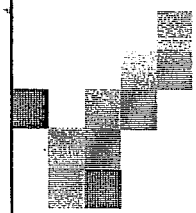

Tax Performance Measures

1

Tax Performance Measures

- UI Performs: A State Perspective
  David Tucker
- The State and Federal Partnership
  Santiago Diaz
- Federal Reviews and Timelines
  Gayle Jenkins

2

Tax Performance Measures

UI Performs: A State Perspective

David Tucker
UI Director, Vermont

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Tax Performance Measures

Quality Appraisal

- Quality Appraisal Until the Late-1990's
- Quality Appraisal Had 34 Measures
- Quality Appraisal Included 8 Tax Measures

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Tax Performance Measures

Quality Appraisal Tax Measures

- Audit Penetration
- Audit Penetration – Large Employer
- Audit Performance
- Report Delinquency
- Status Promptness
- Collections Promptness
- Clearing Account
- Trust Fund (CMIA)

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Tax Performance Measures

UI Performs, Round I
1999

- Established Tier I and Tier II
- Tier I Included "Critical" Measures
- Tier II Included "Additional" Measures
- States Expected to Meet Tier I
- States "Encouraged" to Meet Tier II
- Introduced Concept of "Continuous Improvement"

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Tax Performance Measures

Tier I and Tier II

- Tier I - 3 Tax Measures
- Tier II - 13 Tax Quality &
  11 Accuracy Measures

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Tax Performance Measures

How Should Tier II Be Used?

- If It Can Be Measured, There Should Be Standards!
- If Too Many Measures, What Should the States Focus On?

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Tax Performance Measures

UI Performs, Round II
2003

- After Five Years, It's Time to Take Another Look
- Series of Work Sessions in DC

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Tax Performance Measures

Principles of UI Performs
Round II

- Reduce the Number of Measures to Focus on Policy Goals of Program
- Utilize Remaining Measures for Management Purposes
- Streamline the State Quality Service Plan Process

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Tax Performance Measures

The Challenges of Measuring Tax Quality

- Identify the Quality Measure(s) that Relate to Policy Goals
- Determine the Appropriate Level of Performance

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Tax Performance Measures

What is Tax Quality?

- Considered Status, Collections, Field Audit
- No Consensus that Any One Was Better than Another
- Nobody Wanted to Create a Brand New Measure

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Tax Performance Measures

New Tax Measures

- Timeliness – 70% of New Employer Determinations within 90 Days of Quarter End Date
- Quality – No More than 3 Tax Functions Fail in One Year, and No One Tax Function Can Fail for Three Consecutive Years

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Tax Performance Measures

Why Use TPS?

- TPS is One, Comprehensive Measure of Tax Program
- TPS has Been Around Since the Mid-1990s
- No Need to Develop New "Tools" to Measure Performance
- 3 out of 13 Means ALP is Roughly 75%

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Tax Performance Measures

Determine the Appropriate Level of Performance (ALP)

- ALP Determined for 6 of 11 Measures
- DOL Conducting Studies for Remaining 5
- The Tax Measures are Complete

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Tax Performance Measures

Status of Workgroup and Next Steps

- NASWA and DOL Last Met in April, 2004
- DOL Conducting Studies to Establish Remaining ALPs
- May Meet Again Depending on Outcome of Studies

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Tax Performance Measures

The State and Federal Partnership

Santiago Diaz
Manager, Employer Services

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Tax Performance Measures

State Input

- Initial Release of UIPL 14-05 02/18/05
- Region 5 calls for informal poll 03/10/05
- Comments by 8 out of 10 states
- Forwarded to National Office 03/15/05
- Decision on start of 3 year period 05/05/05

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Tax Performance Measures

Joint Stewardship of UI Program

- Potential Impact to Funding
- National View of Program Performance
- Fed Responsibility to Alert States When Current Performance Could Lead to Failure
- States Identify Operational Issues/Obstacles to Performance
- Level Playing Field
  - Identify Like States
  - Legislation & Economies
- Satisfactory Performance
  - Best Practices

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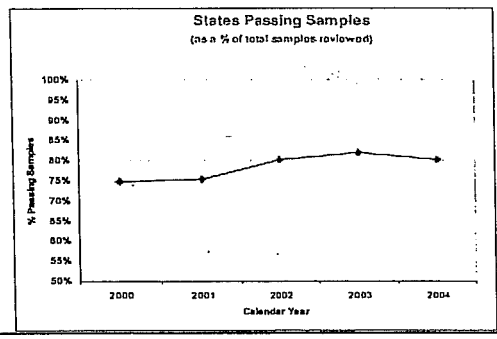
Tax Performance Measures



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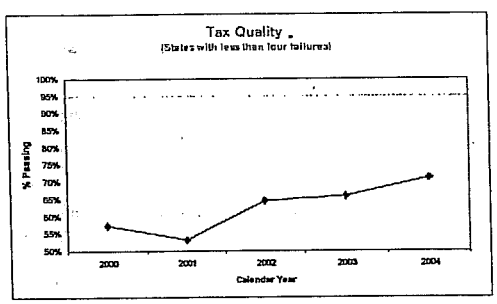
Tax Performance Measures



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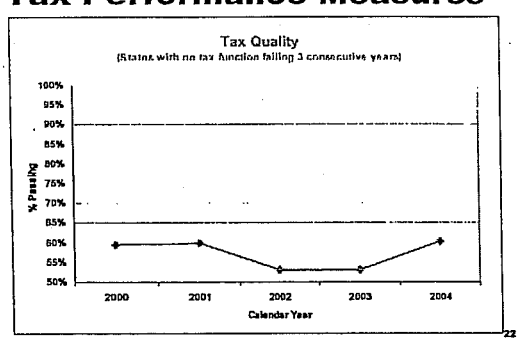
Tax Performance Measures



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TAX PERFORMANCE RESULTS

State X CY 2004

QUALITY	
# Tax functions failed / # tax functions completed	3/13
Tax functions that have failed for 3 consecutive yrs: 2002, 2003 & 2004	Field Audit Debits/Billings
Tax functions that have failed for 2 consecutive yrs: 2003 & 2004	Field Audit Debits/Billings Collections
TIMELINESS	
Percentage of new status determinations made within 90 days	97%

A corrective action plan is required if any of the followings has occurred:

- 4 or more tax functions failed.
- A tax function failed for 3 consecutive years.
- Less than 70% of new status determinations were made within 90 days.

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Tax Performance Measures

Conclusions

- Inform States in Jeopardy
- Conduct Operational Assessments
- Provide Technical Assistance
  Like to Like

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Tax Performance Measures

Federal Reviews and Timelines

Gayle Jenkins
Regional Coordinator

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Tax Performance Measures

There are now two measures of UI Tax performance:

1. Timeliness
   - Status determination timeliness measure
2. Quality
   - TPS annual review of quality
   - No tax function may fail quality 3 years in a row

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Tax Performance Measures

1. Tax Timeliness

- 70% or more new employer status determinations must have been made within 90 days of the quarter ending date.
- In 2004, 84% of states met or exceeded this measure.
- Failure to meet this measure effective CY 2005 will result in the need for a CAP.

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Tax Performance Measures

2. Tax Quality

Tax quality will be measured by looking at TPS results as a whole.

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Tax Performance Measures

2. Tax Quality contd.

13 MAJOR TAX FUNCTIONS SAMPLED:

- Status Determination
  - new
  - successor
  - termination
- Cashiering
- Report Delinquency
- Collection
- Field Audit
- Account Maintenance
  - Contribution Report Processing
  - Debits, contributory employers
  - Debits, reimbursing employers
  - Credits, Refunds
  - Benefit Charging
  - Experience Rating

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Tax Performance Measures

2. Tax Quality contd.

- Out of the 13 tax functions sampled, if 4 or more fail TPS review, the state has not met the tax quality level.
- In 2004, 70% of states met or exceeded this measure.
- Failure to meet this measure effective CY 2005 will result in the need for a CAP.

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Tax Performance Measures

CY 2005		CY 2006		CY 2007		CY 2008	
summer	fall	summer	fall	summer	fall	summer	fall
Evaluate 2004 performance	SQSP for FY 2006	Evaluate '05 performance	SQSP for FY '07	Evaluate '06 performance	SQSP for FY '08	Evaluate '07 performance	SQSP for FY '09
	CAP: - None Narrative: -Timeliness of SD - Four or + fails - 3 yrs in a row fails		CAP: -Timeliness of SD - Four or + fails Narrative: - 3 yrs in a row		CAP: -Timeliness of SD - Four or + fails Narrative: - 3 yrs in a row		CAP: -Timeliness of SD - Four or + fails - 3 yrs in a row fails

Tax Performance Measures

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- TPS Tutorial http://ows.doleta.gov/tps/
- DOL Program letters handbooks, etc. http://www.ows.doleta.gov/XDMS/indexfrm.xml
- DOL Performance Results http://www.ows.doleta.gov/unemploy/performance.asp
- DOL UI 2005 Regulations incl tax rates http://www.ows.doleta.gov/unemploy/sigprojan2005.asp
- IRS forms and publications http://www.irs.gov/formspubs/index.html
- Computed Measures Compilation http://owsdev01.uis.doleta.gov:9090/TPSWP-CM-CMC/web.jsp