VII. Unemployment Insurance (UI)
(Tennessee Fiscal Years 2023 and 2024)

A. Overview

1. National priorities

Tennessee continues to align its strategies with the below national priorities that have been established for the UI program for FY 2024. The USDOL has also established the following additional priorities for FY 2023-2024:

Improving State Capacity to administer and operate the UI program effectively.

For FY 2023-2024 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 are currently in the process of building a LMS (Learning Management System) that will be available to all agency staff to continuously offer training in any area that is identified as needing updates or improvements. The learning modules will align with BAM and BTQ quarterly and yearly findings to improve staff knowledge, as well as improve BTQ scores and improper payments discovered through BAM investigations. We will also 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.

TN is currently in the middle stages of a new benefits system by FAST Enterprises. This will improve our ability to provide a better process for our staff, claimants, and Employers. We have an initial target implantation date by the end of first quarter 2024.

TN is working to ensure equity in the program by examining the process and procedures a claimant goes through when filing claims and communicating with the agency. This has always been a continuing effort.

Improved Prevention, Detection, and Recovery of UI Improper Payments

For FY 2024, our top priority continues to be the prevention, detection, and recovery of improper payments. We will continue to examine UI Integrity functions through regular Integrity meetings, 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 2024 State Quality Service Plan to address current state-specific root causes of improper payments. Tennessee worked with the NASWA Integrity center and added the IDH and BAV to system processes in TN. TN will be working to add IDV to the IDH process as well by

the end of the fourth quarter 2023.   TN will also apply for additional funds through the SBR process to enhance the detection and prevention of improper payments.

Tennessee uses Lexis Nexis 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.   This program was implemented on July 31, 2020. We continue to work with the vendor to identify program strengths and areas for improvement. TN is working with Lexis Nexis to develop a process that will enhance the Q&A quiz function in claim processing. This process will use known fraud parameters to make the quiz more difficult for claimants that have these fraud parameters. These can include IP addresses, claimant address, Social Security number, and velocity that they attempt to file a claim. Lexis Nexis also provides TN with a data analytics outside of the systems we have in place on a monthly meeting.

Addressing Claim Backlog

TN is working to resolve the backlog created by the pandemic.   Here are some steps we are taking:

Work to hire more merit staff for claims and adjudication processing.
Use contract vendors to help with claim verification, provide reports for specific claims for TN merit staff to adjudicate, and answer calls to the agency.
Continue to work with claims vendor Geographic Solutions to resolve claim system issues so performance of the system is improved as well as staff.
Utilize mass adjudication tool to adjudicate like claims after fact finding has been completed.
Continuous training of staff to improve understanding of law and policy and improve overall production of the teams.
Work with our Wired department to determine trends and gather data.

 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 46

centers across the state via a partnership with WIOA and Local Workforce Development Area Partners.

1)   VOS/JOBS4TN -All unemployment claimants create a job service application now they when they file a UI claim. Tennessee has fully implemented 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, like the services you would find in a brick-and-mortar center. All UI claimants will be required to create VOS accounts/profiles at the time they file their claim.

2)   Re-Employment Services Eligibility Assessment (REASA) services- Tennessee currently operates the RESEA program in 46 one-stop career centers across the state. RESEA orientations and subsequent RESEA follow ups are conducted 5 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 regarding job matching and job placement.

3)   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.

4)   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 like 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.

5)   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.

6)   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.

7)   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 Worker Misclassification

Tennessee will continue to monitor ETA reporting and verify date prior to submittal of all reports.

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

   During FY 2023/2024 the Tennessee Department of Labor and Workforce Development intends to focus its efforts on the following:

   Improving performance on the seven Core Measures and the six Secretary Standards listed below that are currently below the minimum acceptable level of performance (ALP): We have created CAPS for the standards below that state how we will work to improve our focus and performance in these areas:

   > Firsts Pay Promptness
   > Nonmonetary Separations Quality (Core)
   > Nonmonetary Non-separations Quality (Core)
   > Data Validation (Secretary Standards
   > Complying with the requirements of UI Data Validation
   > Improper Payment Rate

   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
   Interstate first payment timeliness
   Facilitate Reemployment of Claimants
   Detection of Overpayments
   Recovery 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. 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. Implement measures to correct deficiencies identified during the Tax Performance

System (TPS) and Benefit Accuracy Measurement (BAM) program reviews, and Benefit Timeliness and Quality (BTQ).

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

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3.   **Assessment of past performance and expected future performance.**

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 2023/2024 SQSP measurement period for the 12-month period ending March 31, 2023 was 45.36%. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2024 to improve performance in this Core Measure.

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 2023 SQSP measurement period (the 12-month period ending March 31, 2023) was 53.47 %. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2024 to improve performance in this Core Measure.

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 2023 SQSP measurement period (the 4-quarter period ending March 31, 2023) was 68.32%.

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 2023 SQSP measurement period (the 4-quarter period ending March 31, 2023) was 46.72 %. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2024 to improve performance in this Core Measure.

Overpayment Measure

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 54%. 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 7.90 % based on BPC data for the period 04/01/2019-03/31/2022 and BAM data for the period 10/01/2020-09/30/2022. We have attached a Corrective Action Plan (CAP) outlining the corrective measures we intend to take during FY 2023/24 to improve performance in this Core Measure.

Appeal Measures

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 11.2 days for the FY 2023 SQSP measurement period, (the 12-month period ending March 31, 2023). We are currently meeting this measure for the past six months starting April 2022 ending September 2022.

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 6.4 days for the FY 2023 SQSP measurement period (the 12-month period ending March 31, 2023).

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 86.76% for the FY 2023 SQSP measurement period (the 4-quarter period ending March 31, 2023).

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, 2023, was 83.3 % We have not met this because we continue to lose staff auditors and it is difficult to backfill these positions because of the competitive job market conditions. We are working to fill positions as quickly as possible.

Effective Audit Measures Summary:

The Effective Audit Measures for 2022 reveal that Tennessee's total score was 6.0 which does not meet the USDOL minimum score of 7.0. The percent of contributory employers audited scored 0.7%. This does not meet the minimum requirement of 1.0% meaning this category failed the review. Additional emphasis focused on the percent of wages changed because of the audit which is 3.5%. This is 1.5% above the minimum requirement of 2.0% meaning this category passed the review. The percent of the state's total wages that were audited is 0.8% which is .2% below the minimum requirement of 1.0%, and the average number of misclassified workers discovered per audit scored 1.0 which is equal to the minimum requirement of 1.0.
The overall score for the effective audit measures was 6.0 for 2022 which also fails to meet the minimum requirements of 7.0 set by the USDOL. The results reflected in this

measurement process were clearly related to the continuing staffing challenges which directly impacted the process of audit activities during the 2022 audit year. The inability of the department to attract and/or retain talented audit staff is a growing concern which must be addressed to produce the results required by the USDOL.

Effective Audit Measures 2022 Score

Factor	Description	Minimum Score	TN Score
1	Percent of contributory employers audited	1.0%	0.7%
2	Percent of wages changed because of the audit	2.0%	3.5%
3	Percent of the state's total wages that were audited	1.0%	0.8%
4	Average number misclassified workers discovered per audit	1.0	1.0
	Total Score	7.0	6.0
	Minimum Level of Achievement Score	5.0	4.5
	Additional Emphasis Requirement	2.0	1.5

TN is not meeting this measure due to staff turnover in the competitive market. We are working to hire audit staff to fill these positions as quickly as we can.

4. Tiger Team Grant Funds and Consultative Assessments

Tennessee is currently in development of a new benefits system that began on October 3, 2022. All resources that would be used for the Tiger Teams will be working on the new system project and all other resources will be maintaining the business functions for TN UI processes.

5. Coordination with other plans, including WIOA.
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 Workforce Services 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".

B. **Federal emphasis (GPRA goals)**

1. 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, 2023 was 46.10

%. Tennessee will examine processes to improve this score to meet or exceed the minimum level.

Detect Benefit Overpayments.
Target: Overpayments established will be at least 54.00% of the estimated detectable, recoverable overpayments. For the 12 months ending March 31, 2023, Tennessee established 59.44 % 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 Lexis Nexis Fraud detection and prevention product to improve detection of higher risk claimants through their analytic systems.

Establish Tax Accounts Promptly.

Target: 90% 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, 2023 was 80.31%

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. The statistics show that Tennessee continues to improve in this measure with the most recent data showing 83.3% of employers established within given times.

2. Actions planned to achieve GPRA goals and targets.
We have submitted CAPS to facilitate the actions we plan to take to improve the GPRA goals for the state.

C.   Program Review Deficiencies, if required

1.   Causes for failures to conduct required reviews/activities, e.g., Benefit Payment Control, Internal Security, Benefit Accuracy Measure, and Tax Performance System and plans to conduct the reviews as required.
BAM did not pull the correct number of cases (480) for previous year. This was detected by the BAM supervisor and could not be corrected during that cycle. This has been corrected and is being monitored by the BAM supervisor. Currently TN is on pace to achieve 480 cases and a CAP is also attached within the SQSP process.
2.   Explanation and planned actions if detection rate is over 95%
N/A
3.   Causes for EAM failure and planned actions to address the deficiencies.
a.   Loss of audit staff throughout the state of TN.

E. **Reporting Deficiencies, if required**

Actions planned to correct reporting deficiencies. Reporting deficiencies are defined as missing reports, reports submitted late more than 50 percent of the time (7 of 12 months for monthly reports; 3 of 4 quarters for quarterly reports), and annual reports submitted late 3 consecutive years.
N/A

F. **Customer Service Surveys (optional)**

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

H. **Assurances:**

a. Assurance of Equal Opportunity (EO).
b. Assurance of Administrative Requirements and Allowable Cost Standards.
c. Assurance of Management Systems, Reporting, and Recordkeeping.
d. Assurance of Program Quality.
e. Assurance on Use of Unobligated Funds.
f. Assurance of Prohibition of Lobbying Costs (29 CFR Part 93).
g. Drug-Free Workplace (29 CFR Part 98).
h. Assurance of Contingency Planning.
   Provide the most recent dates for the following:
   • Information Technology (IT) Contingency Plan Implemented: 2019
   • IT Contingency Plan Reviewed/Updated :
     September 2021
   • IT Contingency Plan Tested :
     Nov 30-Dec 4 2022
i. Assurance of Conformity and Compliance.
j. Assurance of Automated Information Systems Security.
   Provide the most recent dates for the following:
   • Risk Assessment Conducted: 12/21/2022
   • System Security Plan Reviewed/Updated : July 2022
k. Assurance of Confidentiality
l. Assurance of Disaster Unemployment Assistance
   • Conducted Annual DUA Training for DUA Staff   Yes
Provide the date of the training: Jan 2022
   • Developed and/or Maintained a Standard Operating
Procedures for use during a major disaster declaration   Yes