2023 ANNUAL REPORT
on the Performance of
New Jersey's Unemployment Insurance System

New Jersey Department of Labor and Workforce Development

Opportunity. Stability. Dignity.

TABLE OF CONTENTS

This report meets the reporting requirements the New Jersey Department of Labor and Workforce Development (NJDOL) is charged with fulfilling per P.L. 2023, CHAPTER 42, S2396/A3810, including an overview of NJDOL's federal appropriations and personnel costs attributed to the administration of the state's Unemployment Insurance (UI) system, NJDOL's performance around the U.S. Department of Labor (USDOL) core benefits categories, coupled with a national comparison, an overview of our ongoing UI modernization efforts, a detailed explanation of how NJDOL uses available funding towards the task of overseeing and administering the state's UI system, and the full NJDOL State Quality Service Plan (SQSP) that NJ submits and USDOL approves annually.

Executive Summary

On May 8, 2023, [P.L. 2023, CHAPTER 42, S2396/A3810](#) was signed into law and went into effect. Under this law, NJDOL is required to provide the State Legislature with, and to make publicly available on its website, a report on the state's unemployment insurance (UI) system. The law tasks NJDOL with reporting on the "timely and accurate processing of, and adjudicating appeals concerning, unemployment compensation benefit claims." The report must be submitted by December 31 every year.

The technical infrastructure of New Jersey's unemployment system has not seen a significant overhaul since the late 1970s. New Jersey, ravaged by the COVID-19 pandemic in 2020 along with every state across the country, realized early on that this antiquated infrastructure was not built to sustain the unprecedented influx of claimants who applied for UI benefits during the pandemic; more initial UI claims were filed in CY 2020, 2.0 million total claims (half of which were filed in March and April 2020), than the 1.9 million claims filed in all of 2019, 2021, 2022, and 2023 combined. This UI crisis strained the system and exposed challenges to providing timely access to benefits, due to ever- and-rapidly changing federal eligibility criteria for UI during the COVID-19 pandemic. The need to launch a long-awaited and profound modernization effort of our state's UI system thus became NJDOL's priority.

This report provides an in-depth analysis into how the UI system is currently operating after NJDOL has instituted a series of iterative changes and improvements since 2020, many of which are still ongoing. NJDOL provides an annual snapshot of how the UI system is functioning, while acknowledging the areas where we need to continuously make the system stronger to ensure it functions as well as possible for the use of all New Jerseyans who may come to rely on UI benefits.

This report includes:

- An overview of current UI investments, particularly in federal appropriations and personnel costs.
- New Jersey's UI performance in USDOL core benefit categories, along with a national comparison.
- An overview of NJDOL's ongoing UI modernization efforts.
- Context on NJDOL's funding for the UI system and additional funding needs.
- An appendix with extensive details into the NJDOL's State Quality Service Plan (or SQSP), the UI performance report NJDOL submits to USDOL.

Section 1: Federal Appropriations and Personnel Costs

Section 1 of this report covers:

1. For both Fiscal Year (FY) 2023 and Fiscal Year 2024, the amount appropriated in federal funds, the budget authority, the budget reserve, the amount expended, and the amount of each year's appropriation not expended.
2. The anticipated expenditures for the remainder of FY2024.
3. The total unexpended moneys remaining from any previous appropriation.
4. The number of personnel in the department employed in the administration of the unemployment insurance system and the budgeted cost of salaries and benefits for those personnel.
5. The number of personnel who are processing unemployment benefit claims, the number engaged in other functions of the system, and the budgeted cost of salaries and benefits for those personnel.
6. The percentage of total division (agency) administrative costs comprised of those categories of personnel costs.

The below table provides in-depth information and context into NJDOL's unemployment insurance funding and expenditures, specifically breaking down how much NJDOL receives from federal appropriations, primarily, and how much NJDOL spends in personnel costs, including salaries and benefits, in the administration of New Jersey's unemployment insurance system.

New Jersey's Unemployment Insurance System: Funding Sources and Personnel Costs

FEDERAL FISCAL YEARS 2022 - 2024			
	10/1/2021-9/30/2022	10/1/2022-9/30/2023	10/1/2023-9/30/2024
	FY 2022	FY 2023	FY 2024
Budget (Reflects UI Base Award)[1]	$116,571,951	$121,202,819	$125,114,718
Expenditures-Base UI Grant[2][3]	$128,845,008	$144,702,819	$156,046,785
Surplus / (Deficit) - Budget vs. Expenditures[4]	$(12,273,057)	$(23,500,000)	$(30,902,067)
Deficit funded by:			
UI Auxiliary Fund[5]	$12,273,057	$ -	$24,895,118
EUISSA (one-time Federal funding)[6]	$ -	$23,500,000	$6,006,949
Adjusted Surplus / (Deficit) - Budget vs. Expenditures	$ -	$ -	$ -
	FY 2022	FY 2023	FY 2024
Total Personnel Cost-UI Base Grant[7]	$80,780,248.08	$100,250,755.48	$125,158,280.35
Total Expenditures - UI Base UI Grant	$128,845,008	$144,702,819	$156,046,785
% of Personnel Costs to Total Administrative Costs[8]	62.7%	69.3%	80.2%
	FY 2022	FY 2023	FY 2024
Total Income Security FTE's[9][10]	1,106.01	1,003.32	952.31
Claims Processing FTE's (Job Number 210200)[11][12]	348.35	272.25	242.28
All Other Areas FTE's[13]	757.66	731.07	710.03

[1] These FY22, FY23, and FY24 figures address part of section 1.b.(1) in S2396: "For both fiscal years, the amount appropriated in federal funds, the budget authority…". For FY24, this figure represents forecasted federal appropriations and the budget authority.

[2] Expenditures reflect expenditures and obligations per New Jersey Consolidated Financial System (NJCFS) and any accruals, if applicable.

[3] These FY22, FY23, and FY24 figures address part of section 1.b.(1) in S2396: "For both fiscal years…the amount expended…". For FY24, this figure represents forecasted expenditures.

[4] It is important to note that, for FY22 and FY23, NJDOL spent more than what was appropriated through federal funds, or the budget authority, to cover the costs of operating our UI system and had to cover those deficits using the UI Auxiliary Fund in FY22 and EUISSA federal funding in FY23, respectively. NJDOL expects to similarly spend more on our UI system during FY24, and forecasts to cover that deficit using, both, the UI Auxiliary Fund and EUISSA federal funding.

[5] The UI Auxiliary Fund is a special revenue fund that serves as the repository for all interest and penalties imposed upon employers for violations of federal and/or state unemployment insurance regulations. The FY 2022 and FY 2023 Appropriations Act laws allow up to $16M, respectively, to be utilized for UI Operations.

[6] In FY 2020, $29.5M of EUISAA (Emergency Unemployment Insurance Stabilization and Access Act of 2020) funding was granted to NJ to support UI operations. This funding expires on 12/31/2025. EUISSA provided emergency administrative grants to states and authorized emergency flexibility to allow states to temporarily modify certain aspects of their unemployment compensation laws, provided a short-term waive of interest on state trust fund advances, and full funded extended unemployment benefits.

[7] These FY22, FY23, and FY24 figures address parts of section 1.a.(1 - 2) in S2396: "…and the budgeted cost of salaries and benefits for those personnel," which includes personnel employed in the administration of the unemployment insurance system, those processing unemployment benefit claims, and those engaged in other functions of the system. For FY24, this figure represents the forecasted cost of salaries and benefits for these personnel.

[8] These FY22, FY23 and FY24 figures address part of section 1.a.(3): "What percentage of total division administrative costs is comprised of those categories of personnel costs…". For FY24, this figure represents the forecasted percentage of these costs.

[9] Full-Time Equivalent (FTE) data for FY22 and FY23 obtained from New Jersey eCats Timekeeping System - Report 94B @ 9/30/23 and 8/31/23, respectively. FY24 data is based on forecasted numbers given NJDOL's latest actuals and historical averages.

[10] These FY22, FY23, and FY24 figures address part of section 1.a.(1) in S2396: "The number of personnel in the department employed in the administration of the unemployment insurance system…". For FY24, this figure represents the forecasted number of personnel who will be employed in the administration of the unemployment insurance system.

[11] Full-Time Equivalent (FTE) data for FY22 and FY23 obtained from New Jersey eCats Timekeeping System - Report 94B @ 9/30/23 and 8/31/23, respectively. FY24 data is based on forecasted numbers given NJDOL's latest actuals and historical averages.

[12] These FY22, FY23, and FY24 figures address part of section 1.a.(2) in S2396: "The number of personnel who are processing unemployment benefit claims…". For FY24, this figure represents the forecasted number of personnel who will be processing unemployment benefit claims.

[13] These FY22, FY23, and FY24 figures address part of section 1.a.(2) in S2396: "…the number engaged in other functions of the system…". For FY24, this figure represents the forecasted number of people who will be engaged in other functions of the system.

FEDERAL FISCAL YEARS 2022 - 2024			
	FY 2022	FY 2023	FY 2024
Administrative Services & Technology (AS&T) Allocation[14]	40.59%	38.20%	Not Yet Available

Important notes:

- Given that NJDOL's budget for unemployment compensation claims is comprised entirely of federal awards, NJDOL is using the federal fiscal year as its timeframe to report on the use of federal appropriations. NJDOL's Federal Award/Budget Authority is the total dollar value of actual unemployment insurance awards issued to the agency during the federal fiscal year, reflected in the first row that reads "Budget (Reflects UI Base Award)". Relatedly, NJDOL is using the same federal fiscal year as its timeframe to report on all personnel-related data and costs. NJDOL's personnel-related data and costs are obtained through the New Jersey Electronic Cost Accounting and Timesheet System, or eCATS, and NJDOL submits the Report 94B to report annually on Full-Time Equivalent, or FTE, data based on the federal fiscal year as well.

- The federal Base Award NJDOL receives annually is fully expended every year and, in fact, NJDOL typically needs to draw from additional sources to cover recurring deficits as the federal Award does not cover the entirety of the costs related to the state's UI operations.

- For FY2024, the figures presented above are all forecasted numbers based on the latest actual data and historical averages available to NJDOL as we only have two months of actual data available (10/01/2023 through 11/30/2023). Therefore, NJDOL chose to also include FY2022 data above, which allows us to present two full fiscal years in this inaugural report.

- NJDOL has not seen an actual decrease in NJDOL personnel from 2022 to 2023. Instead, the lower FY2023 number indicates that staff from other NJDOL divisions who had been temporarily assigned to UI during the height of the pandemic have moved back to their official and permanent assignments. In FY2024, NJDOL plans on hiring more staff to administer unemployment insurance benefits, process claims, and in other functions of the UI system, through both external hires and internal promotions.

- **The below definitions represent components of the New Jersey Comprehensive Financial System (NJCFS) Appropriation Screen as it relates to "Budget Reserve":**

  - **Original Appropriation:** An estimated amount determined by NJDOL during the State Budget process that is projected to be sufficient to accept the total dollar value of UI awards issued by the U.S. Department of Labor (USDOL) within the Federal Fiscal Year.

  - **Federal Award/Budget Authority:** The total dollar value of actual UI awards issued to NJDOL during the Federal Fiscal Year.

  - **"Budget Authority Reserve":** The difference between the Original Appropriation amount and the Federal Award/Budget Authority amount.

    » This does not in any way represent an amount of funding that is or will be left unspent. The Award amount is fully spent each Federal Fiscal Year.

Section 2: Performance of New Jersey's Unemployment Insurance System

The New Jersey FY2023 State Quality Service Plan (or SQSP) Workbook is a biennial plan that the agency submits quarterly to USDOL for approval, covering all programs within the state's unemployment insurance system and assessing whether the agency is meeting Acceptable Levels of Performance (or ALPs) across measures that span the following related unemployment insurance programs: Benefits, Appeals, Tax, Integrity, Benefit Accuracy Measurement (or BAM) and goals set forth by the Government Performance and Results Act (or GPRA).

The following table shows NJ's performance in the USDOL core benefits categories, along with the corresponding national metrics. The timeframe is the most recently completed four federal quarters ending on September

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[14] The allocation of Administrative Services & Technology costs is based on UI's Direct FTE's as a percentage of total Direct FTE's within NJDOL. Data for the allocation is obtained from New Jersey eCats Timekeeping system. For FY24, this data is not yet available.

30, 2023. As of the writing of this report, New Jersey does not meet USDOL's established ALPs across all but one of these core benefits categories but nearly matches or exceeds national performance in several of these categories. Almost all states are lagging behind the ALP standards set forth by USDOL. While ALPs provide standardized metrics, they are not entirely reflective of a state's UI system performance. For example, New Jersey consistently has one of the highest UI recipiency rates[15] in the country but is graded on the same scale as states with the lowest recipiency rates. The recipiency rate is the share of unemployed workers receiving UI benefits. According to a report from the Center on Budget and Policy Priorities, in 2022, New Jersey's UI recipiency rate was the second highest in the nation with a recipiency rate of 53%, putting the state in second best position nationwide right after Minnesota which had a recipiency rate of 58% that year. For comparison, the national average UI recipiency rate in 2022 was of 25% with New York at 36% and Pennsylvania at 28%.[16]

USDOL Core Benefits Categories – New Jersey and National Performance[17]
Federal Fiscal Year 2023 (10/1/2022 – 9/30/2023)

	New Jersey Performance	National Performance	USDOL ALP*
UI First Payments made within 21 days	66.1%	69.1%	87.0%
UI Nonmonetary Determinations made within 21 Days	67.3%	60.4%	80.0%
Nonmonetary Separation Issues Quality Measure	55.2%	66.6%	75.0%
Nonmonetary Non-Separation Issues Quality Measure	76.6%	82.5%	75.0%
Lower Authority Appeals Quality Measure	118.6%	90.4%	80.0%
Lower Authority Appeals Open Case Average Age	162 Days	205 Days	30 Days
Higher Authority Appeals Open Case Average Age	270 Days	163 Days	40 Days

*Acceptable Level of Performance

The most recent SQSP is available, in full, under Appendix A.

[15] The recipiency rate can be defined as the percentage of the total number of unemployed workers that were eligible for and receiving UI benefits during this timeframe.
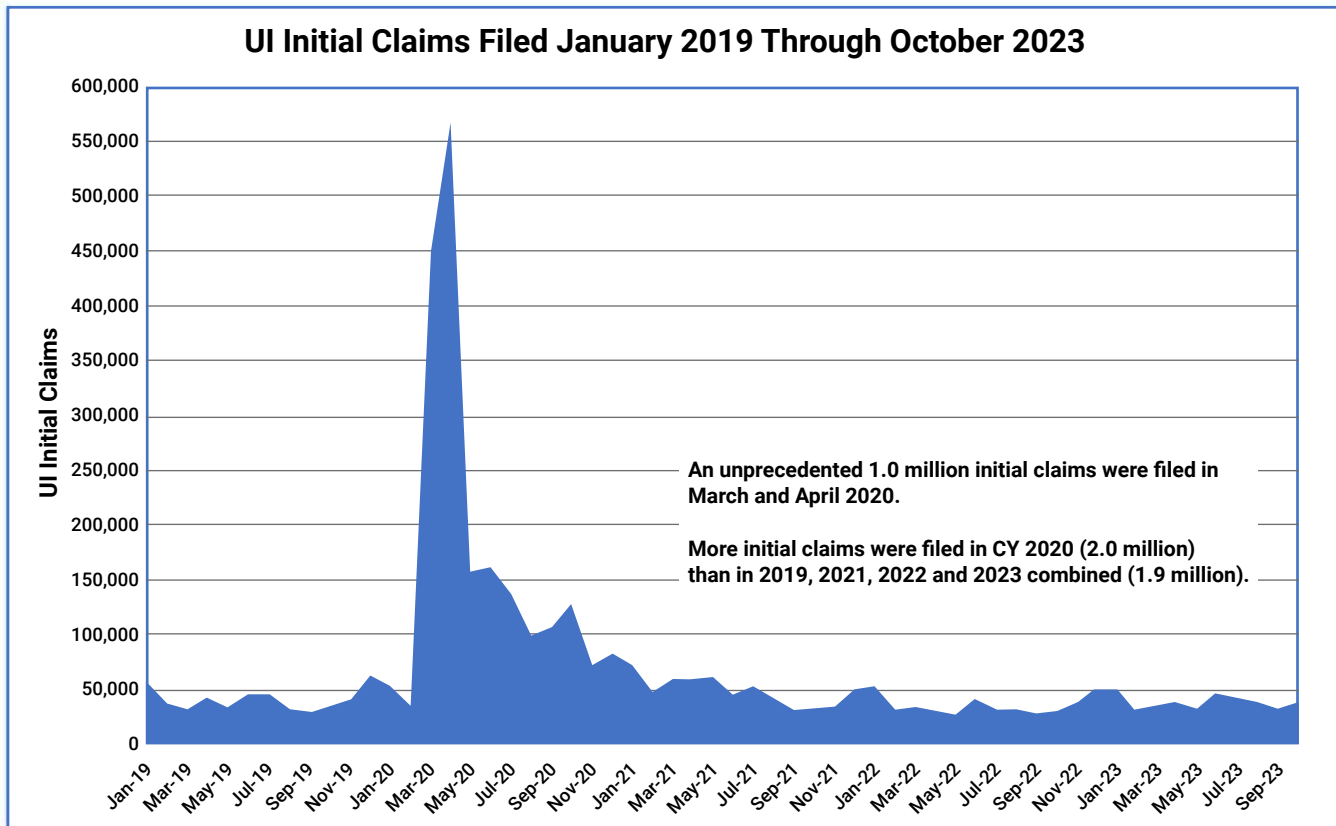[16] Unemployment Insurance Recipiency Rates by State, 2022, Center on Budget and Policy Priorities, "Unemployment Insurance Recipiency Rates by State, 2022," 2022.
[17] Reported by NJDOL at: **https://oui.doleta.gov/unemploy/score_cards.asp.**

Section 3: Ongoing Modernization Efforts

The COVID-19 pandemic exposed issues state workforce agencies had been facing for decades in the administration of unemployment insurance benefits.

The below graphic shows initial UI claims filed monthly from January 2019 through October 2023:

UI Initial Claims Filed January 2019 Through October 2023

An unprecedented 1.0 million initial claims were filed in March and April 2020.

More initial claims were filed in CY 2020 (2.0 million) than in 2019, 2021, 2022 and 2023 combined (1.9 million).

Source: United States Department of Labor, Employment and Training Administration, "Unemployment Insurance Data," 2019 - 2023

Thus, the pandemic triggered a mandate to modernize unemployment insurance systems nationwide. NJDOL, in partnership with USDOL and the New Jersey Office of Innovation, embraced the opportunity to think differently about technology in service of all New Jerseyans and, over the past two years, has made important strides to increase access to benefits, and improve both timeliness and equity in claims processing and adjudication. By USDOL ALPs and NJDOL's own internal standards, NJDOL continues to work diligently towards bringing our UI system to where it needs to be. A cross-functional team of NJDOL staff works relentlessly to improve our customers' experience. The ultimate goal is to have a UI system which operates speedily and seamlessly and ensures the timely and accurate processing of initial claims and appeals adjudication. Importantly, we want the UI system of the future to be accessible and adaptable in meeting the needs of all New Jerseyans. While much remains to be done, we have already come a long way since the tragic days of the COVID-19 pandemic and continue to provide UI benefits to all eligible New Jerseyans. Indeed, between January 1 and November 30, 2023, nearly 432,059 initial claims were filed, 47,020 during the most recent month on file, November, with $194 million in benefits paid out during that month alone.[18]

Initially, Congress allocated $2 billion[19] to support unemployment insurance modernization at USDOL and in all 53 jurisdictions. While half of that was eventually rescinded as a result of debt ceiling negotiations, USDOL made a commitment, in the wake of the pandemic, to participate with and support the states on paths like New Jersey's to build an unemployment insurance system that promoted equity, prioritized infrastructure resiliency, and increased security. New Jersey helped create that model and has worked with the federal

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18 United States Department of Labor, Employment and Training Administration, "Unemployment Insurance Data," 2019 - 2023
19 Jason Miller, Federal News Network, "With $2B, Labor Dept. employs two-part strategy to fix unemployment insurance systems," 2021

government to showcase to other states how to adopt a modular, agile transformation approach to reimagining the unemployment insurance benefit experience.

In 2023, NJDOL's UI modernization efforts led to instrumental changes, many of which are addressed in further depth in Appendix A. These changes include, but are not limited to:

- Launched a new, mobile-first version of the initial unemployment application, which includes simple, user-tested questions and helper text. Importantly, this was launched in both English and Spanish (more details under: Appendix A, 10. Improper Payment Measures);
- Launched a dynamic claimant status webpage, which now includes the status of the claim, along with any necessary next steps after filing and some self-service options, providing claimants additional transparency and control of their claim;
- Revamped over 70 UI emails sent by NJDOL using improved interface and clear action steps, resulting in a 75% reduction in both read time and time to claimant action;
- Improved ID verification, by simplifying the workflow and incorporating the verification into a NJ hosted site (as opposed to linking them to a third-party hosted site), allowing NJ to maintain control of the information flow and increase the likelihood that claimants take the necessary steps to verify (and therefore release their payments) (more details under: Appendix A, 2. First Payment Promptness, and 16.2. Focusing on improving the timely delivery of benefit payments and the reduction of the UI adjudication and appeals backlogs);
- Built a new phone system that includes increased capacity for volume management and streamlined self-service menus. Importantly, this system allows the UI Division to obtain important information and metrics on claimant needs, which helps inform prioritization for future updates; and
- Increased clarity and call to action in payment related messages – error messages include action steps for claimant to release payments and clarity on deductions made.

Section 4: Funding

The lessons learned during the pandemic, namely that failure to steadily invest in systems over time leaves systems unable to respond to crisis and vulnerable to fraud, must be lessons that endure. Section 1 above – Federal Appropriations and Personnel Costs – outlines NJDOL's unemployment insurance funding and expenditures for the federal fiscal reporting years 2022 (which runs from 10/1/2021 through 9/30/2022), 2023 (which runs from 10/1/2022 through 9/30/23) and 2024 (which runs from 10/1/2023 through 9/30/2024). Importantly, that section highlights the fact that New Jersey's unemployment insurance system is currently funded solely through federal appropriations.

Federal appropriations, however, are insufficient to meet all UI system-related expenditures. Therefore, when NJDOL needs to cover a deficit in UI spending, the agency typically draws from either the UI Auxiliary Fund, a revenue source derived from employers who are out of compliance with state and federal laws,[20] or any one-time federal funding that is available. For example, this year NJDOL drew $23.5 million from the EUISSA federal grant funding.[21] EUISSA, however, is a temporary one-time funding source, which is due to expire by 2025 and was given to states to help with their UI operations during the pandemic. Furthermore, as NJDOL builds a system that discourages employers from being out of compliance, it is reasonable to think that UI Auxiliary Fund funding will decrease over time. Reliance on such funds to cover system deficits in perpetuity is, therefore, unlikely, and imprudent.

Supplemental federal funds, while useful, are ephemeral and cannot be relied upon as steady sources of income which can be used to support the continuous, constant modernization practice New Jerseyans expect. In

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[20] The UI Auxiliary Fund is a special revenue fund that serves as the repository for all interest and penalties imposed upon employers for violations of federal and/or state unemployment insurance regulations. The FY 2022 and FY 2023 Appropriations Act laws allow up to $16M, respectively, to be utilized for UI Operations.

[21] In FY 2020, $29.5M of EUISAA (Emergency Unemployment Insurance Stabilization and Access Act of 2020) funding was granted to NJ to support UI operations. This funding expires 12/31/2025. EUISSA federal funding was initially established to provide emergency administrative grants to states and authorize emergency flexibility to allow states to temporarily modify certain aspects of their unemployment compensation laws, provide a short-term waive of interest on state trust fund advances, and full federal funding during extended benefit periods.

addition, there has been a decline in federal funding for UI system improvement in recent years and as memories of COVID's impact on the unemployment system wain.

When NJDOL does receive funding of any kind, to use towards UI modernization efforts, the Department moves effectively and efficiently to allocate those resources towards improvements that will have longer-term, high impacts on the state's UI system. For example, on September 22, 2023, NJDOL was awarded $11.25 million in additional federal funding, through a competitive grant, to re-imagine and replace outdated processes and related technologies through a human-centered, agile development process.[22] These plans to design an improved UI system should lead to a system that is more responsive and accessible to claimants, employers, and NJDOL staff. The subsequent improvements would ultimately allow for even better services and overall greater performance of New Jersey's UI system. NJDOL is currently still awaiting the transfer of this $11.25 million award from USDOL.

Once the transfer is completed, work will begin, and we expect it will take NJDOL approximately 12 months to build and deploy the following improvements:[23]

- Automating more of New Jersey's manual, time-consuming processes.
- Creating, designing, monitoring, and tracking strategies to improve the customer experience.
- Implementing real-time responsive communication content changes through infrastructure redesign.
- Replacing the outdated system that currently handles monetary eligibility, benefit and payment calculations, adjustments, overpayments, and employer charges.
- Revamping written notices to promote enhanced understanding.
- Improving our ability to send and receive data from external sources (such as cross-state wage reporting systems).
- Completing the transition from our existing phone system to a more flexible cloud-based system, which will allow us to ensure the state's ability to prioritize more unique users reaching an agent.

To further modernize the state's UI system to the point where New Jersey regularly meets or exceeds USDOL-instituted standards and, more importantly, the needs of New Jersey workers and businesses, a consistent revenue stream is needed. Without consistency we risk erosion of progress. This would require longer-term investments and commitments of resources for staff, training, and UI modernization efforts which include technical and system improvements. These designated state appropriations could help us get closer to meeting these federal standards. Overall improvements to our UI system would lead to a better service experience for all New Jerseyans.

Greater investments into the state's UI system through state appropriations could help address a host of other issues NJDOL is working to remedy as part of this ongoing UI modernization process. This process includes NJDOL being necessarily reflective and using data, community feedback, and other monitoring tools to identify and measure pain points within the system that could use improvements.

For example, additional funds could be put towards:

- **Hiring more staff to administer unemployment insurance benefits, process claims, and in other functions of the UI system, through both external hires and internal promotions. While NJDOL is expecting to hire 72 new staff and complete 111 promotions in FY2024, additional staff, beyond these figures, are still needed – specifically to support the processing of initial claims and appeals.**
- **Continued efforts towards building a new UI business processing system (replacing the existing mainframe infrastructure) –**

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[22] **American Rescue Plan Act funds continued efforts to modernize IT infrastructure.**
[23] Currently, our tentative timeline is to act on the list of suggested improvements during calendar year 2024 although, technically, per USDOL requirements we would have until March 30, 2028 to expend these funds.

- Building the logic to incorporate retirement/student situations, as well as military and federal wages, into the weekly benefit calculator.
- The ability to make employer charge adjustments and handling edge cases.
- Building the ability to determine special program eligibility/weekly benefit calculation (such as Disaster Unemployment Assistance or DUA).
- **Improving the agent experience –**
  - Improving claim adjustments workflow (currently, it is manual and labor intensive for agents to adjust claims).
  - Improving payment management experience.
- **Improving the claimant experience –**
  - Conducting research to understand options for improving the weekly certification experience and eventually replacing NJ's existing weekly certification system.
  - Redesigning pages and rewriting questions in the weekly certification process that comply with law while easier to understand.
- **Improving the Appeals Tribunal process –**
  - Creating a more intuitive process to refer cases for appeal, record appeals decisions status, and make decisions publicly available for staff and claimants.
- **Creating a holistic security and fraud program –**
  - Auditing and monitoring claim statuses individually and in aggregate; mechanism to monitor program health and detect potential cases of fraud.
  - Validating the authenticity of a claimant, to limit and avoid fraudulent claims and erroneous payments.
- **Improving the weekly certification process to adapt to specific user experience.**
- **Website redesign: improving the site to promote searchability, including videos, tutorials, and forms.**
- **Improving the case management system: the appeals process could benefit from an infrastructure that promotes consistency, makes gathering information for the examiner easier, and makes it easier for staff to put together a decision that flows from the facts of the case.**

Conclusion

NJDOL is not just the steward of the unemployment trust fund but of the people's trust. Unemployment benefits provide critical support to jobless workers, and their communities. As such, meaningful investments to rebuild and constantly improve these systems, while remaining resilient in the face of recessions, climate related disasters and other emergencies, is imperative. The work to reimagine the unemployment insurance benefits experience for claimants, employers, and Department staff continues. The Department strives to meet the benefit delivery expectations of the New Jersey workforce with improvements to customer experience and in the creation of infrastructure that allows us to continue to adapt to new policies, receive information about challenges, respond with resources and work effort, and improve iteratively. To meet these ambitious and necessary objectives, NJDOL asks the Legislature to consider appropriating funds accordingly.

Appendix A: Unemployment Insurance State Quality Service Plan (SQSP)

The State Quality Service Plan (or SQSP) is the essential reporting mechanism that each state's unemployment insurance program uses to plan, record, and manage its system improvement. The SQSP is a detailed, statutorily required report that includes both narrative and data workbooks providing an overview and assessment of all facets of an unemployment insurance program and related data measures. Additional information that is submitted with the SQSP includes budget worksheets and ongoing plans to implement unemployment insurance modification efforts.

The report is as much a federal requirement as it is an integral communication tool between state governments and the federal government to show where states are in providing adequate unemployment insurance services, while also using data driven measures to examine how effectively a state program is, or is not, meeting acceptable levels of performance, and where a program needs to prioritize time and resources in order to improve its systems and client-facing unemployment insurance services.

The following report sections include: the Biennial SQSP Overview workbook (1.), which provides a general overview of each measure and program area's Acceptable Level of Performance (or ALP),[24] Corrective Action Plan (or CAP), and 2023 Performance Year Data; subsections starting at (2.) through (18.5.) which are subsections from our current and statutorily required SQSP Narrative; and supplemental workbooks from the Biennial SQSP Overview in appropriate sections of our SQSP narrative that provide greater context into each performance measure, their ALP, their CAP based on year performance, and our agency's target and actual performance percentages during the federal fiscal year.

Our SQSP report timeline follows the 2023 federal fiscal year, spanning from October 1, 2022, through September 30, 2023.

1. New Jersey FY2023 SQSP Workbook – Overview

The New Jersey FY2023 State Quality Service Plan (or SQSP) Workbook is a biennial plan that the agency submits quarterly to the United States Department of Labor for approval, covering all programs within the state's unemployment insurance system and assessing whether the agency is meeting Acceptable Levels of Performance (or ALP's) across measures that span the following related unemployment insurance programs: Benefits, Appeals, Tax, Integrity, Benefit Accuracy Measurement (or BAM) and goals set forth by the Government Performance and Results Act (or GPRA). This workbook, and all subsequent workbooks, are used by states to develop SQSP Corrective Action Plans (or CAPs) and to report updates to milestones and performance measures each quarter, with the intent to capture the state's improvement activities in one, multi-layered workbook.

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[24] The "Acceptable Level of Performance", or ALP, is the nationally set minimally acceptable performance level that states are expected to meet. The ALP for each performance measure and program area is already pre-set and provided to state agencies and can be seen in each workbook that supplements this report.

The goal is for NJDOL to meet each ALP across all program measures; part of the SQSP process and analysis involves setting a CAP Based on Performance,[25] setting a level for Target Performance,[26] and ultimately reporting back on the agency's Actual Performance.[27]

A Corrective Action Plan (or CAP) must be submitted if the agency does not meet an ALP for any of the core measures during the report's performance year, if there was any failure in properly administering BAM or Benefit Payment Control (or BPC) activities resulting in an overpayment detection rate above 95%, or if one or more management information measures were so conspicuously poor that it they call the state's compliance with federal law requirements into question. The CAP must include reasons for the deficiency; a description of the specific actions or activities planned to improve performance; an explanation of why a previous plan was unsuccessful, if applicable; a plan for monitoring and assessing accomplishments of planned activities for each CAP; and remaining actions to be completed after the current CAP timeframe.

The quarterly figures provided in each chart from the SQSP Workbook, which provides the Corrective Action Plan and Progress Report for key performance measures under each UI program area, are based on the 3-month quarterly average from the months that comprise each specific quarter. This is different from the figures we provide in the same Workbook to USDOL for our mandated federal reporting, which are based on a 12-month moving average from the months that comprise the full year leading up to that specific quarter. For the sake of this report, we provide the former, 3-month quarterly average figures in each chart because they provide a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard.[28]

[25] The "CAP Based on (Year of performance - specific to the measure) Performance" is the performance level achieved at the end of the measurement/ performance period for the specific measure/program. The performance level will be listed numerically or listed as Pass/Fail (i.e. Tax Quality, Data Validation, etc.). Most of the core measures are based on 12 months of performance from April 1- March 31, while other measures may be based on the calendar year or the Payment Integrity Information Act (PIIA) year. The "measurement period" for each measure is listed in Handbook No. 336 and in an Attachment to the annual SQSP UIPL. This performance level is pre-filled by the ETA Regional Office.

[26] The "Target Performance" level is the 12-month cumulative performance level the state expects to achieve by each quarter ending date in line with the CAP and milestone activities. States should estimate the "target performance" level based on all the known factors at the time the CAP is submitted. The "target performance" level should be attainable based on the milestone achievements and should reflect incremental improvements from quarter to quarter. If the "target performance" level is changed during the SQSP period, the state should include an explanation as to why it was changed in the quarterly SQSP update.

[27] The "Actual Performance" level is the actual 12-month cumulative performance met as of the quarter ending date. For example, for the first quarterly report for quarter ending December 31, 2022, the "actual performance" level should be the cumulative performance achieved from January 1, 2022 - December 31, 2022. For the second quarterly report for quarter ending March 31, 2023, the "actual performance" level should be the cumulative performance achieved from April 1, 2022 - March 31, 2023. Most of the "actual performance" data is available at: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

[28] United States Department of Labor, Employment and Training Administration. "Unemployment Insurance Data". **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

NEW JERSEY

MEASURES/PROGRAMS TO BE ADDRESSED FOR BIENNIAL SQSP FISCAL YEAR (FY) 2023

Measures/Programs to be Addressed	Acceptable Level of Performance (ALP)	Corrective Action Plan (CAP)		Narrative Required (In Word Doc.)	SQSP 2023 Performance Year Data
		N	E		
BENEFITS					
First Payment Promptness	≥ 87%	X			57.07%
First Payment Promptness (IntraState 14/21 Days)	≥ 87%	X			57.42%
First Payment Promptness (InterState 14/21 Days)	≥ 70%	X			33.27%
First Payment Promptness (IntraState 35 Days)	≥ 93%	X			66.89%
First Payment Promptness (InterState 35 Days)	≥ 78%	X			47.63%
Nonmonetary Determination Timeliness	≥ 80%	X			33.04%
Nonmonetary Determination Quality - Separations	≥ 75%	X			44.70%
Nonmonetary Determination Quality - Nonseps	≥ 75%		X		67.49%
APPEALS					
Lower Authority Appeals (30 Days)	≥ 60%	X			37.51%
Lower Authority Appeals (45 Days)	≥ 80%	X			54.74%
Average Age of Pending Lower Authority Appeals	≤ 30 days	X			105.5
Average Age of Pending Higher Authority Appeals	≤ 40 days	X			150.3
Lower Authority Appeals Quality	≥ 80%				90.00%
TAX					
New Employer Status Determinations Timelapse	≥ 70%				95.10%
Tax Quality (Part A)	No more than 3 tax functions failing TPS in a year	X			Fail: Cashiering Debits - Cont. Debits-Reimb. Credits/Refunds Benefit Charges
Tax Quality (Part B)	The same tax function cannot fail for 3 consecutive years		X		Fail: Credits/Refunds
TPS Sample Reviews	Pass	X			Fail: Cashiering Debits - Cont. Debits-Reimb. Credits/Refunds Benefit Charges
Effective Audit Measure	Pass 4 factors/ score ≥ 7			X	Fail: Factor 1: 0.3 Factor 3: 0.3
INTEGRITY					
Improper Payments Measure	< 10%	X			15.681%
Detection of Overpayments - 3 Year Measure	≥ 50% & ≤ 95%				54.39%
Overpayment Recovery Measure	≥ 68%	X			62.0%
Data Validation - Benefits (All Submitted & Passing)	All Benefit Pops Submitted & Passing	X			Fail: Populations 12
Data Validation - Tax (All Submitted & Passing)	All Tax Pops Submitted & Passing	X			Not Submitted: Populations 3; TPS 1-4; Wage Items; Module 3
BAM					
NDNH BAM Compliance	Pass				Pass
BAM Operations Compliant	Pass All M&P				Pass
Incorrect Recording of Issue Detection Date	95%			X	Fail
Incorrect Recording of Determination Date	95%				Pass
UI Reporting Requirements	Pass			X	Fail
GPRA					
Percent of Intrastate Payments Made Timely	87%				57.42%
Detection of Recoverable Overpayments	57.5%				0.00%
Percent of Employer Tax Liability Determinations Made Timely	90%				95.73%

Integrity Action Plan (IAP) Top Three Root Causes - Payment Integrity Information Act (PIIA) Year Data

Benefit Year Earnings; Percent of Dollars OP 47.20%

Separation Issues; Percent of Dollars OP 24.98%

Base Period Wage Iss.; Percent of Dollars OP 16.49%

2. First Payment Promptness

REASON FOR DEFICIENCY

New Jersey has continued to struggle to meet first payment time-lapse standards since the onset of the COVID-19 pandemic. Unprecedented high workload volumes were difficult to manage at first and there was a significant backlog of claims to be processed which had a substantial impact on our ability to meet first payment timeliness. New Jersey has made significant progress in addressing this workload, but there are some workload items where backlogs still exist. Our current largest backlog exists in claims that need manual adjustment because our mainframe system is unable to process them using existing automated conversations. New Jersey has a specialized unit (called the Adjustment Unit) where claims that need to be processed manually are sent to be handled by a claim specialist. To complete this work, experienced staff have specialized training and higher-level system access that allows them to manually make any necessary adjustments to a claim so it can then be processed. This can be time consuming work to clear issues on a claim, and with the high volume of claims received during the pandemic a backlog remains in clearing these claims. While not all claims in the Adjustment Unit involve first payment, some do, and it requires a balance of processing new claims vs working on older claims that have been waiting for payment until the claim can be fixed. First payment timeliness is a high priority, and those claims are prioritized to the extent they can be, but until the overall backlog of claims waiting processing is down to a manageable number, this will be a difficult balancing act when it comes to assigning this workload.

Another issue impacting timely first payments is the need for identity verification on all new claims. As a result of the pandemic benefit programs, fraudulent claims filing has been an issue all states have struggled with, and New Jersey is no exception. After a new initial claim is filed, all claimants are referred to our identity verification partner ID.me to proof themselves. Upon claim entry, holds are put on the claim until the identity verification is completed, so payments cannot be issued until we verify the claimant's identity. A larger than expected percentage of claimants either do not read our instructions about the identity verification process or struggle with the process itself, but the need to verify claimant's identities is having an impact on our ability to process timely first payments.

CORRECTIVE ACTION PLAN

To address first payment timeliness, we have been looking at all workload items to determine how best to improve our scores. Most of the high workload items from the pandemic are starting to become more manageable and we expect to see improvements in our scores as we become caught up with the pandemic related backlogs. As mentioned above, Adjustment Unit work is currently our biggest backlog area. To address this workload, New Jersey has added additional staff to the unit, but due to the complexity of the work involved in addressing these claims, there is a steep learning curve for staff to learn this process. We have implemented a new process for how work is reported to that unit to better organize and track the workload. Having this new tracking system in place will eliminate duplicate referrals and will help supervision in the unit identify the different types of issues and refer the less complex cases to newer staff. This will allow the more complex work to go to experienced staff while the new hires continue with their training and development.

The identification verification process is something that New Jersey has also been looking at closer to detect issues and better communicate to claimants the need to verify their identity once the claim is filed and how to go through the process. We are currently going through a review of the messaging to claimants on the identification verification process to improve the communication to claimants to assist with completing the verification. We have also recently engaged with the vendor to enlist their help with communications to better educate claimants how the process works and what is needed to successfully verify their identity.

First Pay Promptness – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report[29]

State: New Jersey					Federal Fiscal Year 2023			
Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance	CAP Based on 04/01/2022 - 03/31/2023 Performance	State's Target/Actual Performance	12/31/2022 Quarter 1	3/31/2023 Quarter 2	6/30/2023 Quarter 3	9/30/2023 Quarter 4
First Payment Promptness: of all 1st payments within 14/21 days after the compensable week.[30]	≥ 87%	57.07%	54.91%	Target	60.0%	65.0%	75.0%	70.0%
				Actual	**62.5%**	**67.1%**	**68.3%**	**66.2%**
First Payment Promptness, 14/21 days Intrastate UI full weeks	≥ 87%	57.42%	55.42%	Target	60.0%	65.0%	75.0%	70.0%
				Actual	**62.7%**	**55.4%**	**61.4%**	-
First Payment Promptness, 14/21 days Interstate UI full weeks	≥ 70%	33.27%	47.09%	Target	50.0%	55.0%	65.0%	60.0%
				Actual	**56.2%**	**47.1%**	**52.6%**	-
First Payment Promptness, 35 days Intrastate UI full weeks	≥ 93%	66.89%	67.72%	Target	75.0%	75.0%	80.0%	80.0%
				Actual	**74.4%**	**67.7%**	**73.9%**	-
First Payment Promptness, 35 days Interstate UI full weeks	≥ 78%	47.63%	61.63%	Target	50.0%	55.0%	65.0%	60.0%
				Actual	**72.0%**	**61.6%**	**68.1%**	-

[29] The first row, "First Payment Promptness: of all 1st payments within 14/21 days after the compensable week," is a composite of the figures from the subsequent four rows that follow and is based on the 3-month quarterly average from the months that comprise these specific quarters. The four rows that follow have figures based on figures we provide in the same Workbook to USDOL for our mandated federal reporting, which are based on a 12-month moving average from the months that comprise the full year leading up to that specific quarter. The Quarter 4 figures are missing from these rows because USDOL has given us an extension to submit Quarter 4 data by the end of February 2024, so figures are still pending.

[30] The quarterly figures provided in this table are based on the 3-month quarterly average from the months that comprise these specific quarters. The 3-month quarterly average for each quarter provides a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard, which can be found here: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

3. Nonmonetary Determination Timeliness

REASON FOR DEFICIENCY

New Jersey's nonmonetary determination timeliness has been below the Acceptable Level of Performance (ALP) since the onset of the COVID-19 pandemic, primarily due to the high volume of claims filed as a result of the pandemic. At the peak of the pandemic, New Jersey had over 220,000 cases that required adjudication, more than double our annual workload amount. We also have had an increase in the number of labor dispute cases in New Jersey. We have worked on these cases to reduce the overall backlog and as of September 2023 we have reached a point where the backlogs are more manageable than they have been at any point since the pandemic first began. We currently have 5,760 open submitted cases with 6% of the open adjudication cases assigned to examiners that are over 21 days.

CORRECTIVE ACTION PLAN

To address the high volume of adjudication cases New Jersey continues to receive, over 100 new claims examiners were hired. New examiners were hired in groups of 25, to allow time for each group to go through the comprehensive Quality and Efficiency for Claims Adjudication (QECA) training classes and have sufficient training from the onset of their hiring. Due to the complex nature of claims examining and the required knowledge of various laws, rules, and regulations of New Jersey unemployment compensation, we felt it best to hire new staff in groups. This allowed for better training classes and more individualized support to supplement the training offered. As these new hires continue to gain experience and knowledge, we expect to see an increase in production which will lead to timelier closing of adjudication cases. In the last month we also hired 20 additional examiners.

In addition to hiring new staff, as New Jersey progressed in working through the backlog of cases, we stratified the workload between newly identified issues and older backlogged cases. Balancing the adjudication of new issues (and entering timely determinations) with working through older cases and providing service to claimants that may have been waiting longer than newly filed claims is a delicate balance. As the overall backlog of open cases continues to reduce, we have assigned more examining staff to those older cases in an effort to close them out. This may result in a short-term reduction of our overall nonmonetary time-lapse scores, but this effort will help in the long run to close out the older cases, so we can then focus on the remaining cases, the majority of which will then be timely.

We are optimistic that by the quarter ending December 31, 2023, the monthly nonmonetary determination time-lapse figures will approach the 80% ALP.

Nonmonetary Determination Timeliness – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report

State: New Jersey					Federal Fiscal Year 2023			
Performance Measures	**ALP**	**CAP Based on 04/01/2021 - 03/31/2022 Performance**	**CAP Based on 04/01/2022 - 03/31/2023 Performance**	**State's Target/ Actual Performance**	**12/31/2022 Quarter 1**	**3/31/2023 Quarter 2**	**6/30/2023 Quarter 3**	**9/30/2023 Quarter 4**
Nonmonetary Determination Timeliness[31]	≥ 80%	33.04%	45.06%	Target	70.0%	75.0%	75.0%	80.0%
				Actual	**63.2%**	**61.5%**	**74.7%**	**69.7%**

[31] The quarterly figures provided in this row are based on the 3-month quarterly average from the months that comprise these specific quarters. The 3-month quarterly average for each quarter provides a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard, which can be found here: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

4. Nonmonetary Determination Quality: Separations

REASON FOR DEFICIENCY

New Jersey's nonmonetary determination quality scores are below the Acceptable Level of Performance (ALP) for separations but have improved. With the excessively high workloads, the focus has been on increased production to bring the backlog to a manageable number. As a result, refresher training, supervisory reviews and other projects related to quality have resumed.

New Jersey also hired over 100 new claims examiners during this period to increase the overall number of staff working in adjudication. These new staff members were given the full QECA training, but as is the case with new hires, there is a learning curve for adjudication and this staff was put in the position of issuing determinations while going through training. Recently hired examiners are currently being trained. Inexperienced staff that were expected to close out higher than usual cases for new staff still in training certainly contributed to lower quality scores this period.

CORRECTIVE ACTION PLAN

Due to the impact of COVID-19 on workloads, we have now resumed refresher training for existing examiners. New Jersey has made significant progress on the adjudication backlogs, and we anticipate that by the quarter ending December 31, 2023, we will be able to start re-introducing some of the practices we had in place pre-pandemic to improve quality. We started the mini BTQ process. This allows for timelier feedback to examiners; supervisors will review a case and then meet with the examiner to go over the case and provide any feedback, positive or negative.

The Division has recently filled the vacant Assistant Director position that oversees the adjudication centers (vacant since January 2022), which will once again provide an individual with direct responsibility for monitoring the work in the adjudication centers. This individual will be able to closely monitor workload for timeliness and quality and will work directly with our BTQ and BAM staff to have greater communication and feedback on case reviews to examining staff.

For non-monetary time-lapse, UI staff have been working with the Office of Research and Information (ORI) to obtain the non-monetary time-lapse reports in a timelier fashion. Currently the reports are received in the following month from what is being reported, with all the late determinations reported in mass. Efforts are underway to receive this report either daily or weekly, so management staff has the late determinations right after they are entered in a more manageable amount to allow for meaningful review. This will allow for late determinations to be reviewed shortly after they are entered, which allows for an opportunity for better feedback from staff on the reason why the determination was entered late. By doing this sooner instead of a month-plus later, staff will have greater recall and familiarity with the case and will be able to provide more accurate feedback on why the determination was late. Conducting reviews of late determinations shortly after entry will also serve to increase the awareness of entering these timely and allow for corrective action take place within the month instead of reacting to the late entry a month later.

Nonmonetary Determination Quality – Federal Fiscal Year: 2023–2024 Corrective Action Plan & Progress Report[32]

State: New Jersey					Federal Fiscal Year 2023			
Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance	CAP Based on 04/01/2022 - 03/31/2023 Performance	State's Target/ Actual Performance	12/31/2022 Quarter 1	3/31/2023 Quarter 2	6/30/2023 Quarter 3	9/30/2023 Quarter 4
Nonmonetary Determination Quality - Separations	≥ 75%	44.70%	47.78%	Target	55.0%	58.0%	60.0%	60.0%
				Actual	**40.4%**	**68.8%**	**54.0%**	**57.1%**
Nonmonetary Determination Quality - Non Separations	≥ 75%	67.49%	64.17%	Target	65.0%	70.0%	70.0%	75.0%
				Actual	**68.3%**	**76.2%**	**81.8%**	**79.6%**

[32] The quarterly figures provided in these rows are based on the 3-month quarterly average from the months that comprise these specific quarters. The 3-month quarterly average for each quarter provides a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard, which can be found here: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

5. Lower Authority Appeals: Appeal Tribunal

REASON FOR DEFICIENCY

New Jersey's Lower Authority (Appeal Tribunal) has not met the established ALP for decisions within a 30-day time-lapse due to a wave of appeals filtering to the AT, via the Division of Unemployment working through their pandemic-related workloads. This wave of appeals resulted in residual pandemic-related workloads. As the AT must adhere to a strict quasi-judicial process, the inflated inventory, coupled with staffing attrition, and recruitment challenges, continues to hinder our ability to meet these standards. Additionally, New Jersey's appeal receipts have remained uncharacteristically high. While we experienced an 8% reduction in incoming appeals last year, the number of appeals received represents an increase of 22.8%, compared to appeals received during the pre-pandemic 2019 reporting year. Additionally, our current score of 162 days for the average age of pending appeals reflects incremental improvement and a 21% decrease over this past year.

CORRECTIVE ACTION PLAN

New Jersey's Appeal Tribunal anticipates continued improvements as we routinely evaluate our processes and implement modifications as required. New Jersey's Lower Authority continues to restructure and recruit, based on staffing needs at all levels to supplement staff in the areas of system management, appeals examining, and support. Additionally, we will implement adjustments in workflow and training practices to promote efficiency and consistency. We've experienced incremental improvements, and we anticipate the trend to persist as we continue to focus on process advancements, staff development, expanding availability to tangible resources, and customer service delivery.

Accordingly, we continue to take the approach of combining previous legacy plans with updated refinements to ensure we get back to pre-pandemic performance standards. We continue to use our case management system to identify and isolate incoming appeals based on their status. This process has allowed for greater data analysis and the ability to identify and categorize incoming appeals. This method has led to improved management of specific caseloads and incorporating modifications to our existing appeals examining training model.

The AT continues to focus on reducing recycled work and expanding the availability of training resources, implementing a more interactive and hands-on approach with supervisors, and reviewing and formalizing processes that have become relaxed during the pandemic. All staff will continue to be included in process planning which reflects a cooperative effort between upper management, supervisors, and the hands-on collective that completes the work.

Lower Authority Appeals Promptness – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report[33]

Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance	CAP Based on 04/01/2022 - 03/31/2023 Performance	State's Target/ Actual Performance	12/31/2022 Quarter 1	3/31/2023 Quarter 2	6/30/2023 Quarter 3	9/30/2023 Quarter 4
State: New Jersey				Federal Fiscal Year 2023				
Average Age of Pending Lower Authority Appeals	≤ 30 days	105.50	206.50	Target	100.0	75.0	56.0	42.0
				Actual	**194.3**	**206.5**	**177.4**	**162.1**
Lower Authority Appeals Time Lapse - 30 days	≥ 60%	37.51%	37.21%	Target	39.0%	42.0%	48.0%	52.0%
				Actual	**40.4%**	**25.7%**	**16.1%**	**18.3%**
Lower Authority Appeals Time Lapse - 45 days	≥ 80%	54.74%	56.33%	Target	57.0%	61.0%	70.0%	78.0%
				Actual	**63.4%**	**40.5%**	**18.9%**	**20.7%**

[33] The quarterly figures provided in these rows are based on the 3-month quarterly average from the months that comprise these specific quarters. The 3-month quarterly average for each quarter provides a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard, which can be found here: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

6. Higher Authority Appeals: Board of Review

REASON FOR DEFICIENCY

In March of 2020, due to the COVID-19 pandemic, the Board of Review was unable to review cases until July of 2020 due to the Division's adherence to the guidance being provided by the Center for Disease Control (CDC), which resulted in the lack of a quorum at the Board. Thereafter, a remote work program was implemented which allowed the Board to begin reviewing cases again. Moving forward, the Board's backlog continued to increase due to an influx of appeals because of the Pandemic Unemployment Assistance (PUA) program, and due to the attrition, without replacement, of staff.

CORRECTIVE ACTION PLAN

- Continue to utilize the help of temporary employees (TES), that were hired to backfill critical staff loss following the onset of the COVID-19 pandemic, until recently filled professional positions (September 2023) are sufficiently trained and meeting production standards.

- Appoint an Executive Secretary as soon as a solution to a salary compression issue is resolved with upper management. This will greatly improve efficiencies through better monitoring of caseloads, addressing internal and external customer inquiries, conducing preliminary reviews of certain types of cases before the Board of Review, and filling in as a Board Member when required due to the temporary absence of a Board Member.

- Continue to refine the Board's case management system (Salesforce) to increase efficiencies and explore the implementation of an online appeal process for the Board.

- The appointment of a third Board Member in 2023 has increased efficiencies and production which was impacted by Board Member's leave time and increased responsibilities due to ongoing staffing shortages.

- Increase review and disposition of oldest docketed cases to reduce overall backlog of cases before the Board.

Higher Authority Appeals Promptness – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report

Performance Measures	ALP	CAP Based on 04/01/2021 - 03/31/2022 Performance	CAP Based on 04/01/2022 - 03/31/2023 Performance	State's Target/ Actual Performance	12/31/2022 Quarter 1	3/31/2023 Quarter 2	6/30/2023 Quarter 3	9/30/2023 Quarter 4
State: New Jersey				**Federal Fiscal Year 2023**				
Average Age of Pending Higher Authority Appeals[34]	≤ 40 days	150.30	219.90	Target	220.0	200.0	160.0	120.0
				Actual	**222.0**	**219.9**	**247.0**	**269.7**

[34] The quarterly figures provided in this row are based on the 3-month quarterly average from the months that comprise these specific quarters. The 3-month quarterly average for each quarter provides a more accurate and recent snapshot of quarterly performance in these key measures. All figures are based on data from USDOL's Employment and Training Administration Unemployment Insurance Data dashboard, which can be found here: **https://oui.doleta.gov/unemploy/DataDashboard.asp.**

7. Tax Quality Part A & B: Status Successor, Cashiering, Debits/Billing–Reimbursing, Credits/Refunds & Employer Tax Rates

REASON FOR DEFICIENCY

This is a continuation of a deficiency that was identified with the 2018-2019 SQSP. The review of the Credits/Refunds sample failed as employers are not notified that they have a credit balance on their account, nor do they receive a prompt refund on the credit. The timeline has been extended for testing by DIT (Division of Information Technology) and was not completed due to the COVID-19 pandemic. The original service request is still open.

The Department missed the benchmark of Cashiering - Contributory due to incomplete or incorrect addresses on the mailings of the notices sent. The Cashiering - Reimbursable universe sample was not done due to COVID-19. Benefit charging claimant was paid for more weeks than employer was changed.

The Department has missed its benchmarks for FY 2023 in several categories including Cashiering, Debits – Contributory, Cashiering, Debits – Reimbursable, Credit/Refund and Benefit charges.

The Department missed the benchmark of Cashiering due to the fact that Employer Accounts had stopped receiving cashiering reports from Taxation.

- Debits - Reimbursable universe sample was not done due to COVID-19, employers had yet to be billed for that time period as they were given a grace period due to the pandemic.
- Benefit charging sample universe could not be obtained.
- The Credit/Refund failed due to no mechanism currently in place to verify and notify employers of correct credits and possible refunds of contributions overpaid.

CORRECTIVE ACTION PLAN

A service request has been submitted to DIT to identify all credits generated during a quarter. A "Credit Notice" will then be sent to employers on a quarterly basis outlining the quarter and the amount of the credit balance. Employers will also receive instructions regarding the use of the credit balance, either to seek a refund or apply it to future tax obligations. DIT has confirmed that they have completed their analysis of the service request requirements and have completed the initial programming component. Programming and DIT testing should be completed by the end of the 4th quarter 2022. Employer Accounts expects to send "Credit Notices" to employers during the 1st quarter 2022.

The Cashiering Contributory is taxpayer dependent as the requirements of updating the address changes rest with the employer. To rectify this an examiner will review returned or incomplete mailing addresses upon receiving returned mail. If there is a new address provided by the post office from the returned mail, another notice will be sent out to the employer.

The Department will pull a sample next year for Cashiering Debits – Reimbursable and conduct the required analysis.

As for Cashiering Benefit Charges, the Department is investigating the discrepancy between the accounts whose numbers were incorrectly reported and will contact IT to see if there is a programming issue that caused the failure.

As for Cashiering Contributory, the Department contacted Treasury, as we had stopped receiving cashiering reports at some time in the past. The Department is now receiving the reports on a daily basis, this will allow us to determine the cashiering % going forward. No system was implemented to do this due to lack of staff. The Department has hired new staff and trained the new staff to help obtain these reports.

As for Debits – Reimbursable, the Department has restarted sending out reimbursable billings so a correct universe sample should be able to be pulled for this year. Currently billings are now going out to employers on a regular basis.

As for Benefit Charges, the Department will work with the UI division to be able to obtain an acceptable sample universe.

As for Credit/Refund, the Department has begun training staff to send out credit/refund notices and has implemented new systems to complete this objective. At this time, the Department has started sending out notices to advise employers of credits that are due to them.

8. Effective Audit Measure (EAM) - Contributory Employers Audited

The "UI Performs Core Measure" requires four factors to be met to pass the Effective Audit Measure for Contributory Employers. New Jersey continues to meet Factor #2, "Change in Total Wages from Audits", Factor #4, "Average Number of Misclassified Workers Detected Per Audit" and "Sum of Factors #1-4," but has been unable to pass the UI Performs Core Measure. New Jersey did not meet Factor #1, "Contributory Employers Audited" which required New Jersey to complete audits on 1% of active contributory employers for 2022.

8.1. Factor #1 - Audit Penetration Rate

REASON FOR DEFICIENCY

Contributory employers audited did not reach the milestone of greater than 1 due to lack of staff and the promotion of experienced auditors to management positions. Also, the Department has seen a high turnover of auditing staff, and the hiring of new auditors has taken a long time.

Although the Department did not meet the EAM standards, improvement has been made on the number of audits that have been completed. In the 4th quarter of 2022, there were 275,203 registered employers and there were 2,236 audits completed. The Department exceeded 0.80% of employers audited from the prior year and with new auditors that have onboarded the potential of reaching 1.0% is attainable.

CORRECTIVE ACTION PLAN

The Department has been hiring new auditors to replace the auditors that have left/resigned and the auditors that were promoted to management. The managers will be offering training to the new hires and inexperienced auditors. The Department is also conducting training seminars in Trenton to help the new staff and inexperienced auditors. Management will also monitor all of the auditors on a monthly basis by looking at their reports and statistics to make sure that they are making their audit assignment counts. This plan should allow the Department to correct the issues that have previously caused failures for Factor 1 and Factor 3.

8.2. Factor #3 - Total Wages Audited

REASON FOR DEFICIENCY

Total audited wages have failed due to lack of staff. Our experienced auditors needed to train new staff, which reduced the productivity of experienced staff. Also, some staff was promoted to supervisory positions. There also has been a high turnover rate with the new auditors that were hired.

CORRECTIVE ACTION PLAN

The Department has been hiring new auditors to replace the auditors that have left/resigned and the auditors that were promoted to management. The managers will be offering training to the new hires and inexperienced auditors. The Department is also conducting training seminars in Trenton to help the new staff and inexperienced auditors. Management will also monitor all of the auditors on a monthly basis by looking at their reports and statistics to make sure that they are making their audit assignment counts. This plan should allow the Department to correct the issues that have previously caused failures for Factor 1 and Factor 3.

9. TPS Sample Reviews: Cashiering, Debits/Billing Reimbursing, Credits/ Refunds & Employer Tax Rates

REASON FOR DEFICIENCY

Collections failed the TPS sample for several reasons:

- Not following up on employers with multiple accounts with payments/reports on each causing unpaid liability due.
- No work order issued by status employee from an auditor's report causing improper notice of a Certificate of Debt.
- Not updating older bankruptcy cases.

CORRECTIVE ACTION PLAN

The employees need to be reviewed on a random basis and given additional training to correct the deficiencies for the cases where referring to another unit.

Tax Quality (2.1.6.) and TPS Sample Reviews (2.1.8.) – Federal Fiscal Year: 2023–2024 Corrective Action Plan & Progress Report[35]

	State: New Jersey				Federal Fiscal Year 2023			
Performance Measures	**ALP**	**CAP Based on 01/01/2021 - 12/31/2021 Performance**	**CAP Based on 01/01/2022 - 12/31/2022 Performance**	**State's Target/Actual Performance**	**12/31/2022 Quarter 1**	**3/31/2023 Quarter 2**	**6/30/2023 Quarter 3**	**9/30/2023 Quarter 4**
Tax Quality (Part A)	No more than 3 tax functions failing TPS in a year	Status Successor	Status Successor	Target				
				Actual				
		Cashiering	Cashiering	Target	Pass	Pass	Pass	Pass
				Actual	-	**Fail**	-	-
		Debits/Billing - Reimbursing	Debits/Billing - Reimbursing	Target	Pass	Pass	Pass	Pass
				Actual	-	**Fail**	-	-
		Credit/Refunds	Credit/Refunds	Target	Fail	Pass	Pass	Pass
				Actual	-	**Fail**	-	-
		Employer Tax Rates	Employer Tax Rates	Target				
				Actual				
Tax Quality (Part B)	The same tax function cannot fail for 3 consecutive years	Credit/Refunds	Credit/Refunds	Target	Fail	Pass	Pass	Pass
				Actual	-	**Fail**	-	-
		Debits/Billing - Reimbursing	Debits/Billing - Reimbursing	Target				
				Actual				
TPS Sample Reviews	Pass	Cashiering	Cashiering	Target	-	Pass	-	-
				Actual	-	**Fail**	-	-
		Debits/Billing - Reimbursing	Debits/Billing - Reimbursing	Target	-	Pass	-	-
				Actual	-	**Fail**	-	-
		Credit/Refunds	Credit/Refunds	Target	-	Pass	-	-
				Actual	-	**Fail**	-	-
		Employer Tax Rates	Employer Tax Rates	Target				
				Actual				

[35] We only provide updates for Quarter 2 (3/31/2023) because the Pass/Fail determination in these performance measures is based on a one-time annual sample from NJDOL's Employer Accounts team. This sample was only conducted during Quarter 2.

10.   Improper Payments Measure

REASON FOR DEFICIENCY

New Jersey's Improper Payment Measure of 21.84% for the July 1, 2022 – June 30, 2023 reporting period is above the ALP of 10% of all improper payments identified through the Benefit Accuracy Measurement (BAM). The three primary reasons contributing to the improper payment rate are: (1) Eligibility issues excluding Work Search; (2) Benefit Year Earnings issues and (3) Base Period Wage issues.

LWD consistently monitors first payment and non-monetary time-lapse reports and works with staff to stress the importance of meeting USDOL timeliness standards. In addition to what was previously reported on the initial response to these findings, LWD is modifying some procedures to add additional checkpoints to review claims to ensure first payments and non-monetary determinations are entered within the USDOL standard of 21 days. One issue contributing to late first payments is the identity verification process now required on all initial claims. As previously described, all claimants must verify their identity with our verification partner ID.me before any payment can be issued on their claim. While the majority of claimants complete this process shortly after their claim is filed, there are claimants that either do not know this is required or are unable to verify for various reasons. We have continually worked with ID.me to improve the educational content available to claimants in plain language on how to verify their identity and have added various methods to complete the process – claimants can go online using the automated process by uploading the required documents to verify themselves; they can speak with a "Trusted Referee" at ID.me to have an agent verify them over a video call; or they have an option to report in person to sites state-wide where they can complete the process in person if they do not have their own internet access. In addition to increasing access, LWD is in the process of implementing a procedure where any claim that has not verified their identity 10 days after the received their initial notification (which happens when the claim is entered into our system) will now receive a follow-up determination advising them of the need to complete identity verification before any claim activity (payments, etc.) can be processed. Adding this notification at the 10-day point after claim entry serves as a reminder to the claimant and still gives them time to complete the verification and then claim their benefits timely.

Base period wage issues are something New Jersey traditionally struggles with, which is a direct correlation to our use of Base Weeks when calculating monetary determinations. Many employers, especially those with workers in multiple states, remain confused on how to properly report wages and weeks during their base periods.

IMPROPER PAYMENT RATE
7/1/22 – 6/30/23
OVERPAYMENT RATE PLUS UNDERPAYMENT RATE
OVERPAYMENT RATE = 20.56%
UNDERPAYMENT RATE = 1.28%
TOTAL = 21.84%

Cause for Overpayment

NJ					
	Benefit Year Earnings	3.44%	16.74%	$72,290,040	NJ
	Base Period Wage Issue	2.43%	11.83%	$51,086,689	NJ
	Eligibility Issues Excluding Work Search	2.73%	13.27%	$57,305,187	NJ
	Separation Issues	3.64%	17.69%	$76,392,522	NJ
	Work Search	8.45%	41.12%	$177,572,668	NJ
	Other Issues	0.12%	0.58%	$2,504,673	NJ
Total		20.56%	100%	$437,151,779	NJ
Amount Paid				$2,100,389,810	NJ
Sample				491	NJ

Overpayment Responsibility

NJ					
	Claimant Only	16.38%	79.69%	$344,133,411	NJ
	Employer Only	2.24%	10.90%	$47,070,576	NJ
	Agency Only	0.02%	0.10%	$431,840	NJ
	Employer + Agency	0.09%	0.43%	$1,856,913	NJ
	Claimant + Employer + Agency	0.22%	1.05%	$4,534,322	NJ
	Claimant + Employer	1.69%	8.22%	$35,497,260	NJ
	Claimant + Agency	0.17%	0.83%	$3,584,273	NJ
Total		20.81%	100%	$437,108,595	
Amount Paid				$2,100,389,810	
Sample				491	

CORRECTIVE ACTION PLAN

We updated our website to include clearer instruction for claimants on how to respond to the weekly certification questions depending on their circumstances at the time they certify. A part of our Claimant Experience Pilot project with the USDOL, New Jersey is in the process of updating our initial claims application and many of the forms/emails that are sent to claimants to clean up the presentation and make them more readable. The project will use more plain language on our forms and provide better explanations of what the application questions mean when filing a claim, in an attempt to clearly explain what is required from claimants to get accurate information from them when filing and filling out our forms/questionnaires.

In addition, in the two and a half years since the pandemic was declared in March of 2020, New Jersey has hired 100 new claims examiners to help process the backlog of claims and to assist with identifying and processing adjudication issues timelier. Timelier resolution of issues will assist with reducing the overall dollar figure of overpayments by resolving any identified issue before any further payments could be made, which then increases the amount of the overpayment created.

During this period New Jersey hired eight additional BAM investigators as well. These new investigators are new to the position and participated in ongoing training as they continued to learn BAM rules and regulations. As their BAM knowledge increases, accuracy of the determinations issued will increase, which could have a positive impact to the Improper Payment rate as well.

Also, it is important to note that a number of the overpayments created during the review period are directly related to the historically high volumes of workload New Jersey faced from the high number of claims filed as a result of the pandemic. New Jersey has made significant progress in working through the backlogs created from the high volume of claims filed, and as we return to a more normal workload, we anticipate that the improper payment rate will drop as regular claims processing rules can be implemented again.

Improper Payments Measure – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report

Performance Measures	ALP	CAP Based on PIIA Year 2021 BAM Batches 202027 - 202126	CAP Based on PIIA Year 2022 BAM Batches 202127 - 202226	State's Target/ Actual Performance	12/31/2022 Quarter 1	3/31/2023 Quarter 2	6/30/2023 Quarter 3	9/30/2023 Quarter 4
State: New Jersey					**Federal Fiscal Year 2023**			
Improper Payments Measure	< 10%	15.68%	20.55%	Target	15.30%	14.60%	14.30%	13.60%
				Actual	**19.04%**	**21.03%**	**21.50%**	**19.68%**

11. Detection of Benefit Overpayments and Overpayment Recovery

REASON FOR DEFICIENCY

New Jersey's Detection of Benefit Overpayment rate is 125.09% for the reporting period, outside of the >50%<95% ALP required for this measure. New Jersey overpayment detection rate is inflated due to the antiquated mainframe legacy system that serves as the system of record for claims processing. Any and all weeks of overpayment involving state or federal extensions are adjusted manually when establishing the overpayment, resulting in an inflated overpayment detection rate. All weeks involved on the claim are made to look like a normal UI week to allow for accurate employer charging, however those weeks inflate the overpayment amount for reporting purposes. All weeks are eventually charged to the appropriate program they were paid under; however, this manual process interferes with accurate reporting functionality. Once the claim is adjusted and work is completed, the overpayment determination issued accurately reflects the overpayment created.

New Jersey has openly and frequently discussed this known issue with USDOL and Tiger Team representatives. All parties agree that without significant programming changes to the existing mainframe or completion of the modernization project currently ongoing, the inflated reporting of this measure with continue.

Overpayment recovery for the reporting period is 59.51%, slightly below the 68% ALP. Increased volume due to the high levels of fraud identified during the pandemic has contributed to the reduced recovery rate. The high level of fraud claims takes longer to identify, establish, and ultimately recover, which leads to our lower recovery rate for this period. Also of note is New Jersey's decision to forego the filing of CODs/judgements involving pandemic related overpayments. With the misinformation during pandemic filing that resulted in overpayments created not due to claimant fault or error and the relaxed waiver regulations concerning CARES Act related overpayments, it seemed sensible to not pursue CODs/judgements on overpayments that could eventually be waived outright.

CORRECTIVE ACTION PLAN

New Jersey will continue with implementing strong anti-fraud methods and work towards having these numbers meet or exceed the ALP. Plans to hire additional staff in BPC (Benefit Payment Control) will continue as higher amounts of wage-benefit conflicts are anticipated with this increase in claims volume. Increase staff levels in BPC will allow New Jersey to target large dollar overpayments, which will create a larger potential for recovery through TOP, SOIL, and traditional recovery methods. New Jersey has applied for and received initial approval for integrity grant funding of $2.069M and plans to use this funding in support of hiring integrity related staff.

New Jersey's layered approach to fraud prevention consists of many initiatives, none more important than our data analytic/link analysis tool, SPLUNK. Continuing efforts to evolve the accuracy of the SPLUNK results will lead to more prevention, detection, and ultimately recoverable benefit overpayments. New Jersey is also looking forward to sharing our best practices in fraud prevention with our national partners and peers during NASWA's integrity center symposium this December.

Overpayments Recovery – Federal Fiscal Year: 2023-2024 Corrective Action Plan & Progress Report

State: New Jersey					Federal Fiscal Year 2023			
Performance Measures	**ALP**	**CAP Based on PIIA Year 2021 07/01/2020 - 06/30/2021 Performance**	**CAP Based on PIIA Year 2022 07/01/2021 - 06/30/2022 Performance**	**State's Target/ Actual Performance**	**12/31/2022 Quarter 1**	**3/31/2023 Quarter 2**	**6/30/2023 Quarter 3**	**9/30/2023 Quarter 4**
UI Overpayment Recovery Measure	≥ 68%	62.00%	59.51%	Target	63.00%	64.00%	65.00%	66.00%
				Actual	**61.29%**	**93.56%**	**95.10%**	**-**[36]

[36] Data for Quarter 4 is unavailable as of 12/4/2023.

12. Data Validation Benefits: Module 3

REASON FOR DEFICIENCY

The Data Validation Unit (DVU) of the Division of Workforce Research and Analytics is responsible for validating all submitted Unemployment Insurance Reports. Population 3 (Claims Filed) failed because Reporting is manually adding a file of claims which are unaccounted for in our validation extract, rendering our extracts inaccurate.

CORRECTIVE ACTION PLAN

The DVU is working with Reporting and our Division of Technology Services to align reports and DV extracts.

13. BAM: 90 Day Paid Timeliness & Monetary Comparison Reports

REASON FOR DEFICIENCY

New Jersey continues to have difficulties in meeting the population variance for the Denied Claim Accuracy (DCA) Monetary population. The statistical variance issue has been a continuing obstacle and is affected by two operational factors:

1. A two-week delay in monetary denial sampling required by the BAM program.
2. New Jersey's "Alternate Base Year" (ABY) periods to determine monetary eligibility for benefits.

Monetarily invalid claims entered during the two weeks of the calendar quarter are not included in the BAM sample until the next quarter, but are included in the ETA-218 report, thereby creating a discrepancy in the reporting methods. New Jersey's Alternate Base Year (ABY) procedures require the issuance of requests to employers for current wage data, resulting in further delays in determining monetary eligibility. Until the employer responds to the request, the division is unable to determine the claimant's monetary eligibility. These claims are not included in the BAM monetary denied sample but are reported as monetarily denied on the ETA-218 report. There have also been monetary denial claims that were converted to PUA (Pandemic Unemployment Assistance) once entered due to self-employment, along with fraud claims that were filed.

CORRECTIVE ACTION PLAN

Without a legislative change in the Unemployment Insurance monetary calculation from "weeks and wages" to a different monetary calculation formula, this variance issue will not lessen but work search coding will be monitored more closely.

14. Incorrect Recording of Issue Detection Date & Reporting Requirements

Detection date and determination date data are considered accurate if dates were correct in at least 95% of the nonmonetary determinations evaluated in the quarterly quality samples. New Jersey continues to struggle with the proper recording of the issue detection date. Most issues with the detection date are the result of careless neglect by the examining staff. Training sessions and staff meetings have reinforced the importance of having the examiners be more attentive and diligent in correctly identifying the detection date. In office training sessions have resumed with adjudication workloads back to pre-pandemic levels. Properly identifying the Issue Detection Date is a topic that will be reviewed and reinforced with examiners to get to an appropriate level of understanding of this topic and to remind examiners of the importance of correctly identifying this date.

15. Assurances

15.1. Assurances H: Assurances of Contingency Planning

UI IT Contingency Plan was successfully completed using an SBR grant. This plan has been tested and improved as we perform actual Disaster Recovery Exercises. A full mainframe Local Office On-Line Payment System (LOOP) Disaster Recovery Exercise was performed during October 2022.

- Hot Site was established for filing UI claims online in the event of a disruption of normal services. This Hot Site has been tested and verified.
- IBM Data Center was established in Triangle Park, North Carolina. IBM Recovery Center was established in Sterling Forest, New York.
- NJ Department LWD Emergency Management Chief worked with the OARS staff (DR-NJ Office of Information Technology) to bring Contingency and Continuity of Operation plans up to date for the entire Department of Labor and Workforce Development. A completed DOL Continuity of Operation Plan (COOP) was completed on March 13, 2020.
- There were not any LOOPS Disaster Recovery exercises conducted in 2020 and 2021 due to the COVID-19 pandemic.
- WAN Network Diagrams, Core Network Diagrams and Interface Documents were reviewed and updated in 2022.
- An Updated LOOPS Business Impact Analysis (BIA) was completed on May 13, 2022.
- An approved 2022 LOOPS Disaster Recovery Plan was completed on June 28, 2022.
- A LOOPS Disaster Recovery Exercise Guide has been developed for the 2022 Exercise scheduled for the week of October 17, 2022.
- A 2022 DOL LOOPS Project Plan has been developed for this exercise.
- DOL UI Management, DOL Information Technology and the Office of Information Technology have been holding bi-monthly meetings in preparation for the 2022 Exercise. A milestone document has been developed.
- NJ Office of Homeland Security released in February 2021 an updated publication of the Statewide Information Security Manual (SISM). Section CP-Contingency Planning includes Policy, Contingency Plan, Contingency Plan Testing, Contingency Training, Alternate Processing and Storage sites, and System Backup and Recovery which has been considered in the annual review and updating of the department's UI IT Contingency Plan.
- All Security Policies and Administrative Directives (ADs) have been reviewed and updated in the June through August 2022 timeframe based on the New Jersey SISM, NIST Standards and IRS Publication 1075.

15.2. Assurances J: Assurance of Automated Information Systems Security

Regular Vulnerability Assessment scans continue to be done:

- Scans are scheduled monthly.
- Critical resources are being scanned for vulnerabilities on a quarterly basis.
- New resources are scanned and remediated before being put into production.
- Labor continues to follow the System Architecture Review (SAR) process, any changes and/or enhancements to applications are required to also be reviewed and taken through the scan and remediation process before they can be approved for deployment to a production environment.

Application Scanning and Penetration Testing are available on request from the OIT and the Office of Homeland Security and Preparedness (OHSP).

15.3. Server and Workstation Security

- All DOL workstations have been configured with CrowdStrike.
- All DOL workstations are being configured with Zscaler.
- DOL IT Security works with OHSP to investigate any Security Alerts generated via CrowdStrike, Zscaler and Proofpoint.

15.4. Full Vulnerability Scan Assessment and Remediation

The IRS Safeguard Audit was done in May 2023. The LWD response for updated IRS corrective action plan is scheduled for January 31, 2024. The LWD response for Safeguard Security Report to the IRS has been submitted as of October 1, 2023, due to extension with evidence files.

Vulnerability Assessment scans are done whenever a new application is ready to go into production. In addition, routine Vulnerability Assessment scans are done monthly with remediation done afterwards. After remediation has been completed another scan is done to confirm that the modifications made have removed the detected risks.

15.5. System Security Plan – Information Security Policy

- An updated System Security Policy was completed in July 2022. The updates were as a result of the IRS audit review in 2023 as well as the updated 2021 NJ SISM.
- Additional changes are being incorporated to update policy based on recent NIST Publication 800-53 rv.5 updates.
- An updated IRS SSR report was submitted in October 2023.
- The Information Security Policy document is pending review and approval by the Department's Executive Management.

16.   National Priorities

16.1. Rebuilding and improving program performance by addressing the significant impact that the workload created by the Coronavirus Disease 2019 (COVID-19) pandemic continues to have on the UI system.

New Jersey has made significant progress with all COVID-19 related claim backlogs and has completed all work on COVID-19 related claims. Workloads on initial claims and adjudication issues are now back at pre-pandemic levels.

16.2. Focusing on improving the timely delivery of benefit payments and the reduction of the UI adjudication and appeals backlogs.

Now that workloads are back to pre-pandemic levels, focus has returned to meeting time lapse ALPs. In office training sessions and mini-BTQ reviews done by supervisors in office have resumed in 2023, to cover issues where examiners struggle.

New Jersey consistently monitors first payment and non-monetary time lapse reports and works with staff to stress the importance of meeting USDOL timeliness standards. One issue contributing to late first payments is the identity verification process now required on all initial claims. All claimants must verify their identity with our verification partner ID.me before any payment can be issued on their claim. While the majority of claimants complete this process shortly after their claim is filed, there are claimants that either don't know this is required or are unable to verify for various reasons. We have continually worked with ID.me to improve the educational content available to claimants in plain language on how to verify their identity and have added various methods to complete the process – claimants can go online using the automated process by uploading the required documents to verify themselves; they can speak with a "Trusted Referee" at ID.me to have an agent verify them over a video call; or they have an option to report in person to sites state-wide where they can complete the process in person if they don't have their own internet access. In addition to increasing access, New Jersey is in the process of implementing a procedure where any claim that has not verified their identity within 10 days after the received their initial notification (which happens when the claim is entered to our system) will now receive a follow-up determination advising them of the need to complete identity verification before any claim activity (payments, etc.) can be processed. Adding this notification at the 10-day point after claim entry serves as a reminder to the claimant and still gives them time to complete the verification and then claim their benefits timely.

For non-monetary time lapse, UI staff have been working with the Office of Research and Information (ORI) to obtain the non-monetary time lapse reports in a timelier fashion. Currently the reports are received in the following month from what is being reported, with all the late determinations reported in mass. Efforts are underway to receive this report either daily or weekly, so Management staff has the late determinations right after they are entered in a more manageable amount to allow for meaningful review. This will allow for late determinations to be reviewed shortly after they are entered, which allows for an opportunity for better feedback from staff on the reason why the determination was entered late – by doing this sooner instead of a month-plus later staff will have greater recall and familiarity with the case and will be able to provide more accurate feedback on why the determination was late. Conducting reviews of late determinations shortly after entry will also serve to increase the awareness of entering these timely and allow for corrective action take place within the month instead of reacting to the late entry a month later.

New Jersey's Appeal Tribunal (AT) anticipates continued improvement as we continue to evaluate our processes and make alterations. New Jersey's Lower Authority has restructured existing units and assembled new work groups to implement changes in workflow, which are intended to promote efficiency and ensure more comprehensive procedures. The teams are focusing on process improvements, employee training and development, communications, and customer service delivery to achieve wide-range improvements of all Appeal Tribunal operations.

The Appeal Tribunal is attempting to use our case management system to develop a system-generated approach to identify and isolate incoming appeals based on their status. This format will allow for greater data analysis and the ability to identify and isolate duplicate incoming appeals. Additionally, the AT will focus on reducing recycled work. Once we have a better idea of how to manage these specific caseloads, we will be able to implement enhancements and an effective corrective action plan. Also, the AT has recently supplemented the existing support and examining staff and plans to add additional, higher level, Appeals Examiners. Lastly, the Director's Office has prioritized the communication to all staff, the importance of quality and time-lapse standards. Via the reemergence of staff development and training, we are explaining what the standards are, and following-up with routine updates to share our current scores, to reinforce the importance of these measures.

16.3. Ensuring equitable access to UI programs.

New Jersey has been approved for the Equity Grant by USDOL. The plan as outlined in the Equity Grant application will be implemented as outlined in the application to ensure access to UI programs is equitable for all claimants.

16.4. Supporting the Reemployment of UI Claimants through Reemployment Services and Eligibility Assessment (RESEA), Short–Time Compensation (STC), Robust Work Search Activities and Other Targeted Initiatives.

In FY2024, New Jersey will continue to focus on expanding its menu of virtual/online services. Virtual options that were implemented due to COVID-19 have now made programs and services more accessible. UI Claimants are now able to access services without leaving the comforts of their home. This included engaging UI claimants through traditional means, telephonically, email and through expanded online services. More options created additional accessibility to labor exchange, training, and case management services for job seekers. New Jersey has continued ongoing initiatives for improving the re-employment outcomes of UI claimants through innovative and effective service delivery. Implementation of technological improvements designed to reduce the time from when a claimant files to when they receive career and training services have been made a priority. Better coordination between the Division of Unemployment Insurance and the Division of Workforce Development has helped to develop a more seamless and comprehensive approach to providing employment services to UI claimants.

A single sign-on is automatically created for UI claimants when they apply for UI benefits in New Jersey. Registration information is electronically transferred from the UI database to the Workforce Development case management system. This allows for a seamless and efficient transfer of information. UI claimants immediately receive alerts for open job orders in their fields. They also have full access to update their information and conduct their own individualized job searches. Links to online resources such as labor market information, career assessment tools, and training opportunities are also made readily available to UI claimants. Direct access to resumé writing software, instructions for writing cover letters, and online job boards are easily accessible. UI claimants are encouraged to create, develop, and follow a plan for securing employment. Online workshops on various employment related subjects such as Career Pathways, Interviewing Skills, and Resumé Writing are offered virtually. This software allows UI claimants to track their work search activity online. Important alerts related to their UI claims are also placed on this dashboard. The system is designed to provide a more coordinated and organized approach to delivering employment services to UI claimants.

New Jersey is also actively engaged in making training more accessible through Metrix Learning Skill Up NJ, a web-based online platform for dislocated workers who require new skills, enhanced skills, and certification training programs to prepare them for new employment opportunities.

Online technology enhancements such as Job Source has provided UI claimants career resources, the ability to create and store resumes and related documents, and the ability to search for and be matched to employer job postings.

To better inform planning and decision making, NJDOL has embarked on a path to better incorporate evaluation as a key component of program implementation. Staff from various program areas participated in evaluation workgroups including a USDOL led peer-to-peer group. Outcomes from this effort will inform investments and contribute to program improvements. The NJDOL Office of Research and Information procured the services of the Rutgers University Heldrich Center for Workforce Development to perform a number of evaluation studies that will examine the department's service delivery to job seekers.

As the COVID-19 pandemic took its toll on jobs, New Jersey proactively began to rethink service delivery. The Reemployment Services and Eligibility Assessment (RESEA) program served as the pilot. The number of claimants that are seen in-person for services has decreased substantially. One-Stops/American Job Centers (AJCs) management proactively worked to ensure that technology solutions were in place to effectuate a successful transition to more virtual/online menu of options to meet the demands of the public.

These technology solutions helped the state exceed pre-pandemic RESEA service levels commensurate with the increase in the number of claimants. Additional staff training on the use of technology and the expanded options available will increase positive employment outcomes for claimants and shorten the duration of unemployment. Included in each RESEA session is now an online orientation focused on Labor Market Information and detailed

information on all AJC services. RESEA participants schedule telephone appointments with Employment Service (ES) staff to complete a customized Employment Plan. The Employment Plan lists employment barriers and steps to overcome those barriers. An important part of the Employment Plan is participation in a reemployment activity in order to complete the RESEA obligation. The participants receive referrals to assist them in returning to work as soon as possible.

Included in the one-on-one with ES staff, a thorough review of the customer's completed Eligibility Assessment form is conducted. This is done to ensure the participant is following UI guidelines to remain eligible to continue collecting UI benefits. Eligibility issues are reported to Unemployment Insurance using the LOOPS system which automatically pends the claimant's benefits until UI staff have reviewed the potentially disqualifying issue.

For FY2024, an increased emphasis will be placed on co-enrolling claimants based on their needs in AJC partner programs. A more comprehensive approach to service delivery will allow job seekers better access to all of the resources available to them through the Workforce Development system. Common intake and assessment for the core partners will facilitate this process. Wagner-Peyser will facilitate the customer experience by providing initial assessments, route customers to appropriate partner services, mutually develop employment plans with customers, and follow-up to ensure successful customer outcomes.

The New Jersey Apprenticeship Network will increase emphasis on apprenticeship in both traditional and non-traditional apprenticeship occupations, providing claimants the opportunity for a structured career pathway. This will lead to a higher skilled and higher paid workforce with potentially greater resilience from cyclical and structural changes in the job market which should make the state's employers more competitive globally, serve as a business attraction tool, and all things being equal, result in a decrease in the need for unemployment compensation.

To ensure equal employment opportunities for all New Jerseyans, UI claimants with literacy, criminal, geographic, and other significant barriers to career employment will benefit from pre-apprenticeship programs designed to prepare individuals to succeed in an apprenticeship program. These programs promote a diverse and skilled workforce and prepare participants to meet the basic qualifications for entry into an apprenticeship.

Working towards full implementation of the high-level goals of the Workforce Investment and Opportunity Act (WIOA) of 2014 has created a roadmap with an emphasis on employer-driven basic and occupational skills training delivered by training providers and the employers themselves through on-the-job training. The roadmap includes investments leading to claimants securing industry-valued credentials and also mapping employer informed career pathways to better direct claimants into job openings leading to economic self-sufficiency.

State funds will also complement WIOA occupational skills training through the innovative employer-driven Opportunity Partnership Grant program, Individual Training Grants, New Jersey's Tuition Waiver program and career pathways grants.

Informing the effort to better understand the unique workforce needs of New Jersey's key industry employers, the Industry Partnership program will gather industry intelligence directly from hiring employers. Working closely with the department's Labor Market Information team, Industry Partnership will translate occupational and industry employment projections, real-time labor demand data, and skill levels and availability of potential labor force participants into actionable information to drive training investments, advise credential attainment, and create a pipeline of qualified and dependable job candidates when and where employers need them. Key industries in New Jersey include advanced manufacturing, construction and utilities, financial services, technology, food industry, health care, life sciences, retail, hospitality and tourism, transportation, logistics, and distribution.

Jersey Job Club provides career services to jobseekers at each of New Jersey's comprehensive AJCs. The Jersey Job Club concept provides participants with a structured, employment directed program that focuses on communicating with employers (résumés, cover letters, and interviewing), employing state-of-the-art tools in the job search, introducing networking and social media and putting jobseekers' fingers on the pulse of exciting changes going on in the job market with workshops provided by experts in New Jersey's key industries all in a

supportive environment where jobseekers interact with their peers and can be easily referred to other partners based on their reemployment needs. While AJCs remain closed to walk in customers, UI claimants can access workshops online through the NJ Department of Labor's website.

Targeting re-employment services more effectively based on the characteristics of the jobseekers continues to be a goal for Workforce Development. Virtual triaging, advanced profiling models, and services designed specifically for military veterans, older workers, low skilled/low literate individuals and other subgroups of UI claimants are being evolved to maximize quick and successful employment outcomes. The profiling score will be used to inform the selection of UI claimants for self-service tools and RESEA.

The Division of Vocational Rehabilitation Services has been, and will continue to be, instrumental in providing claimants and other jobseekers dislocated from employment due to an injury or illness with the means to retrain, adapt and re-enter the workforce.

Workforce Development is working to improve outcomes for New Jersey's UI claimants through greater responsiveness to the needs of the State's business customers. Workforce Development has a full complement of business services representatives assessing the needs of employers and explaining hiring incentive programs including On-the-Job Training grants. Synergies have been created by more closely aligning the Business Services Representatives with Veterans Business Representatives (LVERs), On-the-Job Training Contract Writers, Business Outreach staff in the Division of Vocational Rehabilitation services, county business services teams, and the Industry Partnerships.

Workforce Development proactively engages employers in order to minimize or avoid layoffs whenever possible in order to reduce the number of new claims being filed. A state-funded incumbent worker training grant program helps employers train their staff and remain competitive. As a layoff aversion strategy, Rapid Response/Business Services Team proactively assists companies contemplating layoffs and strives to provide workers a seamless transition from downsizing employers to hiring employers whenever possible.

Workforce Development has partnered with libraries, community colleges and community-based organizations throughout the state to help ensure the quality of jobseeker information is high and consistent with proven practices for successfully getting claimants back to work quicker and in jobs that maximize their earnings potential.

Workforce Development continues to benefit from the online AJC Re-Employment Orientation (RO). UI claimants using the Internet to file a claim are automatically directed to the online RO after completing the UI application. This technology enhancement has resulted in a potential five-fold increase in the number of claimants receiving detailed information on re-employment services available through the AJC system.

16.5. Ensuring UI program integrity by assessing and evaluating fraud risks, implementing, and maintaining sufficient controls to effectively mitigate the likelihood and impact of fraud, and reducing improper payments.

New Jersey has adopted a multi-prong approach towards fraud prevention and detection. Incorporated within our many levels of fraud related tools, we now have a cyber-fraud unit housing both data analytics functionality and identity proofing. These new efforts combined with our vast repertoire of cross matches and other fraud-related solutions now places New Jersey in a very forward-facing position in regard to all thing's fraud. Our SPLUNK software allows for link analysis of known fraud and common data points.

In accordance with USDOL's strong encouragement to move forward and identity proof every UI applicant, New Jersey has partnered with ID.me. ID.me allows New Jersey to enable IAL2 level proofing on every applicant, regardless of their particular situation. Those individuals who can maneuver through the self-service portion can self-identity proof expeditiously. Those individuals, not tech savvy or looking for a non-biometric option

to identity proof, can use the direct to Trusted Referee option. Finally, a first nation-wide, New Jersey offers individuals the option to verify their identity in person at one of 18 state-wide vendor partner locations (out of state locations available for Interstate claims). These three options allow for equitable access to the identity proofing process required to ensure the individual filing the claim is in fact the owner of the identity. New Jersey has also partnered with Lexis Nexis on their device fingerprint offering – this will now allow New Jersey to obtain unique device attributes during online claims filing, single sign on account creations, all PII related changes and weekly certifications. New Jersey believes that dropping these unique data elements into our existing SPLUNK analytic tool will further allow New Jersey to identify and investigate known fraud trends and prevent more fraudulent monies from being paid.

16.6. Addressing Worker Misclassification

The issue of misclassified workers is a problem for New Jersey as it reduces the monies that go into the Unemployment Trust fund. As such, New Jersey has taken some strides to combat this problem.

Under the current Commissioner of Labor, the Department has stepped up enforcement of the misclassification issue. The Department has formed a Misclassification task force which enables the various divisions to cross-train on enforcement techniques and share data of violators and habitual offenders. In conjunction with the divisional data sharing, the Department has also partnered with the attorney general's office, Division of Affirmative litigation, to prosecute the largest offenders of the Misclassification laws. Meetings are held monthly.

The Department strengthened it enforcement of misclassification by enacting N.J.S.A. 34:1A-1.18 (c), misclassification penalty statute. This law sets higher penalties for misclassification with a portion of the received money going back to the aggrieved employees.

The Department, via the NJDOL website, has notified the public about the reporting requirements for employers in New Jersey, the applicable statutes and employers who have violated the misclassification laws.

In a recent New Jersey Supreme court decision, East Bay Drywall v. New Jersey Department of Labor, the court held that the current auditing procedures utilized by the Division in its application of the ABC Test have upheld and the responsibility of the issue of misclassification rests solely on the employer.

16.7. Ensuring Accurate and Complete Filing and Reporting of ETA Required Reports.

- Staff responsible for UI reporting continue to participate in New Jersey's ongoing UI modernization project to ensure that the new system will provide the needed data for our ETA required reporting functions. We are also ensuring that the data elements will comply with ETA report definitions.
- The staff responsible for reporting are currently working with our UI team to address the data issues that have resulted in the late submittals of New Jersey's ETA-586 reports. Processes are now being put in place that will help ensure that the required data elements will be available so that New Jersey can transmit this report on Combined Wage Claims (CWC) in a timely manner.
- We are continuously working with our ORI UI Data Validation team to ensure the reports being produced and sent to ETA comply with the specific reporting definitions and are submitted timely.

17. GPRA Federal Emphasis

17.1. Making Timely Benefit Payments

Timely first payments remain a priority for New Jersey, and we will continue to work towards meeting this standard. As previously mentioned, nonmonetary determinations have a direct impact on first payment time-lapse and as we make improvements towards meeting non-monetary time lapse standards, that will have a positive impact on first payment time lapse as well.

Another issue impacting timely first payments is the need for identity verification on all new claims. Fraudulent claims filing has been an issue all states have struggled with, and New Jersey is no exception. After a new initial claim is filed, all claimants are referred to our identity verification partner ID.me to proof themselves. Upon claim entry, holds are put on the claim until the ID verification is completed so payments cannot be issued until we verify the claimant's identity. A larger than expected percentage of claimants do not proof themselves immediately as directed or struggle with the process itself. This then delays the verification sent back to the Department which impacts our ability to process timely first payments.

New Jersey is looking closer to identify issues and better communicate to claimants the need to verify their identity once the claim is filed and how to go through the process. The Department is working to improve the overall communication about ID proofing, including adding a status on claimant's individual Claim Status page advising them of their status concerning ID proofing – for those that have not proofed themselves, the Claim Status will reflect that with a direct link to ID.me to complete the process.

Also working with our IT to create a notice of determination that will be sent to claimants 10 days after their claim is filed to anyone that has not proofed themselves. This notification will advise the claimant they have to go to ID.me to verify (with the corresponding instructions) and the warning that no activity can happen on the claim until they complete the ID verification. Sending this notice in 10 days gives the claimant a reminder to proof themselves and leaves time to still claim their first payment timely once the verification process is completed.

17.2. Detect Benefit Overpayments

New Jersey overpayment detection rate is inflated due to the antiquated mainframe legacy system that serves as the system of record for claims processing. Any and all weeks of overpayment involving state or federal extensions are adjusted manually when establishing the overpayment, resulting in an inflated overpayment detection rate. All weeks involved on the claim are made to look like a normal UI week to allow for accurate employer charging, however those weeks inflate the overpayment amount for reporting purposes. All weeks are eventually charged to the appropriate program they were paid under; however, this manual process interferes with accurate reporting functionality. Once the claim is adjusted and work is completed, the overpayment determination issued accurately reflects the overpayment created.

New Jersey has openly and frequently discussed this known issue with USDOL and Tiger Team representatives. All parties are in agreement that without significant programming changes to the existing mainframe or completion of the modernization project currently ongoing, the inflated reporting of this measure with continue.

17.3. Establish Tax Accounts Promptly

Tax accounts are currently being established promptly.

18. Additional

18.1. Status as it relates Tiger Team Grant Funds & Consultative Assessments

New Jersey applied for Tiger Team assistance but did not begin the consultative assessment as of June 30, 2023, and was not eligible for implementation grant funds in accordance with UIPL 11-23.

18.2. DUA Assurance: Annual DUA Training & Manual Maintenance

New Jersey has a DUA SOP manual in place that was updated after Super Storm Sandy in 2012-2013. Since Super Storm Sandy, the only other DUA need in New Jersey was in September 2021, from Hurricane Ida. The manual created was used to guide us through the process for handling claims filed from this storm. The team that worked on this most recent DUA was a mix of staff experienced from our last DUA in 2012 and newer staff, to ensure that we have adequate staff who have experienced DUA if/when the next disaster occurs. The DUA manual gets reviewed and refreshed as needed each year.

Not all of the staff assigned to work on DUA if/when a disaster occurs, have completed the NASWA DUA online training program yet. This will be assigned for them to complete in the first quarter 2024.

18.3. Waiving Recovery of Overpayments

New Jersey continues to review CARES Act overpayments to determine eligibility for waiver using the established USDOL criteria for waiving these overpayments. Specific criteria to request and pursue the waiver of overpayments are on the state website where claimants can electronically request a waiver of their overpayment. New forms, internal process and electronic submissions have been instituted to allow for a more streamlined customer experience. Staff have been identified and trained on the overpayment waiver criteria and process around both CARES Act and UI overpayment waivers.

18.4. NEW: Coordination with DOL-OIG

Since the early 2000s, New Jersey has built and maintained a partnership with our Regional OIG office. This partnership allowed for a working knowledge of UI overpayments, which assisted with the prosecution of such fraudulent efforts. To this day, we continue to have a close relationship and current efforts align without prevention mindsight. Alerting OIG of all overpayment dollar amounts is a requirement. We also speak during regular task force meetings on organized cyber-related attempts to enter our systems. While our prevention efforts minimize the overall dollar loss, our relationship with OIG allows for the referral of unique and high-profile attempts.

18.5. NEW: Submission of 227 reports for CARES Act related programs

The issue of unsubmitted 227 reports for MEUC remains an issue. As discussed with the Regional Office, to track this issue and move the finding off the CARES Act findings from USDOL, this issue is being moved to the SQSP narrative. As New Jersey has reported previously, submission of the 227 report for MEUC (and other CARES Act related overpayments) is not possible due to the limitations of the mainframe legacy system used as the system of record for claims. New Jersey has explored options internally, with IT staff from USDOL and with the Tiger Team for any possible solutions they may have. After reviewing our mainframe structure and the process for reporting to the 227 report, there have been no further options identified as possible solutions to this issue. At this point the solution is a new system to replace the mainframe system in use today. New Jersey is in the early stages of a UI Modernization project, with the long-term goal being a full replacement of the mainframe. That project will take years to complete, with all that is involved in replacing that system. Outside of a system replacement, there is no identified corrective action that can be implemented to address this issue.