report. There was a “Risk” assigned to Review of Completed Work.

The new GUS System was supposed to handle every aspect of the Benefit Charging Function except granting non-charging; therefore, no reviews have been conducted. The new Supervisor will begin reviewing all Benefit Charging functions.

**EXEMPLARY PRACTICE**

An exemplary practice for the Benefit Charging function is the online quarterly charge statement report. This is available to all employers. It gives the employers additional opportunities to question charges. Any errors not discovered in the original benefit charge process can be reviewed by the employer and corrected by the Benefit Charge Unit. The Benefit Charge Unit provides excellent and responsive customer service to employers by researching and providing information about questions on a quarterly basis.

**ACCEPTANCE SAMPLING**

Since fifty-five (55) of sixty (60) cases passed this review, we can conclude that accuracy in this tax function was not confirmed.

All of the errors were a result of GUS system errors. An OPC has been submitted to have the errors corrected.

**TAX RATES**

**SYSTEMS REVIEW**

Due to the implementation of the new GUS System, a Systems Review was conducted on Tax Rates for 2017. Areas where controls are lacking are identified as "Risk".

The 2017 Systems Review for Employer Tax Rates revealed no risks and indicated that all internal controls were present and operating effectively. We can conclude that reasonable assurance of quality exists in this tax function.
**ACCEPTANCE SAMPLING**

The next review of Tax Rates was scheduled for 2019; however, since the new benefits system (GUS) was implemented in 2016, which does have an impact on the accuracy of rate computation, an Acceptance Sampling Review was conducted in 2017.

Since fifty-nine (59) of sixty (60) cases passed the review, we can conclude that quality in this tax function was confirmed.

**REEMPLOYMENT MEASURE**

Facilitate Reemployment:
(% of UI claimants who are reemployed within the quarter following the quarter in which they received their first UI payment)

Based on Tennessee’s 8.2% TUR for calendar year 2013 and the 57.7% of claimants receiving first payments during the 12-month period ending September 30, 2014 who were not exempt from work search, Tennessee’s ALP for FY14 is 57%. For the 12-months ending December 31, 2013, 63.3% of Tennessee’s UI claimants were reemployed by the end of the first quarter after the quarter in which they received their first payment.

**ASSESSMENT OF TENNESSEE’S PERFORMANCE WITH RESPECT TO USDOL SECRETARY STANDARDS WHICH ARE CURRENTLY STILL IN FEDERAL REGULATION**

First Payment Time Lapse 14/21 days Intrastate UI full weeks:
(% of Intrastate UI 1st Payments (full weeks only) made within 21 days after the week ending date of the first compensable week in the benefit year).

The Secretary Standard is 87%. Tennessee’s performance was 73.12% for the FY 2017 SQSP measurement period (the 12 month period ending March 31, 2017). We have attached a Corrective Action Plan (CAP) relating to the Core Measure of First Payment Promptness that addresses this Secretary Standard as well.

**REEMPLOYMENT MEASURE**

Facilitate Reemployment:
(% of UI claimants who are reemployed within the quarter following the quarter in which they received their first UI payment)

Based on Tennessee’s 6.6% TUR for calendar year 2014 and the 67.3% of claimants receiving first payments during the 12-month period ending September 30, 2014 who were not exempt from work search, Tennessee’s ALP for FY14 is 64%. For the 12-months ending December 31, 2014, 64.8% of Tennessee’s UI claimants were reemployed by the end of the first quarter after the quarter in which they received their first payment.
ASSESSMENT OF TENNESSEE’S PERFORMANCE WITH RESPECT TO
USDOL SECRETARY STANDARDS WHICH ARE CURRENTLY STILL IN
FEDERAL REGULATION

First Payment Time Lapse 14/21 days Intrastate UI full weeks:
(% of Intrastate UI 1st Payments (full weeks only) made within 21 days after the week
ending date of the first compensable week in the benefit year).
The Secretary Standard is 87%. Tennessee’s performance was 88.33% for the FY
2018 SQSP measurement period (the 12 month period ending March 31, 2018). We
have attached a Corrective Action Plan (CAP) relating to the Core Measure of First
Payment Promptness that addresses this Secretary Standard as well.

First Payment Time Lapse 35 days Intrastate UI full weeks:
(% of Intrastate UI 1st Payments (full weeks only) made within 35 days after the week
ending date of the first compensable week in the benefit year).
The Secretary Standard is 93%. Tennessee’s performance was 95.74% for the FY
2018 SQSP measurement period (the 12 month period ending March 31, 2018) per-
formance in this Measure.

First Payment Time Lapse 14/21 days Interstate UI full weeks:
(% of Interstate UI 1st Payments (full weeks only) made within 21 days after the week
ending date of the first compensable week in the benefit year).
The Secretary Standard is 70%. Tennessee’s performance was 89.07% for the FY
2019 SQSP measurement period (the 12 month period ending March 31, 2018).

First Payment Time Lapse 35 days Interstate UI full weeks:
(% of Interstate UI 1st Payments (full weeks only) made within 35 days after the week
ending date of the first compensable week in the benefit year).
The Secretary Standard is 78%. Tennessee’s performance was 94.44% for the FY
2018 SQSP measurement period (the 12 month period ending March 31, 2018).

Lower Authority Appeals 30-day Timeliness:
(% of Lower Authority Appeals decided within 30 days of filing). The Secretary
Standard is 60%. Tennessee’s performance was 10.13% for the FY 2018 SQSP
measurement period (the 12 month period ending March 31, 2018).

Lower Authority Appeals 45-day Timeliness: (% of Lower Authority Appeals
decided within 45 days of filing). The Secretary Standard is 80%. Tennessee’s
performance was 35.20% for the FY 2018 SQSP measurement period (the 12 month
period ending March 31, 2018).

Coordination with other plans.

We realize that the UI program does not stand alone and that it is the wage
replacement component of an overarching effort to return a worker to suitable work.
Accordingly, we plan to continue working with our Job Service component to
develop and maintain a seamless process designed to facilitate the reemployment of UI claimants. (See comments under “National Direction” with respect to the “Reemployment of UI Claimants”.

FEDERAL EMPHASIS REGARDING GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) goals

State performance compared to the GPRA goals.

Make Timely Benefit Payments.
Target: 87.1% of intrastate first payments for full weeks of unemployment will be made within 14/21 days from the week ending date of the first compensable week. Tennessee’s performance for the 12 month period ending March 31, 2018 was 88.33%.

Detect Benefit Overpayments.
Target: Overpayments established will be at least 54.2% of the estimated detectable, recoverable overpayments. For the 12 months ending March 31, 2017, Tennessee established 30.17% of the estimated detectable, recoverable overpayments. Tennessee will examine business processes surrounding the detectable overpayments. We will examine all crossmatches and work with Geographic Solutions to improve those processes. We are also working with SAS Fraud detection and prevention product to improve detection of higher risk claimants through their analytic systems. Tennessee implemented a new claims operating system GUS during this time frame and we have been working with them through their Online Project Communication System (OPC) to correct deficiencies we have in these processes.

Establish Tax Accounts Promptly.
Target: 88.9% of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred. Tennessee’s performance for the 12 month period ending March 31, 2018 was 86.13%.

Facilitate the Reemployment of Claimants.
Target: 64.7% of UI claimants will be reemployed by the end of the first quarter after the quarter in which they received their first payment. For the 12-months ending December 31, 2014, 64.8% of UI claimants were reemployed by the end of the first quarter after the quarter in which they received their first payment.

2. Actions taken to improve performance in GPRA goals.

Make Timely Benefit Payments.

Facilitate the Reemployment of Claimants.
(See comments under “National Direction” with respect to the “Reemployment of UI Claimants.”)
Establish Tax Accounts Promptly.
The Employer Services Unit is responsible for establishing and maintaining employer accounts. While the staffing level of the unit has decreased, Tennessee continues to meet the goals established by Tax Performance System. While Tennessee is below the national average for new status determinations, we have exceeded the desired level of achievement by a wide margin. The statistics show that Tennessee continues to improve in this measure with the most recent data showing 86.13% of employers established within given times, exceeding the goal by 15.0%.

NATIONAL DIRECTION

Tennessee continues to align its strategies with the below national priorities that have been established for the UI program for FY 2019. The USDOL has also established the following additional priorities for FY 2018:

Improving State Capacity to administer and operate the UI program effectively

For FY 2019 one of our top priorities will be to continue to improve work processes for the UI program. This is being accomplished by Lean Events and examination of internal work process. SBR money is being requested to improve work process, eliminate back logs, and recover overpayments. Continual training will occur to build staff knowledge in all aspects of UI. We will take advantage of technical assistance offered by USDOL as well as use the UI Integrity Center for Excellence, and continue to use the UI Community of Practice.

Improved Prevention, Detection, and Recovery of UI Improper Payments

For FY 2019, our top priority continues to be the prevention, detection, and recovery of improper payments. We will continue to examine UI Integrity functions, make recommendations for continuous improvement, and cultivate a sense of ownership for program integrity within the UI system. We have included an updated UI Integrity Strategic Plan with our FY 2019 State Quality Service Plan to address current state-specific root causes of improper payments.

Improving Program Performance Nationally

We have indicated throughout our State Plan Narrative and associated Corrective Action Plans how we intend to help the USDOL improve program performance nationally.

Re-Employment of UI Claimant

Tennessee has made a strong and focused effort in the past year to place an emphasis on re-employing unemployment insurance claimants. We ensure that claimants have access to the full continuum of workforce services through One-Stop Career Centers, both virtual and in-person, as well as through Rapid Response and Re-Employment Services Eligibility Assessment (RESEA) activities. Tennessee is continuing to
implement new software programs that will result in a full integration of UI and workforce programs with the goal of improving employment outcomes for UI claimants. Below is an outline of what we have accomplished in the past year in this regard as well the plans and activities we will be implementing over the next year. U.S. DOL has mandated that UCX claimants be selected for REA in addition to those claimants most likely to exhaust. Tennessee has implemented this process as of August 2015. Tennessee has also expanded RESEA from 23 one stop centers to 54 centers across the state via a partnership with WIOA and Local Workforce Development Area Partners.

VOS/JOBS4TN - All unemployment claimants are created a job service application at the moment they file a UI claim. Tennessee is moving forward with the full implementation of its jobs4tn.gov database by launching the Virtual One Stop system (VOS). VOS is essentially a virtual career center/one-stop with workforce service tools and resources available online, similar to the services you could find in a brick and mortar center. All UI claimants will be created VOS accounts/profiles at the time they file their claim.

Re-Employment Services Eligibility Assessment (REA) services - Tennessee currently operates the RESEA program in 54 one-stop career centers across the state. RESEA orientations and subsequent RESEA follow ups are conducted 4 days a week across the state. Through the RESEA program UI claimants that are most likely to exhaust receive access to workforce services as well referrals to re-employment services, training, and other supportive services. In addition to these services participants conduct a UI eligibility review, an assessment, and work with a staff member on an employment development plan per each visit. RESEA participants also receive extensive service in regards to job matching and job placement.

Job Fairs & Workshops - TDLWD participates in numerous job fairs across the state. TDLWD makes aggressive efforts to contact claimants to extend invitations to the job fairs in their community. Many of our Career Centers conduct monthly or weekly workshops with the unemployed to help in their re-employment efforts.

Mobile Workforce Services Career Coach Units - TDLWD has 3 Mobile Career Coach Units stationed in each grand division of the state. The mobile units are encompassed into a RV type unit that can provide services similar to a One-Stop Career Center. The mobile units are heavily utilized in rural areas to provide the unemployed access to workforce services. The units are also utilized at Rapid Response events.

Rapid Response Program - TDLWD has a rapid response plan and team in place across the state, coordinated in conjunction with the local workforce investment act
programs. The rapid response program responds to mass lay-offs to provide the employees with access to workforce related services and attempts to help those affected become re-employed as quickly as possible.

Employment Toolkits - TDLWD has developed an Employment Toolkit. The toolkit is accessible both in online format and hard copy. The toolkit serves as a guide to unemployment claimants to help guide them through the process to re-employment.

Re-Employment Workbooks - TDWLD has developed a Re-Employment Workbook to assist the unemployed with becoming re-employed. The workbook is available in hard copy and will soon be available online to anyone that needs it.

**ADDRESSING WORKDER MISCLASSIFICATION**

For the third year in a row, Tennessee surpassed the Effective Audit Measures set forth by the Tax Performance System. Tennessee is one of the five states in the eight-state region to exceed all four factors and achieve a passing score. Tennessee’s auditors are well-trained to determine if a worker is properly classified.

Tennessee strives to ensure employers are educated on proper worker classification by participating in New Employer workshops and Business Tax seminars throughout the state. The *Handbook for Employers* discusses worker classification and the tests and laws used to make such a determination.

Tennessee continues to seek out new methods of identifying improperly classified workers. Tennessee successfully enrolled in the Governmental Liaison Data Exchange Program (GLDEP), and in 2013, received the first 1099-MISC extract from the Internal Revenue Service. This data will be used to select employer accounts for audit. Tennessee expects the factors used in the Effective Audit Measures to increase as we move forward.

**PROGRAM REVIEW DEFICIENCIES**

Causes for failures to conduct required reviews/activities, e.g., Benefit Accuracy Measure, Benefits, Timeliness, and Quality, Tax Performance System, and Data Validation.

In Tennessee, the Nonmonetary Determinations Quality sample Separations-Non Separations failed validation and we were not able to submit benefit populations, 3, 4, 5, 12, 13 and 14 for validation during VY18.

Plans to conduct the reviews as required. (See Corrective Action Plan submitted with this SQSP).

**PROGRAM DEFICIENCIES**
Plans to correct deficiencies identified through required program reviews.

Plans to correct deficiencies identified through Tax Performance System review: (See Measure of Tax Quality).

Plans to correct deficiencies identified through Benefit Accuracy Measure (BAM) reviews.

See corrective action plan with SQSP.

Plans to correct deficiencies identified through Benefits, Timeliness, and Quality (BTQ) reviews.

(See Corrective Action Plans submitted with this SQSP for Nonmonetary Determinations Quality)

Plans to correct deficiencies identified through UI Data Validation (See Corrective Action Plan submitted with this SQSP)

REPORTING REQUIREMENTS DEFICIENCIES

TN was late by a few days each quarter on the ETA 207 report because we were working with the vendor Geographic Solutions ensuring the report was picking up the correct non-monetary count. This has been resolved currently and this report has been submitted timely and will continue

CUSTOMER SERVICE SURVEYS (optional)

In September of 2012 Tennessee kicked off a new statewide Customer Service Training campaign entitled Customer Focused Government which was designed to change the culture of the entire state and move Tennessee forward by providing G.R.E.A.T. customer service. This campaign stressed the 5 keys to G.R.E.A.T. customer service:

Greet - Making first impressions count
Relate – Building trusting relationships
Exceed – Going above and beyond expectations
Affirm – Recognizing customers as the most important asset
Thank – Showing customers appreciation

Below are some of the features of that customer service training which has now been completed statewide:

Developed specifically for the State of Tennessee
Captures the essence of customer focused government
In alignment with Governor Haslam’s TNFORWARD initiative
A collaborative effort with Bruce Loeffler, author of One Minute Service
Creates agency-specific behaviors for demonstrating G.R.E.A.T. customer service

**OTHER (e.g., approach to maintaining solvency, requests for technical assistance)**

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**2018 SUMMARY OF TENNESSEE ES LAW CHANGES**

**Public Chapter 642**

Report by Commissioner on the Condition of the UC Trust Fund

Under previous law, the commissioner of labor and workforce development was required to submit a detailed report on the condition of the UC trust fund to the general assembly by February 1 and report the findings as to the balance in the trust fund during the first week of January and July each year. This law removes the requirement to provide the general assembly with the trust fund balance each January and July and imposes a stricter requirement that the commissioner must instead provide the general assembly with the trust fund balance in a monthly statement that is due on or before the last business day of each month.

The law also rearranges the fund reporting provisions by pulling them together into an organized format. The February “requirement to report” provisions, previously § 50-7-506, have now been moved to § 50-7-108. The law made no changes otherwise to the February reporting requirements.

**Taxable Wage Base Trigger**

The law amends the taxable wage base trigger provisions that adjust the wage base up or down according to the balance in the trust fund. Under previous law, the wage base would be adjusted only if the adjustment was triggered by the fund balance on two consecutive trigger dates. That provision is removed.

**Quarterly Wage and Premium Reports Must Be Filed Electronically**

Effective January 1, 2019, all employers in the state will be required to file quarterly wage and premium reports electronically. If the electronic filing requirement imposes an undue hardship on the operation of an employer's business, the employer may request an exemption by submitting an affidavit containing a statement to that effect to the commissioner of labor and workforce development. The affidavit must be submitted within the first quarter of each year and exemptions will be granted on year-to-year basis only. Employers who fail to file electronically without prior approval of the commissioner will be assessed a penalty.

**ASSURANCES:**

- Assurance of Equal Opportunity (EO).
- Assurance of Administrative Requirements and Allowable Cost Standards.
- Assurance of Management systems, Reporting, and Recordkeeping.
- Assurance of Program Quality.
• Assurance on Use of Unobligated Funds.
• Assurance of Prohibition of Lobbying Costs (29 CFR Parts 93).
• Drug-Free Workplace (29 CFR Part 98).
• Assurance of Contingency Planning.

Provide the most recent dates for the following:

• Information Technology (IT) Contingency Plan Implemented: August 24, 2011
• IT Contingency Plan Reviewed/Updated: September 2017
• IT Contingency Plan Tested: November 30 – December 4, 2017
• Assurance of Conformity and Compliance.
• Assurance of automated Information Systems Security.

Provide the most recent dates for the following:

• Risk Assessment Conducted: November 2017
• System Security Plan Review/Updated: November 2017

• Assurance of Confidentiality

**CORRECTIVE ACTION PLANS (CAPs)**

Corrective Action Plans (CAPs): CAPs are expected as a part of the SQSP when State’s annual performance does not meet the established criteria for core measures, Secretary’s Standards, UI program, assurances, and other program deficiencies identified in the annual SQSP guidance provided by the Department. The CAP must list both specific milestones for key corrective actions or improvement activities, and the completion date for each milestone.

**NONMONETARY DETERMINATION QUALITY**

State: Tennessee

Back to Biennial Overview 2019
Back to Alternate Overview 2020

Instructions

|--------------------------|-----------------------------------------|----------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------|


Regional Office Comments in cell below:

Corrective Action Plan Summary:

The Summary must provide:

The Reason for the deficiency.

This deficiency was caused by the implementation of a new claims benefit system. They system was implemented in May of 2016. We had to change our business process in order to process claims properly. This included training of staff on the GUS system, hiring new staff, and promoting staff to new positions. The system created an abundance of issue that overwhelmed the agency at first creating a backlog of claims. This has been resolved. Workforce issues due to turnover, i.e. promotions of experienced Adjudicators to other units that are looking for UI experience. This is also compounded by the fact that those positions have to be filled with new, inexperienced staff that must be trained properly. This is still an ongoing process.

Provide a description of your "Plan-Do-Check-Act" corrective action plan which will be undertaken to achieve the acceptable level of performance. Examples of major actions and activities; aka, Milestones, include IT requirements, business process analysis, training, implementing process improvements, measuring effectiveness, etc. Please include a description of these actions/activities in each stage of your "Plan-Do-Check-Act" corrective action plan.

Will be utilizing NASWA online training for claims staff and adjudication focusing on fact finding and BTQ standards. We hope to begin this within the next 90-120 days

"The agency implemented an action plan to address the issues. First course of action was to create new work units called a BAT team. Each team consisted of a Manager, Supervisor, five adjudicators and ten or more claims agents. The creation of these teams
provided more efficient processing of claims from beginning to end. New roles were
defined as well for claims agents so processing of work items was more efficient.

Next we are working with the vendor through their OPC system to address ongoing
issues, or to change the efficiency of processes with in GUS.

A new unit was developed called Training, Research and Compliance (TRAC) to handle
the training needs of the division. This unit will develop modules for claims processing.
A quality control component has been added to this unit. The quality control process
takes a look at claims from each agent with in the BAT teams. They QC all aspects of the
claim including all non mon issues on the claim. The results of the Claims Evaluation
Section are recorded on Coaching Acknowledgement form for Claim Center management
to use as an additional mentoring tool for its BAT staff members. This will help
streamline training and give the division the ability to correct issues quicker.

**TRAC UNIT TRAINING PLAN**

<table>
<thead>
<tr>
<th>Manager/Supervisor Training: Managing Availability</th>
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<tbody>
<tr>
<td>BAT Training: Obtaining Additional Information / Statement Taking</td>
<td>COMPLETED</td>
</tr>
<tr>
<td>BAT Training: First Pay Timeliness</td>
<td>Scheduled for Mid-August</td>
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<tr>
<td>BAT Training: Severance</td>
<td>Fall 2018</td>
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<tr>
<td>BAT Training: Most Recent Work</td>
<td>Winter 2019</td>
</tr>
<tr>
<td>Adjudication Training</td>
<td>Scheduled for Early 2019</td>
</tr>
</tbody>
</table>

BTQ Team will continue to work with TRAC team to develop proper training on
repeated deficiencies from the BTQ sample. BTQ will continue fast facts process to get
information out to newly hired adjudication staff.

If a plan was in place the previous year, an explanation of why the actions contained in
that plan were not successful in improving performance; and, an explanation of why the
actions now specified will be more successful.

Previous plan was in place for part of the plan year. We did see an increase in scores
although not passing at this time. We fell with more time this plan will improve our
overall processing of non mons and improve our quality

A brief description of plans for monitoring and assessing accomplishment of planned
actions and for controlling quality after achieving performance goals.

"Mgrs. /Supervisors are required to quality control claims for an hour and half each day.
They have a sheet to keep up with the errors and will be giving any and all errors back to
the person making the mistakes. We are training, sending instruction guides, making the
claim operations put in uniformed comments, creating naming convention for uploads so
that we know where all our information is. We are currently working on getting all adjs
and claims agents working in the resolve issue by uploading documents there, taking fact
finding and 48 hour request all in the same spot under the resolve issue they belong to. We are giving mistakes back to the original person who made the mistake because that is the only way they will learn. Adjudicators are going to get a checklist that they will be required to verify as complete prior to making a decision. We are also creating case studies of claims that we made correct decisions on so that all staff can refer to these cases for examples.

TRAC unit will be involved in quality controlling claims from start to finish.

NOTE: Enter an "X" in the box to the right if the desired improvements will not be accomplished by the end of the current fiscal years (the two consecutive fiscal years for which the plan is in effect). Summarize, below, the major actions remaining to be taken in subsequent fiscal years and include a projected completion date as to when the performance goal will be achieved.

(Remaining Major Actions in this cell.)

Milestones

NASWA online Fact finding and BTQ training Agents and Adjudication Completion Date: 9/30/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

Issue training Severance Completion Date: 12/31/2018
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

Issue Training Most Recent work Completion Date: 6/30/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

Adjudication Training TRAC Team/BTQ Team Completion Date: 6/30/2019

Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

BTQ Fast Facts to new adjudicators Completion Date: 3/31/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

Lower Authority Appeals Promptness
State: Tennessee


Back to Biennial Overview 2019
### Performance Measures

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<tbody>
<tr>
<td><strong>Average Age of Pending Lower Authority Appeals</strong></td>
<td>≤ 30 days</td>
<td>Target</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>≤ 30 days</td>
<td>Actual</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Lower Authority Appeals Time Lapse - 30 days</strong></td>
<td>≥ 60%</td>
<td>Target</td>
<td>15.00%</td>
<td>20.00%</td>
<td>25.00%</td>
<td>30.00%</td>
<td>40.00%</td>
<td>60.00%</td>
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<tr>
<td></td>
<td>≥ 60%</td>
<td>Actual</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Lower Authority Appeals Time Lapse - 45 days</strong></td>
<td>≥ 80%</td>
<td>Target</td>
<td>50.00%</td>
<td>60.00%</td>
<td>70.00%</td>
<td>80.00%</td>
<td>85.00%</td>
<td>90.00%</td>
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<tr>
<td></td>
<td>≥ 80%</td>
<td>Actual</td>
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</tbody>
</table>

**Regional Office Comments in cell below:**

**CORRECTIVE ACTION PLAN SUMMARY:**

The Summary must provide:

- The Reason for the deficiency.
"The computer system went live in May, 2016. The legacy system was shut off, the data was imported into the new system and the new system was switched on with no overlap. At the time of go-live, the portion of the program that was meant to service Appeals was still under development and did not work.

Appeals were effectively unable to hear any cases for a period of about five weeks, causing our caseload to accumulate a large backlog.

That backlog has continued to exist on a rolling basis since that time. The Appeals Tribunal has made significant progress as of August 10, 2018, in that the case arrears have been reduced to 1865 cases. This represents a reduction in the arrears from 3200 cases in the previous Corrective Action Plan by 1335 appeals. The usual transactional amount of pending appeals would be expected to be about 1500.

The Appeals Tribunal has made gradual and continuous progress in reducing this backlog and is likewise making incremental progress in regaining compliance with federal time lapse standards.

The Department is and has continuously been working closely with the software vendor to develop, rewrite and repair the initial version of the program to more closely meet the needs of the Department. Significant progress has been made but more remains to be done.

A temporary increase in appeals was due to a rapid reduction in Agency backlog. The Agency worked through a large number of pending claims since the computer go-live date, which in turn generated a higher than expected number of appeals, further adding to the appeals backlog. This tide of new appeals has since crested and Appeals is working through them per the above.

After this initial progress, however, attrition of 5 Unemployment Hearing Officers has reduced our hearing capacity. The panel of Hearing Officers currently stands at 14 instead of its usual number of between 18 - 24. To compensate for this, we have increased the daily case load of the existing hearing officers to seven hearings per day (from six). We have also opened a hiring register to staff the Hearing Officer panel back up to a normal level. To date, we have interviewed and identified four new suitable candidates for these positions. By next week offers will be made to the successful candidates and their training will begin on or before September 15, 2018.

Provide a description of your "Plan-Do-Check-Act" corrective action plan which will be undertaken to achieve the acceptable level of performance. Examples of major actions and activities; aka, Milestones, include IT requirements, business process analysis, training, implementing process improvements, measuring effectiveness, etc. Please include a description of these actions/activities in each stage of your "Plan-Do-Check-Act" corrective action plan.

"Action plan for lower authority Appeals is to

Continue to hire more support staff when necessary
Continue to hire more hearing officers and utilize attorneys from other units within the agency to work as temporary hearing officers.

Continue to utilize a “triage team” at case intake to pre-screen invalid appeals.

Working with Geographic Solutions, our software vendor, and staff to devise more efficient work flows for appeals processes.

Hire additional support staff. Hiring additional support staff will enable the Appeals Tribunal to intake, validate, docket and schedule a greater volume of appeals compared to its present production capacity. Hire additional hearing officers. Hiring additional hearing officers will enable the Appeals Tribunal to hear a larger volume of appeals, making it possible to surmount the appeals backlog and to facilitate compliance with time lapse standards. Utilized attorneys from other units to work as temporary hearing officers.

Creation of a "triage team" to pre-screen invalid appeals (such as appeals filed from favorable decisions) before they are docketed. Continuing to devise more efficient work flows under the Department's new computer system.

Conduct periodic and annual training for hearing officers to enhance their knowledge of changes in the law and to address emergent issues with practice and procedure, with an emphasis on the USDOL Quality Appraisal criteria.

We are currently strictly adhering to first-in-first-out in our scheduling practices to avoid the appearance of preferential scheduling at the behest of inquiries from legislators who had received complaints from their constituents. Block scheduling of appeals might be feasible in cases of a mass layoff where all the claimants separated under identical circumstances but that is not a common occurrence. We have implemented the triage unit to identify appeals that were filed in error or which could be resolved much sooner by the withdrawal of the appeal and referral back to the Agency for further investigation and administration. Examples include issues of (apparent) failure to conduct three work searches, failure to report to the Agency with proof of identity and general failure to respond to Agency requests for additional information.

If a plan was in place the previous year, an explanation of why the actions contained in that plan were not successful in improving performance; and, an explanation of why the actions now specified will be more successful.

Tennessee has lost compliance with the 30 day time lapse standard since the last CAP. We remain in compliance with the 45 day requirement. We have experienced hearing officer and staff attrition which has interfered with our ability to regain compliance with the 30 day time lapse standard.

We are addressing this situation by actively hiring and training new staff and new hearing officers. Our production capacity has suffered only for reduction in personnel. We are actively engaged in hiring and training to staff our unit back up to functional levels.

A brief description of plans for monitoring and assessing accomplishment of planned actions and for controlling quality after achieving performance goals.

Continue to monitor progress in appeals through management reports.
Continue to monitor the individual progress and productivity of new hires and trainees to identify the need for more training and efficiencies.

Alternate Year Plan Updates

NOTE: Enter an "X" in the box to the right if the desired improvements will not be accomplished by the end of the current fiscal years (the two consecutive fiscal years for which the plan is in effect). Summarize, below, the major actions remaining to be taken in subsequent fiscal years and include a projected completion date as to when the performance goal will be achieved.

NOTE: Enter an "X" in the box to the right if the desired improvements will not be accomplished by the end of the current fiscal years (the two consecutive fiscal years for which the plan is in effect). Summarize, below, the major actions remaining to be taken in subsequent fiscal years and include a projected completion date as to when the performance goal will be achieved.

(Remaining Major Actions in this cell.)

Milestones

Hire appeals referees Completion Date: 12/31/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):

Continue to utilize a “triage team” at case intake to pre-screen invalid appeals Completion Date: 9/30/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):
Hire additional support staff Completion Date: 9/30/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):
Conduct periodic and annual training for hearing officers Completion Date: 9/30/2019
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
Quarter 3 status report (6/30/2019):
Quarter 4 status report (9/30/2019):
Quarter 5 status report (12/31/2019):
Quarter 6 status report (3/31/2020):
Quarter 7 status report (6/30/2020):
Quarter 8 status report (9/30/2020):
(Enter next milestone here) Completion Date
Quarter 1 status report (12/31/2018):
Quarter 2 status report (3/31/2019):
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(Enter next milestone here) Completion Date
Quarter 1 status report (12/31/2018):
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Quarter 8 status report (9/30/2020):

Tax Quality
State: Tennessee
Back to Biennial Overview 2019
Back to Alternate Overview 2020

Instructions
Performance Measures: Tax Quality (Part A)

ALP: No more than 3 tax functions failing TPS in a year

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## Performance Measure: TPS Sample Reviews

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UI PROGRAM INTEGRITY ACTION PLAN (UI IAP)

The UI IAP outlines the strategies the State will undertake during the planning period regarding the prevention reduction and recovery of UI improper payments.

UI Integrity Action Plan (IAP)

State: Tennessee

Federal Fiscal Year: 2019

Accountable Agency Official(s):

- Commissioner - Burns Phillips
- Deputy Commissioner - Dustin Swayne
- Employment Security Assistant Commissioner - Rusty Felts
- Assistant Administrator - Jason Cecil
- Director of Claim Operations - Jeremy Colbert
- Director of Recovery - Robin Betts
- Director of Employer Accounts Operations - Mark Howell
- Director of Appeals - John Trentes
- Director of REA/RESA - Nicholas Bishop
- Director of UI Integrity - Chris Russ

### Top Three Root Causes (Calendar Year 2017)

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<th>Root Cause</th>
<th>Calendar Year 2016 (% of $ Overpaid)</th>
<th>Calendar Year 2017 (% of $ Overpaid)</th>
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<td>Root Cause 1: Separation Issues</td>
<td>12.99%</td>
<td>31.57%</td>
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<tr>
<td>Root Cause 2: Benefit Year Earnings</td>
<td>18.81%</td>
<td>26.98%</td>
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State: Tennessee
Federal Fiscal Year: 2020
Accountable Agency Official(s): (Enter the name and title of the staff person who is accountable for reducing UI improper payments.)

Summary: (Provide a summary of the plan that the state has designed. The summary should include outreach efforts planned by the agency to inform all UI and workforce staff, and employers of the strategic plan to ensure everyone understands the importance of maintaining program integrity.)

Tennessee has developed a UI Integrity Strategic Plan for FY 2019-2020 that includes the following strategies:

Tennessee implemented the Training, Research and Compliance Unit (TRAC) in April of 2017. This unit is continuing to develop system wide training for Unemployment Division. This unit will ensure that the Division is receiving proper training including detection of improper payments. This unit will ensure the Division is compliant with State and USDOL policy and procedures. This unit will prepare refresher training for Claim Operations personnel to include topics on how to identify and document overpayments and educating claimants on reporting wages and separations. A need has been identified to provide consistent instructions and messaging to claimants to ensure wages and separations are reported properly during the claimants benefit year.

Periodically onsite training or webinar will be conducted for claim center personnel as well as provide training documentation. The Unit is reaching out to all employers in TN to register them in the GUS system. This will increase efficiency in processing of claims information including accurate and timely separation information. We follow up this outreach by sending via mail and e-mail a copy of the Employer’s Unemployment Guide for JOBS4TN.GOV. TN is currently discussing plans to add more SIDES third party employers. We are currently adding several employers to our claims system GUS that utilize SIDES. The GUS system provides the ability to process correspondence and receive responses from SIDES employer.

Continue to cultivate a sense of ownership for program integrity within the entire UI system by continuing to enhance the state’s cross-functional UI Integrity process to
assess the state’s UI integrity functions and make recommendations for continuous improvement. The agency will conduct this through continued communication through the directors of each unit. Tennessee had a task force in the past but previous management discontinued the task force. Currently TN has re-established the Integrity Task Force. Current plans are to meet quarterly to discuss areas of improvement and alternatives solutions to improve improper payment rate. Task Force consists of UI Assistant Administrator, TRAC team managers, BAM manager, Claims Center Director, and UI Integrity Director. The team will report solutions to the Assistant Commissioner over UI.

Continue to use e-mails, electronic newsletters and staff meetings to encourage all UI and workforce staff to understand how their jobs connect to UI integrity and to solicit their recommendations for solutions to address UI improper payments. We will also promote the use of the UI Integrity Community of Practice web site and UI Integrity Center of Excellence. TN has identified a need to continue training of staff for a better understanding of processes that affect improper payments. We will be sending BPC auditors to training through the Integrity Center in September 2018 to improve knowledge and functionality of our auditors and will also consult them for future training for UI staff. TRAC team will continue training on issues related to the improper payments. This will include detection of separation issue, advising claimants on proper certification process and improving non-monetary statement taking.

Tennessee marketing team and Claims Operation Director attends Workforce Employer Outreach Committee Meetings as well as meeting with employers who have mass layoffs. At these meetings the representatives discuss the process of unemployment to employers. Tennessee also uses the website to guide employer to the SIDES system. We also have instructions on our website for GUS registration. This give them better access to their claims and will enhance their ability to get better and timely information to the agency. The TRAC team is calling EVERY employer within the state of Tennessee to explain our Jobs4TN.gov website and the benefits of them activating their account. A Jobs4TN.gov User Guide is sent by mail (hard copy) and e-mail (electronic copy) to each employer that is contacted. Tennessee will look to increase outreach to employer targeting programs that target the improper payment rate and also would be open to suggestions from USDOL.

Main root cause for work search was claimant inability to produce adequate job searches or produce them at all. Claimants were allowed to certify and did not have to provide the work search prior to payment. Currently the GUS system required the claimant to either be exempt from the work search, have a reportable service through workforce services or provides three work searches prior to certification. If claimant cannot provide this an issue is created and determination issued denying the claim until it is provided.

Main issue and root causes of separation issues were because of the backlog of UI claims work load through the spring of 2017. Tennessee had to pay first adjudicate later per the Java ruling which increased the number of claims that were paid improperly. We no longer had this backlog and hope to see a decrease in the separation category. We reorganized our BPC work flow to utilize the BAT team concept in the spring of 2018 to increase productivity with the new hire crossmatches. This will enable us to work more
and work them quicker. This plan we hope will decrease the number of weeks a claimant will receive improper payments. Agency will also be participating in online training offered by NASWA Integrity Center for adjudication and claims agents. This will help with proper identification of separation issues and decision making on claims. The agency is also reworking certification questions to detect separations better by singling out the questions “Have you been laid off, quit, or discharged from a job during the week. Anticipated completion of this is December of 2018. The agency also provides online videos and instruction on reporting separations from employment. Claimants must also read and acknowledge they understand they must report separations before they can proceed to the certification process.

Main issues and root causes of benefit year earnings is related to the current certification questions. The earnings question is not separate from the work question. If a claimant answers no to working then they are not presented the wage question. TN will be working with Geographic Solutions to improve the certification questions. Each question will state the dates in which the certification applies. The questions will be stand alone on different screens to focus is just on that one question. New hire data will be cross matched and presented at the time of certification if the claimant has a new hire date with in that week of certification. The anticipated completion date of this is June of 2019. Agency also provides online videos to educate claimants on certification process. There is also written instructions certifications and reporting your earnings. Claimants must also read and acknowledge they understand they must report earnings before they can proceed to the certification process.

Continue to conduct analysis of quarterly BAM data to identify trends in root causes and continue to keep management aware of possible trends in improper payments through the periodic reporting of BAM data. BAM manager supplies Director of Integrity with monthly reports on paid case errors. This enables the agency to pinpoint increases in a root causes as well as detect or determine what is causing the improper payments.

Engage in a business process analysis know as Lean events to identify areas of weakness and to set the stage for reengineering processes that will improve program integrity and performance. BPC support staff held an event in the May of 2018 which is showing an improvement to processes. BPC will continue to utilize this process going forward to increase efficiencies

Continue the Eligibility Review Interview (ERI) program in which claimants will be more accurately assigned Claimant Characteristic Codes based upon a review of work and layoff history from the same employer. This program will flag claimants who have reached their return to work date and verify the continuing eligibility of all claimants.

Examine SBR opportunities as well as penalty and interest collections for fraud detection and prevention solutions.

Continue to use the Treasury Offset Program (TOP) to recover improper payments.

Continues use of standalone Recovery unit poised to addresses the recovery of overpaid benefits. Unit will utilize multiple strategies such as liens, garnishments, correspondence, and out bound telephone calls to those that have an outstanding debt to the agency. There are also utilizing a change to write off law that allows us more time to collect the debt.
Recovery unit will also partner with Lexis Nexis to implement Business Data Enrichment Solution. This process will help with recovery of benefits by searching for alternative addresses and contact information. It will also look at assets to determine the claimant ability to pay back benefits. This process will give us another tool to go after those claimants that have not updated contact information as well it will determine their ability to pay back the benefits based on assets.

The Tennessee Department of Labor and Workforce Development plans to continue existing UI Integrity related projects towards more integrated system enhancements which will not only provide the same functionality and achieve the same intended results of better enabling us to prevent, detect and recover improper payments but which will also address many UI performance issues as well.

Enhanced Employment Service Registration
Enhanced Job Service/UI Systems interface
Implementing State-Specific Solutions
SAS Fraud Prevention/Detection Solution Software
Lexis Nexis Fraud prevention system

Tennessee will be participating in a Lexis Nxis pilot program called Risk Intelligent Network. This system will allow TN to defend against a spectrum of costly threats from identity fraud. They system will use multiple data sources from both internal agency data as well as large-scale external identity data sets to address risky identities and patterns. We hope to begin this pilot by the end of the fourth quarter 2018.

Continue improving the new benefits systems GUS from Geographic solutions. This will increase early detection, prevention, and recovery of improper payments. The Agency along with Geographic Solutions will be upgrading certification process in during fiscal year 2019. This will improve questions for claimants. Each question will be in a single page format instead of having all questions on one page. If an issue is detected they system will present fact finding questions at that time. Each question will have the date range pertaining to that question in the body of the question. Increase notifications prior to certification, thought popup windows, to report separations and wages earned during the week. Certifications will be cross matched with new hire information and present new hire information at the time of certification to address. This will display the new hire employer as well as the hire date of the employer. The system will ask of this information is correct and expect a yes or no answer. If the claimant answers no they will be asked to provide an explanation on why there were not hired and working there at this time.

Because of the different strategies and multitude of actions included in this UI Integrity Strategic Plan and the varying implementation timelines involved, it is extremely difficult to establish precise performance targets for any given point in time. Our overall goal is to reduce improper payments due to BYE and Separation issues by 50% within one year of the implementation of this plan and we expect to be able to measure our success along the way based on a continuous and sustained decrease in the quarterly improper payment rates by cause as measured from our BAM sample data.
Instructions for the following section: In each individual section below, enter a Root Cause, from above, and the top three focused Strategies that will be employed to correct or reduce this cause of overpayments. An additional line is available in each section to include other significant strategies that target the root cause.

Root Cause 1: Separation Issues

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Actions</th>
<th>Targets &amp; Milestones</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Develop continued training strategies from the TRAC unit. Unit will focus on identification of issues, establishing the correct separating employer, and establishing the correct detection date.</td>
<td>Continuing to develop training for all UI staff concentrating on detecting correct issues</td>
<td>Continuous</td>
<td>TRAC team</td>
</tr>
<tr>
<td>2. Utilize state and national directory of new hire to detect hiring and separations from employers. BPC unit revamped support staff processing work items in BAT team concept. This concept allow them to process front end of the new hire (employer letter, claimant letter) for the auditor allowing the auditor to focus on processing rebuttals and decisions. This adds efficiencies to our process. We also use mini lean events to revamp the process because it is new and evolving.</td>
<td>Continual improvement of operating procedures for BPC processes.</td>
<td>Continuous</td>
<td>BPC staff, and management</td>
</tr>
<tr>
<td>3. Improve Certification process. TN will be working with GSI to improve certification process in 2019. Claimant will get pop up notifications/reminders to report earnings and separations. The date of the certification will appear with in each question. One question will be asked per screen and if disqualifying answers are given a fact finding will be presented. New hires will be cross-matched during certification process and present information to the claimant if a new hire falls in the week of the certification.</td>
<td>Agency and GSI will work to improve certification process beginning with design process over the third and fourth quarter 2018. This will improve root causes because questions will be asked one per page instead of multiple at a time. If there is an answer that is potentially disqualifying the system will present fact finding questions to the claimant and create an issue to be addressed.</td>
<td>Implementation by June 2019</td>
<td>Geographic Solutions and TN Dept of Labor UI division</td>
</tr>
</tbody>
</table>

Additional:

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<tr>
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</thead>
<tbody>
<tr>
<td>Claimants are required to acknowledge benefits rights prior to</td>
<td>Continue to present acknowledgments</td>
<td>Continuous</td>
</tr>
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</table>
submitting claim. Reporting separations is part of the acknowledgement process.

Utilize online training for claims agents and adjudication from NASWA integrity center. Focus on fact finding and identifying correct issues.

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<td>1. Continue use of automatic denial when claimant fails to meet the parameters of job search. System will automatically deny the week if claimant does not provide three job searches or has not had a reported service at an American Job Center.</td>
<td>Automatically deny claim if work search is not adequate meaning claimant did not provide three work searches or did not have reportable service. They system will also deny the work search issue if the work search is not completed.</td>
<td>Continuous</td>
<td>GUS claims system, Claims Operations</td>
</tr>
<tr>
<td>2. Continue use of GUS claims system. Continue to display check list of eligibility requirements and require claimant acknowledge they have read the requirements. This includes reporting of wages when claimant is working.</td>
<td>Currently Implemented</td>
<td>Continuous</td>
<td>GUS claims system, UI Staff</td>
</tr>
<tr>
<td>3. Eligibility Review Process. Continue eligibility review process each week during certifications. Review aspects of continued job attachment, and evolving into job search requirements. After 16 weeks claimants are required to begin job search.</td>
<td>Ask ERI questions each week during certification process.</td>
<td>Continuous</td>
<td>GUS claims system, UI Staff</td>
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Additional:

Improve Certification process. TN will be working with GSI to improve certification process in 2019. Claimant will get pop up notifications/reminders to report earnings and separations. The date of the certification will appear with in each question. One question will be asked per screen and if disqualifying answers are given a fact finding will be presented. New hires will be cross-matched during certification process and present information to the claimant if a new hire falls in the week of the certification. Completion

| Agency and GSI will work to improve certification process beginning with design process over the third and fourth quarter 2018. This will improve root causes because questions will be asked one per page instead of multiple at a time. If there is an answer that is potentially disqualifying the system will present fact finding questions to the claimant and create an issue to be addressed. | Jun-19 | TN UI staff, Geographic Solutions |

UI claims staff, NASWA Integrity center
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<td>Agency and GSI will work to improve certification process beginning with design process over the third and fourth quarter 2018. This will improve root causes because questions will be asked one per page instead of multiple at a time. If there is an answer that is potentially disqualifying the system will present fact finding questions to the claimant and create an issue to be addressed.</td>
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<td>Continual improvement of operating procedures for BPC processes.</td>
<td>Continuous</td>
<td>BPC staff, and management</td>
</tr>
<tr>
<td>3. Continued training by TRAC unit for claims staff. This training will include how to advise claimants on the process of reporting earnings as well as detection procedures when a claimant contacts the agency with issues.</td>
<td>Continuing to develop training for all UI staff concentrating on detecting correct issues</td>
<td>Continuous</td>
<td>TRAC team</td>
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Monitor BAM paid cases to determine trends in improper payments | BAM Manager will submit monthly report to Director UI Integrity. This will then be examined by Integrity Task force for improvement. | Continuous | BAM Manager, Integrity Director, Task Force |
The organization chart must conform to the requirement for delivery of service through public employment offices, or such other designated providers as the Secretary may authorize; show the State's configuration from the Governor of the State down to the point of Employment Service and UI customer service delivery; and provide sufficient detail to show each organizational unit involved and the title of the unit manager.

The contents of the organizational chart could not be converted into a format acceptable by this database. The State of Tennessee, Department of Labor and Workforce Development and the Regional Office maintains a signed copy of the organizational chart.

**SQSP SIGNATURE PAGE**

The State administrator must sign and date the SQSP Signature Page. By signing the Signature Page, the State administrator certifies that the State will comply with all the assurances and activities contained in the SQSP guidelines.

The State of Tennessee, Department of Labor and Workforce Development and the Regional Office maintains a signed copy of the SQSP signature page.

**Requirements for States electing to include UI in the Combined State Plan**

States that elect to include UI in the Combined State Plan must:

Submit an SQSP in the following manner depending on their timing in the SQSP cycle:

If a State is in the first year of their 2-year cycle, a complete SQSP package must be submitted. A complete SQSP package will include the Transmittal Letter, Budget Worksheets/Forms, State Plan Narrative, CAPs (including the milestones and the completion date for each milestone), the UI IAP, Organizational Chart, and the SQSP Signature Page. One of the key goals for the UI program is to ensure that claimants are able to successfully return to work. As such, the SQSP State Plan Narrative must provide a discussion of the plan coordination with other WIOA Combined Plan programs to ensure a coordinated effort and integrated service delivery.

Tennessee is in its second year of the 2-year cycle and has included the appropriate information in our responses above.

If a State is in the second year of the 2-year cycle, the State is required to submit the most recently approved complete SQSP package with a modification that must include the Transmittal Letter, Budget Worksheets/Forms, Organizational Chart, and the SQSP Signature page. The modification may also include CAPs for new identified performance deficiencies, and any required modifications to existing CAPs. The CAP must list both specific milestones for key corrective actions or improvement activities, and the completion date for each milestone.

Tennessee is in its second year of the 2-year cycle and has included the appropriate information in our responses above.
Submit the required off-year SQSP components as a modification to the Combined State Plan on the same cycle as the regular SQSP process which must be approved by September 30th each year.

Tennessee is in its second year of the 2-year cycle and has included the appropriate information in our responses above.