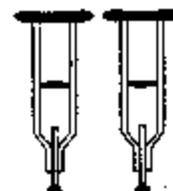


Alaska Department of Labor  
Employment Security Division  
Program Review and Evaluation Unit

# Missed Able and Available Issues



Prepared December, 1992

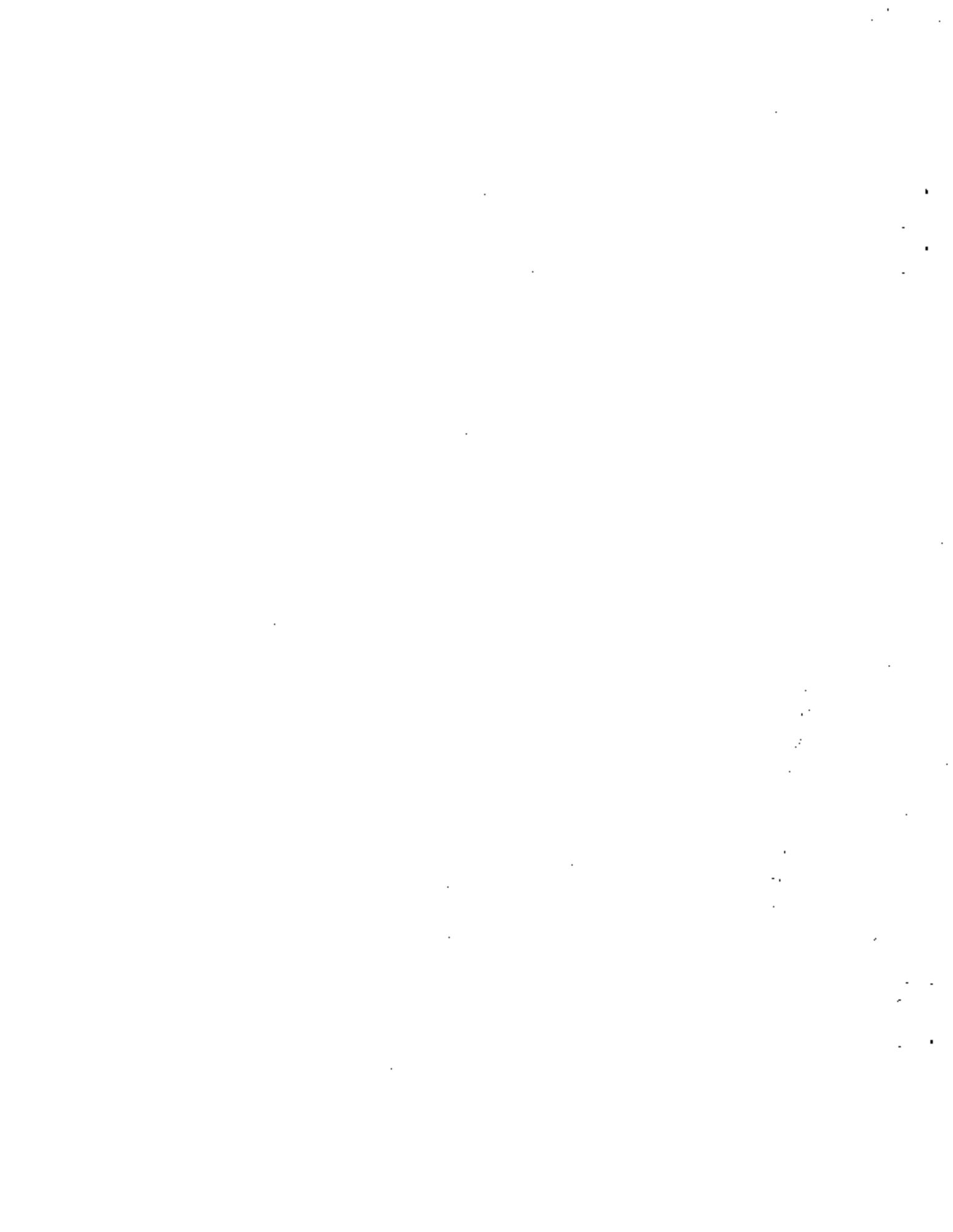
by

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and

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## EXECUTIVE SUMMARY

Quality Control (QC) data estimates that the yearly average mispayment amount due to able and available (A&A) issues for 1990 and 1991 was \$1.9 million. Of this amount only \$.2 million was detected each year on the average. This study hoped to assist the agency in identifying the remaining \$1.7 million.

### The study consisted of the three following phases:

1. Phase One - Two large (10,000) samples of claimants were identified. The first was comprised of claimants with an adjudicated A&A issue, the second was all other claimants. By statistical analysis of both claim and claimant (demographic) characteristics, a profile would be sought which would identify those claimants with a greater likelihood of having an A&A issue.
2. Phase Two - Approximately 300 claimants were selected from the first sample in Phase One (claimants with an A&A issue); those with allows, denies, and denies with overpayments. Additionally, QC investigations which resulted in an A&A deny (47) were included. All were analyzed to determine what went wrong with those having overpayments and what went right for the others.
3. Phase Three - Several local offices are conducting ad hoc Eligibility Rights Interview programs. Their intentions, processes, and findings were determined as they relate to A&A issues.

Findings for the three different phases follows:

1. Phase One - Numerous statistical formulas and applications were applied to both samples individually and collectively. These included logistic and multiple regression analysis, chi square and analysis of variance, as well as the mean and standard deviation. The profiling process demonstrated some differences between the two databases but they were not significant to support a definitive working profile.

2. Phase Two - First, each of the four samples (allows, denies, denies with overpayments, and QC cases) were analyzed by certain criteria. These included: who detected the issue, who supplied the information, what was the source document, specific issue type, reason for mispayment, and what prevented establishment of a mispayment. Secondly, the denies with overpays and QC cases (which all had overpayments) were reviewed to determine whether the overpayments could have been prevented.

A&A issues are primarily detected by local offices based on claimant provided information. Most issues detected by QC were from QC documents. Agency detected issues utilized continued claims and initial claim forms as the primary sources. The three primary causes were travel, school, and medical issues.

Approximately 15% of those A&A issues resulting in over payments were the result of an issue not being acted on timely. The agency was primarily responsible for these occurrences. The predominant reasons were fraud, timeliness, policy inadequacies, local office policies, and individual error.

3. Phase Three - Computer reports, weekly certification forms, and local knowledge identify ERI participants. Both questionnaires and in-person contacts are used to identify barriers to employment. The process both detects issues and benefits the claimant by identifying needed services. Each of these ends serve employers.

Proposed corrective actions:

Claimant involved improvements:

1. Require more in-person contacts
2. Claim cert changes to obtain better travel information
3. Send mailers to identified claimants more timely
4. Provide specific information to claimants via the interactive voice system based on their needs

Employer involved improvements:

1. Encourage to complete agency forms
2. Encourage to provide referral feedback
3. Require to provide specific hire information
4. Educate as to their role in the UI process
5. Offer a local office staffer to promote UI
6. Alter agency forms to solicit more A&A information
7. Use agency led meetings to promote employer awareness
8. Target employers requiring A&A information

Agency involved improvements:

(Computer Systems)

1. Interface ES and UI activities
2. Maintain active registration for UI claimants
3. Notify claimants of union registration maintenance
4. Pursue on-site data processing for local offices
5. Utilize the laser printer for periodic messages
6. Via Naper-Word maintain claimant contacts
7. Require school adjudications to have ending dates

(Forms)

1. Place more emphasis on forms design
2. Require the usage of agency forms
3. Develop an agency forms committee for evaluation
4. Reevaluate specific A&A fact-finding forms
5. Improve and scrutinize completed claim certs
6. Solicit additional information from interested parties

(Office Procedures)

1. . "Prioritize the "hanging" of issues during backlogs
2. Evaluate untimely adjudications vs. overtime
3. Promote timely interaction amongst offices
4. Query a claimant after a break in filing with no AC
5. Specialize staff concerning UI claims processes
6. Have experienced staff work continued and new claims
7. Concentrate on definitive dates
8. Reduce the "cost" of processing new claims by mail

(Periodic/Eligibility Review Interview)

1. Identify and/or eliminate barriers to re-employment
2. Benefit employers with accurate UI payments
3. Convey the impression of trust fund stewardship
4. Achieve job-readiness; reducing UI drains
5. Improve employer referrals
6. Develop questionnaires unique to an office and season
7. "Tickle" the system for anticipated issues
8. Instill on the claimant the office's expectations
9. Vary selection criteria to identify ERI participants

(Training)

1. Promote programmatic training
2. Provide ongoing comprehensive UI/ES specific training
3. Management needs to establish office manager standards to lead staff towards quality performance

Conclusion:

A&A issues are increasing. By altering agency forms, providing programmatic training, educating claimants and employers, and developing an ERI program many more A&A issues would be detected timely. This would translate into trust fund savings and improved employer relations.

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**FINAL REPORT**  
**QUALITY IMPROVEMENT STUDY**  
**NON MONENTARY DETERMINATION PROJECT**

**Barbara Forintos, Project Manager**

**California Quality Control Section  
Department of Employment Development**



## BACKGROUND AND PROBLEM ASSESSMENT

The quality of non-monetary determination decision is essential to the integrity of the California Unemployment Insurance (UI) Program. The accurate decision to pay or deny benefits is the foundation of the UI Program and is critical to public confidence in the Agency's administration of the program.

Quality Control (QC) findings for the two previous years and 1990 Quality Appraisal (QA) results raised the question of how well non-monetary determinations are performed. In 1989 and 1990, QC data showed separation errors accounted for 16% and 17.7% of the reported Agency error rate. This represents 32% and 31% of all dollars paid in errors, respectively. Current findings for 1991 show separation errors increased to 19.3 % and 36.9% of dollars paid in error. In 1990, UI Division's Quality Appraisal findings show State performance in separation issues fell below the federal Desired Level of Achievement (DLA) of 75%.

Based on findings, QC and UI Division developed a joint project to exam the non-monetary determination function and analyze factors that contributed to proper decisions. Our objectives were to:

- identify quality decision,
- establish a data base ,
- identify common factors to quality decisions ,
- design a model of these factors , and
- test model for quality improvement.

Because separation issues represented the largest percentage of decisions to pay or deny benefits, and resources were limited, the scope of this study was limited to the review of these issues.

## **EXECUTIVE SUMMARY**

Based on findings showing a decrease in the quality of non monetary determinations, California 's Quality Control Unit developed a project to:

identify quality decisions,

establish a data base of common factors that contribute to a quality decision,

develop a model for a quality decision, and

test /measure to assure the model improved the determination decision.

Success factors were identified and material was developed to assist in the improvement of determinations findings. While overall improvement in quality of separation issues was found, see attached, final result by interviewer was not conclusive. Interviewers with lower and marginal performance improved in quality of performance. However, some interviewers who were successful before introduction of the model, declined in performance.

## **ANALYSIS AND FINDINGS**

The Pre and Post Implementation Performance Profiles for the project (Charts #3 and #4) show the overall performance of the test offices improved from 78% to 86%. Quality improved in 5 of the offices. Before implementation two offices were not meeting Federal DLA of 75%. After implementation all met this minimum standard. Two offices met California DLA of 82% before implementation, 4 met the higher standard after implementation. Performance in MC's improved by 8% and VQ's improved by 9%.

Interviewer performance findings were significant. Of the 21 interviewers in the study, 16 showed improvement. Five interviewers' performance went down; 4 had pre-profile scores above the California DLA and 1 above the federal DLA. All who had pre-profile scores below federal DLA improved and met this standard. Interviewers who experienced a decrease indicated the introduction of new procedures upset their routine and they were reluctant to continue with the revised procedures.

## **CONCLUSIONS AND RECOMMENDATIONS**

The teams findings showed the training in organization procedures and use of the revised DE 2403 were the most beneficial components of the project. The reference binder did not cause a positive or negative change. Results for five high performing staff were negative while the results of marginal and non performing staff were positive. Therefore we recommend introducing the procedures and form as a segment of block training in non-monetary determinations and as a remedial class. This will assist new interviewers and those needing assistance in organizing and improving the quality of their non-monetary determination.

Field offices responded favorably to the revised DE2403. Some had reservations about the other material. We feel strongly the success of the project was contingent on the training and incorporation of the revised form, they are mutually necessary to effect the desired results.



State of Idaho  
Department of Employment

Program Improvement Project

NONMONETARY DETERMINATION  
QUALITY  
STUDY

CY 1992

Prepared by:

Audit Bureau

Quality Control Unit  
Program Improvement Project Staff

Janie Barber, Supervisor

January 1993

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## I. Executive Summary

The Region X UI Quality Appraisal of December 1991 showed that Idaho's nonmonetary determination scores fell well below the DOL Desired Levels of Achievement. Since low nonmon scores have been a recurrent problem, UI, Operations, and Audit Bureau management reached a decision to conduct a Quality Control Program Improvement study in the area of nonmonetary determination quality.

The Department of Labor approved the original Idaho QC study proposal, as well as a revised model that incorporated changes made to broaden the study, include test procedures in local offices, and perfect the sample selection.

In a quasi-emulation of Alaska's nonmon review procedures, the study team arrived at a final design to test procedures in local offices over a period of roughly seven months.

The PI team used the Quality Appraisal case selection method to pick cases for review. All case scoring that was done in the study used the federal Quality Performance Index (QPI) methodology which provides a systematic and objective approach to rating nonmon quality. Sample selection was done on four occasions, at two-month intervals.

In the Burley office, the two adjudicators QPI scored each other's cases before sending them to the Central Office for review by the nonmon study team. As the team completed its work in scoring each group of cases in the four sample "pulls", it provided Burley Local Office with QPI scoring results, feedback and case commentary.

In Lewiston, the selected cases were photocopied and sent directly to the study team, without a preliminary local office scoring procedure. Lewiston Local Office also received case scoring results and commentary feedback as the study progressed through the four sample "pulls".

The Canyon County office tested a new set of factfinding guide cards. Canyon's selected nonmons were sent directly to the study team for QPI scoring. All feedback on Canyon cases was held until the study was completed. In this way the team could isolate the impact of the guide cards.

The purpose of the local office tests was to track improvement in nonmon performance over the months of the study in the three offices. Through this process the team expected to be able to recommend to management a method to assist local offices to improve nonmon quality.

Statistical analysis of study findings clearly revealed that the test conducted in the Lewiston Local Office resulted in the greatest measure of nonmon improvement over the months of the study. Burley office showed the second greatest improvement, and Canyon County office was third.

The team is aware that the study results may have differed somewhat if the test offices had been less dissimilar in terms of workload and overall size. Also, study outcomes may have shown some change if it had been possible for the study team to exercise some degree of onsite control over study processes. The practical considerations of a study of this length made it necessary to shift a major portion of study control responsibility to the participating offices themselves.

IT IS CONCLUDED THAT THE FINDINGS OF THE NONMONETARY DETERMINATION QUALITY STUDY SUFFICIENTLY SUPPORT A RECOMMENDATION TO INSTALL AN ONGOING NONMONETARY DETERMINATION QUALITY REVIEW PROCESS IN ALL OFFICES, FOLLOWING THE PROCEDURES TESTED IN THE LEWISTON LOCAL OFFICE.



MISSISSIPPI EMPLOYMENT SECURITY COMMISSION

QUALITY CONTROL UNIT

THE EFFECT OF AN INFORMATION PACKET ON THE  
REPORTING OF QUARTERLY WAGES

JANUARY 1, 1992 - DECEMBER 31, 1992

DECEMBER 31, 1992



## Executive Summary:

Through analysis of QC data from 1986 through 1990, it was determined that 5.56% of dollars overpaid occurred as a result of employers incorrectly reporting quarterly wages. This represents an annual amount of \$433,577 overpaid due to incorrect reporting of base period wages. Base period wage reporting errors are one of the most frequently occurring errors in Mississippi.

Base period wage errors involve a variety of complex problems for which one solution is not the only answer. This study attempted to evaluate the effects and benefits of an information campaign aimed at educating Mississippi employers on how to correctly report wages and to determine if an information packet would be helpful in preventing base period wage reporting errors. The design of the information packet was to emphasize the importance of properly reporting base period wages and provide the employer with persons to contact if assistance is needed.

A listing of tax field representatives, telephone number, address, and service area was provided to all employers that received the information packet.

Also included as part of the information campaign is a flier that served as a reminder about reporting base period wages when paid rather than when earned as well as other information pertinent to reporting base period wages. The flier was mailed to the designated employers shortly before quarterly reports were due. This would allow time for receipt of the flier and give the employer an opportunity to review the information before completing the quarterly reports.

A total of 407 employers were selected for audit. 204 of the audits were classified as the test group and 203 as the control group. Of this total, 331 audits were completed with 76 audits or 19% not being completed due to not filing quarterly reports, having no employment, or termination by the Commission. Of the 331 completed audits, 300 or 90% of employers correctly reported quarterly wages. The remaining 31 or 10% of the employers had various discrepancies in quarterly wage totals.

Of the 31 employers that incorrectly reported quarterly wages, 13 had received the information packet. Of the 300 employers that correctly reported quarterly wages, 147 received the information packet. The remaining 153 employers did not receive the information packet, but still reported quarterly wages correctly.

It was anticipated that results from the special study would support the development and distribution of an information packet to be given to current employers and newly registered employers, however, based on this study it does not appear the information packet has shown a significant impact on how employers report quarterly wages.



# **Program Improvement Project Employer Wage Reporting**

**1993 Program Improvement Study  
Final Report**



**Montana Department of Labor and Industry  
Unemployment Insurance Division  
Rod Sager, Administrator  
Quality Control Unit  
Ken Stephens, Supervisor**

**Prepared by:  
Colleen Scow  
Management Analyst  
October 15, 1993**



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## **EXECUTIVE SUMMARY**

Since the beginning of Montana's Quality Control/Random Audit program, base period wage errors have accounted for the largest portion of all total errors. During 1992, the largest number of mispayments were due to base period wage errors. Specifically, 52% of mispayments were due to base period wage errors. These errors accounted for 18% of all mispayments in dollars.

Employer reporting of incorrect social security numbers and/or wages and input of the same information account for a large portion of the errors. A study performed in Montana's Unemployment Insurance Division showed an organizational cost of \$15,724 per year to our department because of employer misreporting. This cost does not include the wage revision process, which adds to our organizational cost.

Montana has put a lot of effort into education for employers regarding wage reporting. We conduct yearly Assistance for Business Clinics, send out Employer Handbooks, revised the Quarterly Wage Reporting form, and send out inserts for employers instructing them how to file wages correctly. We studied the process, as stated above, to try to reduce misreporting from our end. We can no longer reduce the wage reporting error rate without utilizing newer technology that is available.

The goal of this study was to analyze our current wage reporting system, and to research current and future possibilities of employer reporting systems that might enhance our system. We then determined the feasibility of implementation of one for the Montana Unemployment Insurance Division. We were particularly interested in utilizing newer technology, such as diskette reporting, scanners, modem reporting, phone reporting, or bulletin boards.

The study was split into different parts. We used a non-experimental approach, using systems analysis, and surveys to collect data from both states and employers.

We gathered technological information from as many sources as possible. We solicited information from all states, from representatives on major national conferences, from programming specialists, other state agencies, and from employers.

We had excellent responses from other states, with 34 responses as well as many copies of current diskette reporting programs, booklets, and other technical information. Employers, also, were generous with their information. A number of employers called to talk with us and to offer additional suggestions or help.

Part way through the study we expanded to include examining the way we access and update data on the wage master file, which Benefits relies on for current and correct information.

When we analyzed the data from employers, we found the following data:

- 1) 94% of all larger employers use a computer to prepare the payroll.
- 2) Approximately 85% of employers in both groups have commercial payroll programs they use to prepare the payroll.
- 3) A majority (75%) of large employers use their computers to produce quarterly wage listings, either for UI or another government agency.
- 4) The larger the employer, the more likely they are to like the type of diskette reporting program they could program themselves to transfer payroll records directly from an existing program.
- 5) Smaller employers tend to want a software program they would get from us, put into their computer, and enter wage records.

Given the results of this survey, we decided that a diskette reporting program would get the greatest usage if we could offer both options to employers. We have to be able to make the program as easy to use as possible for employers. The greatest potential cost savings is on our part, not the employers.

The Wage Reporting study came up with three recommendations:

- 1) To finalize designs and implement a diskette wage reporting program.
- 2) To revise Montana's current magnetic tape reporting program to meet national standards.
- 3) To revise our wage base file system.

In July of 1993, we applied for a Quality Control Program Improvement Grant for fiscal year 1993. We have received word of approval of this grant, and have begun the process to implement all of the three recommended changes.

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## BACKGROUND/PROBLEM ASSESSMENT

All employers in the State of Montana report wages to the Department of Labor and Industry Central office on a quarterly basis. Montana has approximately 25,000 employers reporting. Employers report wages using one of two methods: the Employers Quarterly Wage Report (UI-5) or a magnetic tape/cartridge system. The UI-5 is sent out by our agency to the employers and filled in manually.

Once the wages are received in the central office an individual's social security number and wage records are entered into our Benefits Automated Rewrite system (BeAR). In the 4th quarter of 1991, 360,690 wage records were entered through data entry. In comparison, 33,933 records were entered through magnetic tape, or 9% of total wage records.

UI relies upon accurate, up-to-date wage information from employers when processing UI claims. Wrong wage information, either the result of employer error or UI errors, results in both underpayments and overpayments in claims as well as unnecessary organizational cost.

Since the beginning of Quality Control/Random Audit program base period wage errors have accounted for the largest portion of all total errors. During the 1992 the largest number of mispayments were due to base period wage errors. Specifically, 52% of mispayments were due to base period wage errors. These errors accounted for 18% of all mispayments in dollars.

An analysis of specific cases with errors point to no one specific error. Employer reporting of incorrect social security numbers and/or wages and input of the same information, account for a large portion of the errors.

A study performed in our Division in 1992 showed a cost of \$15,724.80 per year to our department because of employer misreporting. This cost reflects organizational cost due to employer misreporting. This cost does not include the wage revision process, which adds to our organizational cost.

Employers do not provide all errors in the process. Any manual system has its own errors. A study performed in the department in 1989 indicated an average of 2% error rate in the input of social security numbers. We do a random check of social security numbers on input, but it is not cost effective to check every social security number.

We cannot improve our wage reporting system, and thus reduce QC base period wage error rates, without utilizing newer technology such as diskette reporting, phone reporting, scanners, or modem reporting.

The goal of this study is to research current and future possibilities of employer reporting systems and to determine the feasibility of implementation for the Montana Unemployment Insurance Division.

Benefits Quality Control (BQC) worked with a team of personnel from the Contributions and Programming Bureaus throughout the study. BQC involved personnel from the Bureaus that work with the current process, to facilitate problem-solving, system design, and to provide expert opinion

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## STUDY GOALS AND OBJECTIVES

The goal of this study was to analyze our current wage reporting system, and to research current and future possibilities of employer reporting systems that might enhance our system. After this was done, we determined the feasibility of implementation of one, if any, of the systems.

The study was broken down into several parts. First, we were assured that we could improve employer wage reporting, and if we did, we could eliminate a significant number of claimant errors and reduce organizational cost. This was accomplished by reviewing the problem areas and looking at past studies.

Our first objective was to analyze the current system. The wage reporting system had been studied a year prior to the inception of this study. We looked for any changes that might have occurred since the study. We also interviewed the UI programmers to understand the components of the automation end. We expanded our original study to include examining the way we access and update data on the wage master file, which Benefits relies on. Our current method of accessing and updating data is a very labor-intensive manual process requiring 60 hours per month. The information on the wage master file can only be accessed and updated by individual social security number.

Our second objective was to find out what other states are currently using. We knew there were a lot of possible variations for collecting wage records. We sent a questionnaire to every state. (Appendix A) We hoped to glean from their experience, and cut down on research time.

We worked with UI's representatives that are representatives on national committees, such as the GUIDE conference, to get information on new technology. We talked with other state agencies.

Our third objective was to develop a list of components we needed/wanted in a new system. The information we gathered from all the areas listed above was vital for this. We analyzed the information and determined who we wanted to contact to seek additional information. We sampled programs that were sent from various states, making a list of pros and cons.

Another objective of the study was to survey employers. (Appendix B) This survey asked about their current technological accounting/reporting capabilities, what they would utilize if available, and what they would like in a reporting system.

The final objective was to set up a plan and timetable for making changes, if any, to a new or modified system.

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## **STUDY DESIGN AND DATA COLLECTION**

The study was split into different parts. Each part of the study utilized various approaches. Basically, we used a non-experimental approach. We utilized surveys to collect data from both states and employers, as well as using systems analysis to study our current system.

To collect data from states, we designed a survey to send out. We knew we needed a survey that was easy to answer, one page, with enough questions to give us information to work off of. We drafted an original set of questions, then honed these down. We had independent people look at the survey to see if it was understandable, and if there was missing information. We then made a final draft of the questionnaire. (Appendix A) This survey was sent out to all states, as well as Washington D.C..

Meanwhile, we collected information from other sources, and began working with our programmers and personnel from our Contributions Department to begin to define an efficient wage reporting system. We developed a worksheet as an efficient way to put information from the states.

After we had studied all the information from states, including sampling diskette reporting programs that were sent from states, we generated a list of questions to ask specific states. We called 6 states, asking about scanners, magnetic tape programs, automatic funds transfer, and diskette reporting.

Based on the information, we worked with our programmers to develop some options for implementing a diskette reporting program. We knew we needed input from employers, so we designed a survey for employers. We met with the QC Analyst to see how we could do a random sampling of employers, and how to make the survey valid. We were unable to generate a sampling of employers to send the final survey to, because of organizational difficulties. The decision was made to send out the survey to all employers with their quarterly reports.

To develop this survey, the team once again generated a list of questions. We had the programmers, accounting clerks, and other independent people look at the questions and revise them. We then made a draft survey. The QC Auditors used this for two weeks with all employers they contacted. The surveys were sent in with comments from the Auditors as well as the employers. We looked at the information that came in to see if gathered the type of information we needed, and if we needed additional information. The survey was then once again revised.

The survey was sent out with the Spring quarterly reports to all employers. While the survey was out, we built the data system using polling program software to record and analyze the data that came in. We intended to enter all information that was received, estimating a 10% return rate. This estimate came from past experience with Montana employers.

To ensure that we accounted for all sizes of employers, we separated the employers into size of employer, using the groups listed on the survey. We then took every tenth survey in that group.

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## ANALYSIS OF FINDINGS

We had excellent response from our state survey, with 34 states responding. Almost all sent copies of their manuals. Six sent us copies of the diskette reporting programs. A few sent copies of their employer handbooks, as well as information on automatic funds transfer. We discovered the pros and cons of scanning. We decided against scanning, and that diskette reporting was a valid system to pursue.

We made note of aspects of systems that we liked. Minnesota, in particular, had a system that looked viable to our needs. We called three times and talked with them. Their program offers the most points that we would like to incorporate into our program. Minnesota's program not only offered the options we would like, they have had tremendous success rate with their magnetic media program. In Minnesota 50% of all wage records are reported by magnetic tape. They have used the program long enough to know what works, and what doesn't.

Approximately 520 employer surveys were returned, or 2%. We began to enter them using the polling program that had been set up. However, we developed a problem partially into this part of the project. The program would not accept the amount of data that we gathered. After many attempts to fix the system, we looked at the data that was contained on the surveys. We made the decision to take a sampling of the employers that had returned the surveys. We felt this would give us a valid response from the employers that could be extrapolated to the general population.

When we analyzed the data from the surveys taken randomly from the responses, we made the decision to then enter into a separate data set, all surveys received from employers having 20 or more employees. This is the group that would realize the most results from diskette reporting, as well as would be most likely to use it. This was analyzed separately from the first set, and called "larger employers".

When we analyzed the information from our employer survey, we found certain trends that helped us design the type of program we would like to use:

- A) 94% of all larger employers use a computer to prepare the payroll.
- B) Approximately 85% of employers in both groups have commercial payroll programs they use to prepare the payroll.
- C) A majority (75%) of large employers use their computers to produce quarterly wage report listings, either for UI or another government agency.
- D) Half of the sample employer group report using computers to produce quarterly wage report listings.
- E) MS-DOS is the overwhelming favorite pc operating system.
- F) Approximately 16% of those responding use an accountant to prepare the payroll.

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G) When asked about future possibilities, the majority did not care for either modem reporting or automatic funds transfer. 25% did indicate they would be interested in modem reporting in the future.

H) The larger the employer, the more likely they are to like the type of diskette reporting program they could program themselves to transfer payroll records directly from an existing program.

I) Smaller employers tend to want a software program they would get from us, put into their computer, and enter wage records.

In the survey we asked employers if they would be interested in testing a reporting program if we were to implement a program. We have a large list of employers who would like to test the program for us.

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## CONCLUSIONS AND RECOMMENDATIONS

The results of this survey assisted us to make decisions about the type of program we would need to design. Prior to the start of this study, we thought we would be able to go with only one type of reporting program for employers. We knew that if the program is to be used extensively, we need to be flexible about the design.

When we looked at Minnesota's program, we noticed they offered two options to employers. Given the results of this survey, we felt that by offering employers two options, we will have a higher usage rate. The greatest money savings in using diskette wage reporting is on the part of our Division. We need to make it easy to use for employers. Minnesota is willing to share the source code for its program, thus saving us money.

In June, 1993, we had enough information to make recommendations and to begin set a timetable and work plan for implementing a diskette wage reporting system. This study showed that not only did employers want to use such a system, but that it was viable technology that was working for other states.

We recommended that our magnetic tape reporting system be revised to meet the proposed record layouts of the new national standard. Our current system uses the tape format from the Social Security Administration (SSA) publication TIB-4A October 1986. If we adopt the national standards, we will be able to reduce reporting burden from multi-state employers, and hopefully promote additional reporting on magnetic tape.

We met with programmers to get an estimated figure to see how much programming was involved to make changes to our wage master file. UI needs to modify the wage change transaction to be able to change the employer account number and/or year/quarter associated with an individual wage amount without creating two separate transactions. They gave us an estimate of 350 - 400 hours. This amount of programming time made it impossible for UI programmers to attempt a project making changes to the wage master file. Although the current process was costing claimants timely and correct wage information and organizational time, it could not be accomplished with our resources.

The Wage Reporting study came up with recommendations to implement changes in three areas:

- 1) To finalize designs and implement a diskette wage reporting program.
- 2) To revise Montana's current magnetic tape reporting program to meet national standards.
- 3) To revise our wage base file system.

We applied for a Quality Control Program Improvement Grant for Fiscal Year 1993. We applied for money to implement diskette reporting, to make changes to our magnetic tape program to match national standards, and to make changes to our wage master file. We felt that it was a timely project. We had

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recently received word of a grant to implement automation of our field audit process and meet reporting requirements for Revenue Quality Control. The modification to our Tax and Benefits Computer system could be coordinated with the other project, integrating the systems.

In September, 1993, we received approval of the grant money to implement the automation project for improving our wage reporting system, making changes to magnetic tape reporting and to implement diskette wage reporting.

Employers have already been contacting Montana to see when and if we are implementing diskette reporting. Some of our large employers who currently report on magnetic tape want to switch to diskette. Another large interest group is our school systems. They are willing to work with us to find a diskette wage reporting system that will work for them.

Montana and its employers will reap benefits from this project. Benefits Quality Control will see benefits by reducing the number of wage reporting errors either through organizational error or employer error. We found this study to be beneficial to the Montana Unemployment Insurance program.

DEPARTMENT OF LABOR AND INDUSTRY

UNEMPLOYMENT INSURANCE DIVISION



STAN STEPHENS, GOVERNOR

STATE OF MONTANA

P.O. BOX 1728  
1327 Lodgey  
Helena, MT 59624

Benefits (406) 444-3781  
Contributions (406) 444-3814

October 13, 1992

Unemployment Insurance Director  
State Employment Security Agencies

Dear Director,

We wish to thank you for the completed survey information we received from you regarding your claimstaking process. Your response was greatly appreciated. The information we gathered from all the states is extremely useful to the committee that is designing alternative claimstaking methods for Montana.

In addition to changing the way we will be taking claims, we also are in the process of studying alternative methods to paper listings of accepting wage information from employers. We are doing this in light of new technology and partially in response to employers, who indicate they would like to be able to report wages by diskette.

Before we start designing a system we would like to have the latest information from all states regarding their employer wage reporting methods. We hope to gain from their knowledge and experiences so that we don't have to "start from square one". We plan on having alternatives to employers by March 1 for their comment.

To aid us in our research, we have enclosed a questionnaire regarding wage reporting. We have made this as brief as possible. Please have the appropriate person in your department fill in the survey as completely as possible and return to us by November 5. A self-addressed stamped envelope is enclosed.

Please list the name and phone number of a contact person in the event we want to contact you to gather more information or to clarify any information given to us. If you have any questions, please call Colleen Scow at (406)-444-2611. Thank you for your help.

Sincerely,  
*Bob Jensen*  
Bob Jensen  
Montana UI Administrator



**State of Montana Employer Wage Reporting survey**  
**October 13, 1992**

1. Which of the following methods do you use to accept wage information from employers? Please estimate the percentage of wage records received by each method and the number of years:

	%	No. of years
a. Paper wage listing form	_____	_____
b. Magnetic tape	_____	_____
c. Diskette	_____	_____
d. Voice response	_____	_____
e. To be read by scanners	_____	_____
	100%	

Comments:

2. Do you anticipate making any changes to your state's wage reporting system in the near future?

Yes \_\_\_\_\_ If yes, when \_\_\_\_\_ No \_\_\_\_\_

3. Is there any part of your system that is unusual or particularly good that we might be interested in knowing about?

4. Of the above methods, is there one that has experienced more problems than the other? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please comment:

5. If you are using diskette reporting:

a. What software are you using?

b. What do you do with diskettes after the information is extracted?

7. Do you use automatic funds transfer?

8. Do you have printed material available telling about any of your processes?     yes     no

If yes, please send us pertinent material.

Any other comments?

Name of contact person \_\_\_\_\_  
Phone of contact person \_\_\_\_\_ State \_\_\_\_\_

Thank you for your assistance!!

DEPARTMENT OF LABOR AND INDUSTRY  
UNEMPLOYMENT INSURANCE DIVISION



MARC RACICOT, GOVERNOR

STATE OF MONTANA

P.O. BOX 1728  
1327 Lockey  
Helena, MT 59624

Benefits (406) 444-5783  
Contributions (406) 444-3834  
Fax (406) 444-2698

Dear Employer,

In a survey last year, a number of employers indicated interest in diskette wage reporting. The Unemployment Insurance Division in Montana is exploring the possibility of offering employers the option of reporting wages on diskettes. However, before we begin to design a diskette wage reporting system, we would like your input. This questionnaire will help us design a system that meets your needs as well as ours.

This questionnaire will take 5 minutes or less to complete. Please take the time to complete the questionnaire located on the back of this page. The new diskette reporting system will be designed using your input. Feel free to comment on any of the questions, either in the space allocated, or attach an extra sheet. Return the questionnaire with your UI-5 Quarterly Report, or send to the address listed above, ATTN: Carol, by May 15, 1993. If you have any questions regarding this questionnaire please call Colleen (444-2611) or Carol (444-3569) at the Unemployment Insurance (UI) Division.

**What would a diskette reporting system look like?**

- \* You enter your employees' names, wages and Social Security numbers into the program. The first time, all must be entered. You submit a diskette rather than the paper copy of the contribution wage report to the UI Division.
- \* Subsequent quarters, you update wages, add and/or delete employees.
- \* May track and calculate excess and taxable wages for you.
- \* Provide you with a printout of all employees, wages, social security numbers, excess wages and total wages for each quarter.
- \* Easy to follow menu system.

**What the program would offer you:**

- \* Montana would provide the program to you free of charge.
- \* The program would be available on 5 ¼" and 3 ½" disks.
- \* Ease of filing with fewer errors.
- \* Save you time.
- \* Give you an option of reporting wages on diskette rather than using the current paper listing.

If an Accountant or Accounting firm prepares your payroll or files your Unemployment Insurance Quarterly Reports, please ask them to answer this questionnaire.

1. This questionnaire is being answered by:  Accountant/Accounting Firm  Company

2. Average number of employees employed by your company: 1. \_\_\_ 1 - 4 4. \_\_\_ 30 - 49 7. \_\_\_ 100 - 149  
 (Or, if accounting firm, number of employees employed by 2. \_\_\_ 5 - 14 5. \_\_\_ 50 - 74 8. \_\_\_ 150+  
 the company you are responding for.) 3. \_\_\_ 15 - 29 6. \_\_\_ 75 - 99

3. Does your company/firm own or lease a computer system?  Yes  No  
If Yes,  
 4. What type is your computer system?  pc  mainframe  
 5. What operating system does it use? 1. \_\_\_ MSDOS 2. \_\_\_ Apple 3. \_\_\_ Unix 4. \_\_\_ Other (list name)  
If No, answer the following question, then skip to question #14  
 6. Are you considering owning or leasing a computer in the next 5 years?  Yes  No

7. Do you use a computer to prepare the payroll?  Yes  No  
If Yes,  
 8. Is this payroll program:  a commercial package  developed in-house  
 9. What payroll software program do you use? (list name) \_\_\_\_\_  
If No,  
 10. Are you considering using a computer to prepare payroll or reports in the next 5 years?  Yes  No

11. If you have a payroll system on computer, are you using it to produce quarterly report wage listings for any governmental agency? 1. \_\_\_ Yes 2. \_\_\_ No 3. \_\_\_ Don't have a computerized payroll system.

12. Would your company/firm consider using diskette reporting of wages for Unemployment Insurance Quarterly Reports? (Pick one response that best describes your answer.)  
 1. \_\_\_ Only if you could transfer directly from your payroll records and UI sent you the programming requirements to submit the wage records onto a diskette program.  
 2. \_\_\_ If UI provided you with a program in which employees and wages must be entered the first time, then updated each quarter.  
 3. \_\_\_ Need more information  
 4. \_\_\_ We would not consider diskette reporting of wages.  
 5. \_\_\_ Other: (comment)

13. Would your company be willing to participate in a test of diskette reporting?  Yes  No  
If Yes,  
 Business name \_\_\_\_\_ Person to contact \_\_\_\_\_ Phone \_\_\_\_\_

14. Future possibilities for reporting employee wages and UI contributions include modem reporting (Transferring information via modem to the UI computer.) and Automatic Funds Transfer (Transferring funds by instructing your financial institution to debit your account and credit the state's bank account.) Would you consider either one of these?:  
 Automatic Funds Transfer  Modem Reporting  No

Answer the next two questions only if you currently report wages to us on magnetic tape.  
 15. Do you currently report wages to us by magnetic tape?  Yes  No  
 5a. Would you consider switching from magnetic tape reporting to diskette reporting?  Yes  No  
 3. Do you have any suggestions for improving magnetic tape reporting?

Thank you for your time and information!!

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State of Oregon  
EMPLOYMENT DEPARTMENT

PROGRAM IMPROVEMENT PROJECT STUDY

SHORT DURATION WORK AND SEPARATIONS

September 1993



## EXECUTIVE SUMMARY

In 1991 Quality Control data estimated a 7.7 million dollar trust fund loss due to undetected separations. We know this is a low figure as Quality Control cannot detect hidden separations occurring during the claim series at the IC/AC process unless either the claimant tells us about them or sufficient time has passed since the separation from this employer that it becomes apparent from submitted tax records. In contrast, Benefit Payment Control set-up 1.8 million dollars in overpayments for work separations for the same period of time.

The separations which are most difficult to detect occur in conjunction with short periods of employment. This program improvement study looked at periods of work ranging from one to two weeks of employment reported by employers on tax reports. The results were compared to those in the study which had more than two weeks of work for the employer.

These were compared in such areas as:

- number of separations occurring.
- number of separations detected.
- ratio of clearing to denying decisions.

### Results

The cases which had only one week of work for an employer were twice as likely to have a work separation as those with two weeks of work for an employer and three times as likely to have work separations as those with more than two weeks of work.

The work separation in the cases which had only one week of work for an employer was three times more likely to be undetected than those with two weeks or more of work for the employer.

Extrapolation to the universe indicates \$891,729 (+ 6.9%) in trust fund loss occurring annually in cases of undetected work separations from people who work one week (or less) for an employer.

There are two ways these could be detected.

1. Ask employers to provide the reason for separation when a person has worked one week or less when the employer reports the quarterly tax.
2. Include one week of work criteria to the crossmatch selection formula to send letters requesting the information from employers at crossmatch.

Method 1 would affect far more employers (115,000) as it is not possible to screen out those people with one week of work who have not and will not file an unemployment claim. It would, however, detect more separations and overpayments, \$859,435 (+ 6.9%).

Method 2 would only affect 25,284 employers annually. It would require screening in the Benefit Payment Control unit. It would, however, detect only 67% (approximately) of the separations, as all employers do not respond to the crossmatch letters. \$597,459 ( $\pm$  6.9%) in overpayments would be detected.

There are political implications to this as well. Either system control will affect our employer customers, although it could be argued that this is ultimately to their advantage.

Both involve a post audit procedure, which would occur up to several months after the work separation occurred.

It could be seen as less than positive to "punish" people who took a job and left it after one day (or up to one week).

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State of Oregon  
EMPLOYMENT DEPARTMENT

PROGRAM IMPROVEMENT PROJECT STUDY

REPORT OF HIRE STUDY

September 1993



## Executive Summary

During FY93, Oregon's Quality Control unit studied an automated system which would match the date new workers were hired against claim records. The date these workers were hired would be reported as part of the quarterly payroll report already submitted by firms in Oregon. The purpose of such a system is to find those claimants who do not report their work and earnings when they begin a new job.

The study sought to assess the number of overpaid claims and dollars which would be detected by implementing this system as well as to contrast the new system with the results from the Benefit Crossmatch investigation for the same quarter.

A complicated, multi-phase selection process was employed in order to arrive at a valid and reliable sample of newly hired claimants on which to test this system. Because Oregon does not have programming which can compare worker names and Social Security numbers on quarterly payroll reports from two consecutive quarters, this was accomplished by hand by a Quality Control technician.

Employers were contacted to find out the hire date of all selected claimants. Whenever that date intersected a claimed week, the earnings reported by the claimant were compared to the employer's records and the amount of overpayment, if any, was calculated.

One notable outcome of this study was the remarkable level of cooperation shown by employers. In every case, employers were willing to provide the date of hire for their workers. It is clear that they consider it important to control their unemployment insurance costs. The reluctance adjudicators experience when they ask for detailed work separation information was not evident. This could be attributed to the fact that providing the dates of employment does not leave them liable for legal action as can supplying sometimes controversial separation details.

There is considerable benefit to be gained by implementing an automated match of the hire date for newly hired workers against claim records. Significant trust fund savings would be realized by using this sort of a match in combination with the Benefit Crossmatch. A combined system would maximize the effectiveness of the automated selection process currently used by Crossmatch by allowing that system to select for investigation only those claimants with a truly high probability for having a sizeable overpayment.



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State Of Oregon  
EMPLOYMENT DEPARTMENT

PROGRAM IMPROVEMENT PROJECT STUDY

**ACTIVELY SEEKING WORK STUDY:**

Toward an efficient method of issue detection to  
ensure proper payment of benefits when due.

September 1993



## EXECUTIVE SUMMARY

The Employment Department is currently undergoing rapid changes in the way business is conducted. Being in a state of flux, the potential exists that specific directives, policies, procedures or forms that are the focal point of any study will be revised prior to the formulation of specific recommendations. This was just one problem encountered by the Program Improvement Project - Actively Seeking Work study.

The study illustrates the success of the touch-tone telephone reporting system. Of those claimants reporting on IVR, there is universal acceptance of the process. The only suggestions for improvements to the system were the need for a shorter message or option to go directly to the questions and the desire for additional accountability.

Due largely to errors in the sampling methodology and with survey questions which proved ineffective at detecting issues, the study failed to achieve its initial objectives. What the study does provide is valuable information on how to conduct future Program Improvement Project studies.

When conducting future Program Improvement Project studies, it is extremely important to consider all information which might impact the study to avoid sampling bias. Partial or incomplete information could result in misleading conclusions or recommendations. It is easier to disregard extraneous information, than to go back and try to retrieve information not previously collected or documented.

It is also important, as this study has shown, that an effort be made to avoid surveying claimants by telephone. Telephone surveys, in addition to the problem of contacting people, make it too easy for the claimant to provide general information which may be based partially on belief, recall, and/or conjecture.



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**UTAH DEPARTMENT OF EMPLOYMENT SECURITY**  
**Unemployment Insurance Division**

**QUALITY CONTROL**  
**PROGRAM IMPROVEMENT STUDY**  
**FINAL REPORT**

**The Effects of Early Intervention on Claimants**

**Who Report Benefit-Year Earnings**

Period Covered by Study: February, 1992 to January, 1993  
Report Date: March, 1993

**Project Manager: Robert Comfort**  
**Project Data Analyst: Janet Peck**



## I. BACKGROUND/PROBLEM ASSESSMENT

In the Utah Quality Control Program, the type of key-week payment error which has caused the second largest amount of overpaid dollars over the past several years has been claimant-misreported benefit-year earnings. Also, of the QC claimants who had detectable benefit-year earnings, about half had misreported the amount, reported it for the wrong week(s), or failed to report the earnings, according to QC data.

Examination of QC data since 1987 has revealed that ongoing-eligibility (QC cause codes 400-460) key-week payment errors have ranked number one in terms of dollars overpaid. Previously-conducted Utah Program Improvement studies and other steps taken by the Utah Department's UI management have been addressing this concern.

Key-week payment errors due to misreported benefit-year earnings (QC cause codes 100-150) have ranked second in overpaid dollars. Utah Department management has been made aware of this error rate, but the percentage of dollar payment error has remained essentially constant, using current methods of detection and prevention.

The primary objective of this study was to determine whether early intervention regarding claimant-reported benefit-year earnings would act as a deterrent to the misreporting of earnings.

It was expected that this experimental procedure would determine if it is worthwhile (i.e., cost-effective) to use this new approach, considering the Benefit Payment Control (BPC) procedures currently in place: model crossmatch, accession reports, public tips, and local office referrals. It was thought that the study outcome might suggest an early-intervention procedure as an additional tool for Benefit Payment Control, or even possibly a primary tool for detection and prevention.

Two QC auditor positions were dedicated to the study for the following activities: (1) data collection; (2) compilation of results; (3) tabulation of data; (4) telephone contact work; (5) interaction with the QC data analyst, clerical and supervisory staff; (6) field visits (to nonresponsive employers); (7) setting up of overpayments and underpayments; (8) attendance at fraud hearings and appeal hearings; (9) claimant contact; and (10) adjudication of non-monetary issues (including separation reason, separation pay, job refusal, availability, etc.). These activities were performed primarily by the audit staff. In addition, the QC supervisor, data analyst, and office technician were involved throughout the study. ADP, LMI and Staff Services staff participated in study design and testing.

During the study period, a technical difficulty arose: initially the sample was divided in half -- 300 in the experimental group and 300 in the control group. Six claims in the control group had to be dropped for various reasons, reducing that figure to 294. After the earnings for the experimental group claimants had been verified, they were notified that their benefit-year earnings had been checked (with official action taken when appropriate). Their case folders were then put in a suspense file so that earnings reported late in their claim series could also

be checked in order to measure the effect the notifications had on their subsequent reporting accuracy. It soon became apparent that, for the majority in the experimental group, there would be no additional earnings. For example, the initially-reported (and only reported) earnings may have been final earnings from their last job, vacation pay, or back-to-work earnings.

To partially offset this reduced sample size for the experimental group, an additional seventy-five cases were added to this group. Ideally, even more should have been added, but the practical limitations of this very labor-intensive study precluded this.

The study was considerably more burdensome on the QC auditors than had been anticipated, especially during the last three months of the data collection. There was an audible sigh of relief when their involvement in the study was over.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

##### A. CONCLUSIONS

It seems clear that checking earnings early in the claim series and notifying claimants have significant effects: (1) It confirms the findings from QC audits of the past several years that a high proportion of the claimants tend to underreport when they first report earnings; (2) collecting or offsetting overpayments is more often possible early in the claim series; (3) claimants who have been alerted report more accurately on subsequent reports of earnings; (4) there are comparatively few non-monetary issues that relate to the claimant reporting of benefit-year earnings; and once notified that their reported earnings have been checked, non-monetary issues are essentially nonexistent on future reports of earnings in the benefit year; and (5) some reporting errors, often inadvertent, will probably always exist with much of the claimant population who report earnings.

The early-intervention approach seems to be productive. Whether or not it would be cost effective to implement may be another matter. This study has demonstrated that it is a labor-intensive approach primarily because of the extensive follow-up that is required to get cooperation from some employers. For this study, a concerted effort was made to get accurate earnings reports. Some of the employers were uncooperative, and for others accurate figures were elusive because their records lacked precision and detail or were nonexistent.

##### B. RECOMMENDATIONS

1. Add the early-intervention approach to the other tools of BPC; however, procedures would have to be developed to make this efficient and at least partially automated in order to make it less labor intensive.
2. Design a computer-generated letter to employers for the claimant's initial report of benefit-year earnings. This letter could advise them of the dates the claimant reported working and ask them to check this information against their records and provide the earnings and other pertinent information to the Department.
3. Enlist the help of employers to keep payroll records in a way in which they can supply employee hours and earnings information on a weekly basis (many employers don't). Advise them that it is to their advantage, and would assist the Department in reducing overpayment and fraud, as well as help to reduce Department administrative costs.
4. Continue the other methods currently being used by BPC to detect misreported or unreported earnings. The EI approach would increase BPC's flexibility in utilizing its resources to adjust to changing budgets, economic conditions, staffing, management, priorities, etc. Early intervention can enhance the integrity of the UI program, and help protect the trust fund.