

NATIONAL UNEMPLOYMENT INSURANCE PROGRAM UPDATE

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UNEMPLOYMENT INSURANCE
USDOL/ETA
JUNE 26, 2019**

UI NATIONAL UPDATE

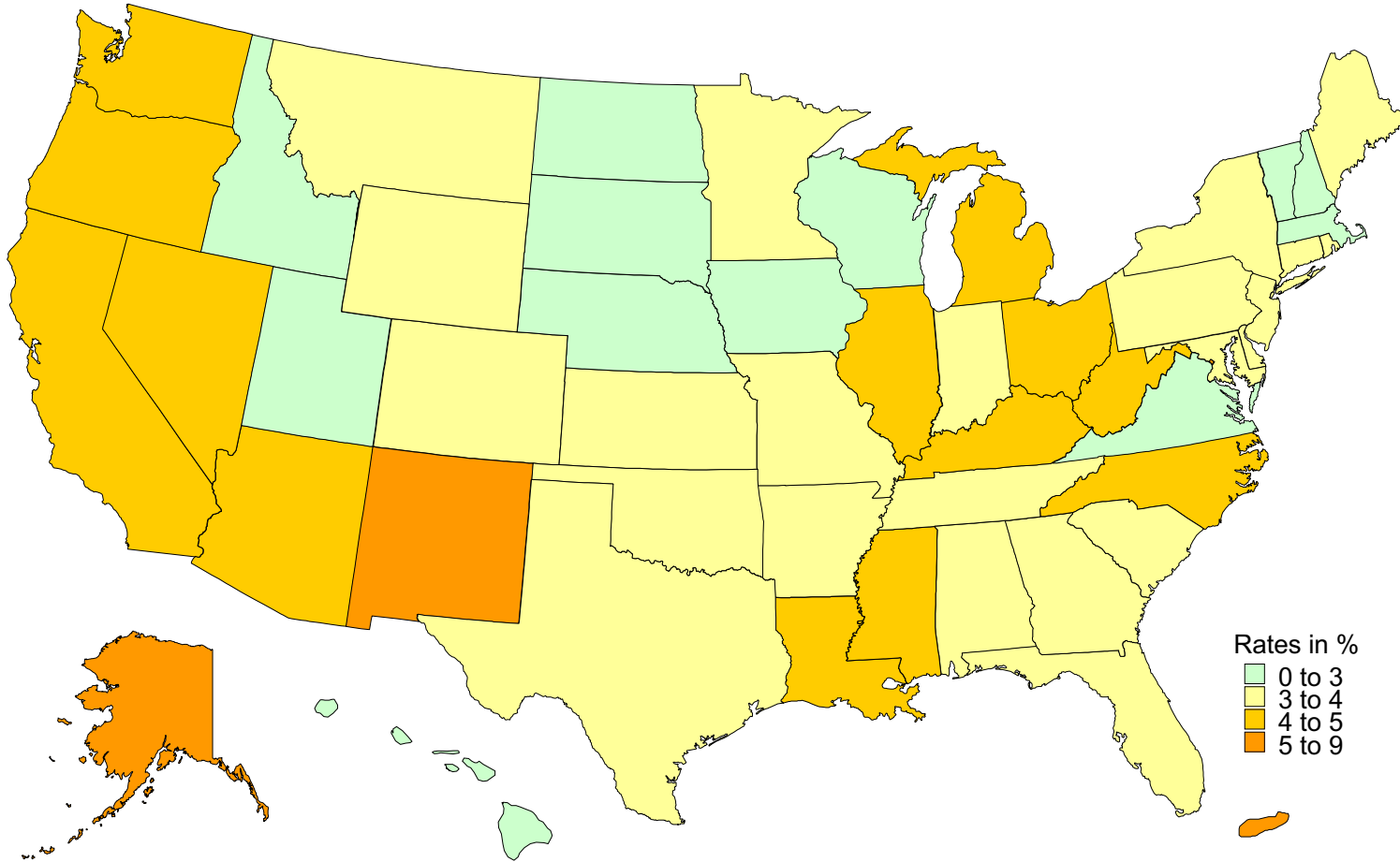
- ❖ Program Highlights
- ❖ Quick Look at the Data
- ❖ The New RESEA
- ❖ FY 2020 Budget
- ❖ What's Next?

PROGRAM HIGHLIGHTS

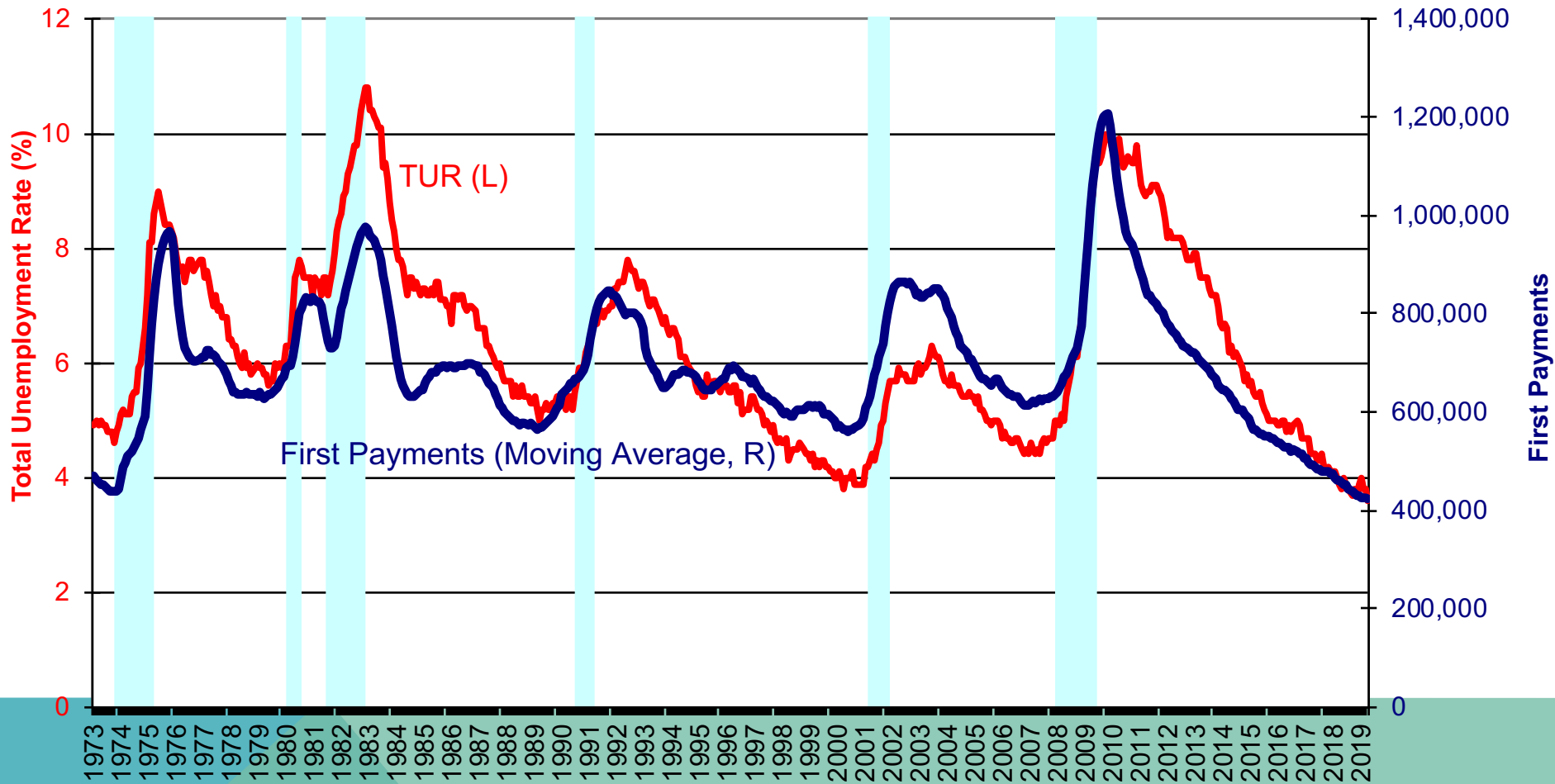
- ❖ Continued - lowest workload since the 60s
- ❖ States experiencing constrained funding, limiting staff capacity
- ❖ The UI improper payment rate continues to rise
- ❖ States are making progress in meeting performance standards and integrity measures and successfully implementing data validation
- ❖ States are focusing time and effort on recession planning
- ❖ IT modernization still an ongoing challenge in states that have and have not modernized
- ❖ Disaster preparedness continues to be a priority
- ❖ Work is proceeding to advance the new RESEA program

A Quick Look at the Data

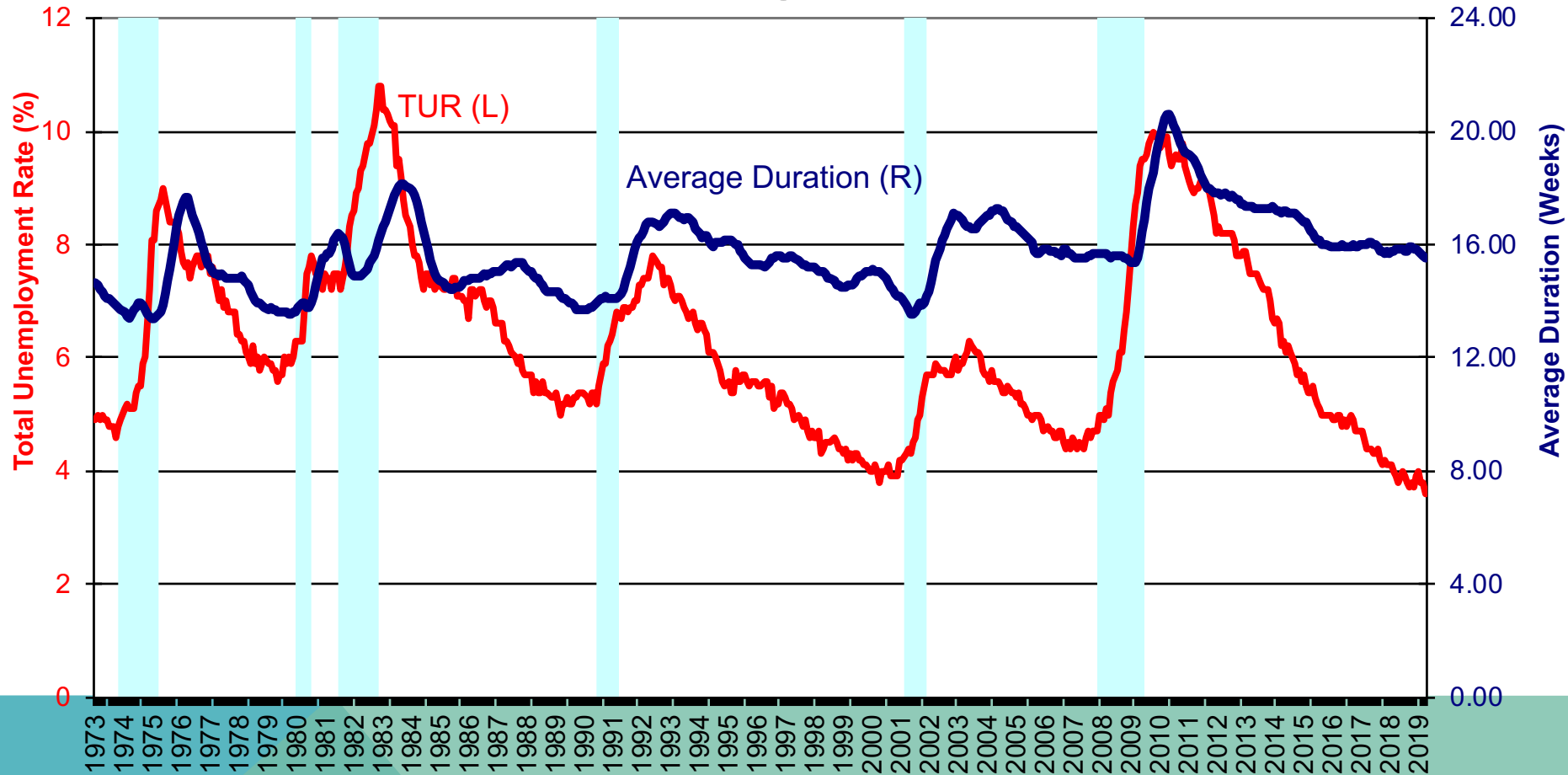
Unemployment Rates by State Seasonally Adjusted, April 2019 (U.S. = 3.6%)



First Payments in the Regular Program



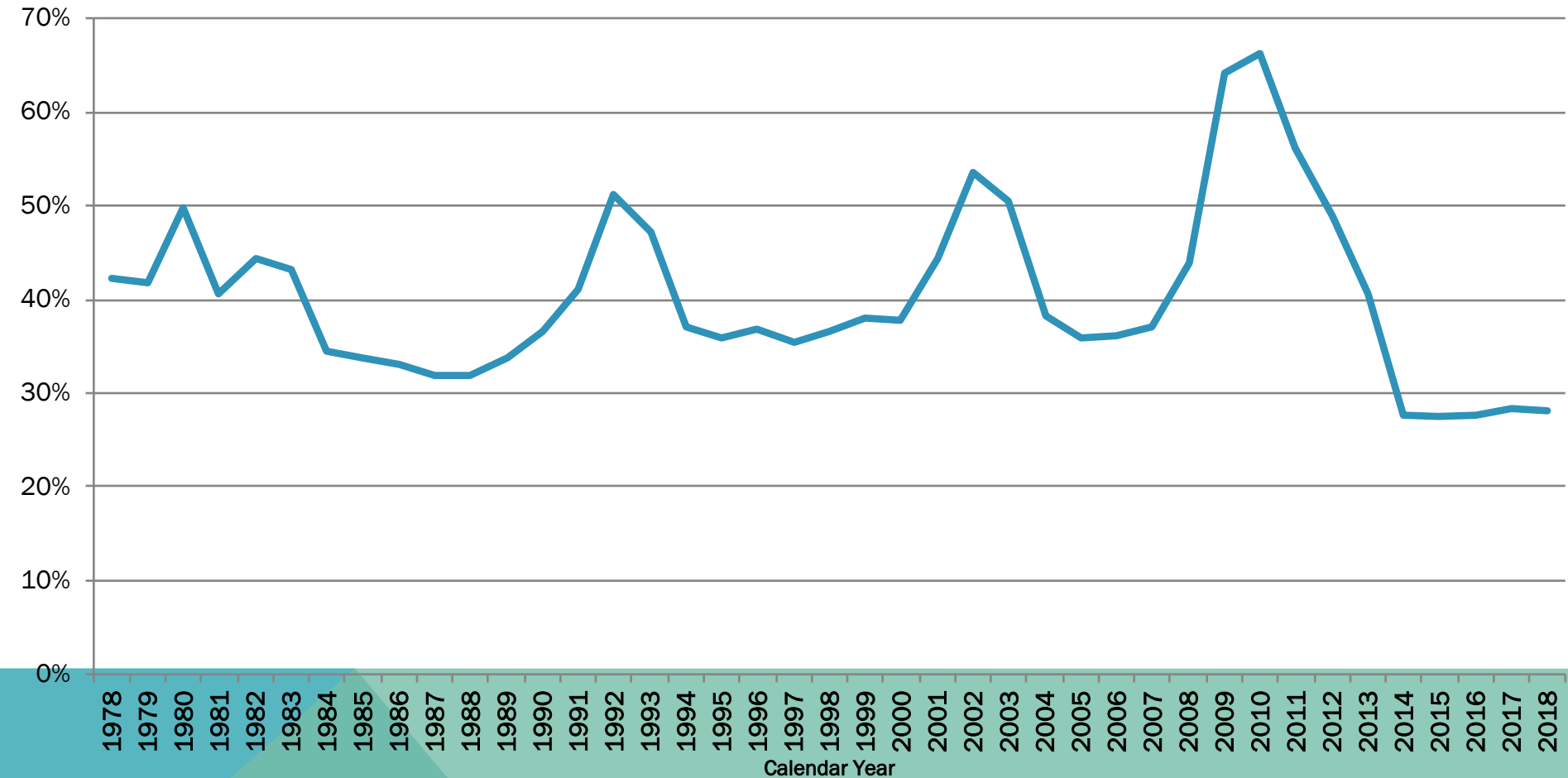
Average Duration on UI in the Regular Program



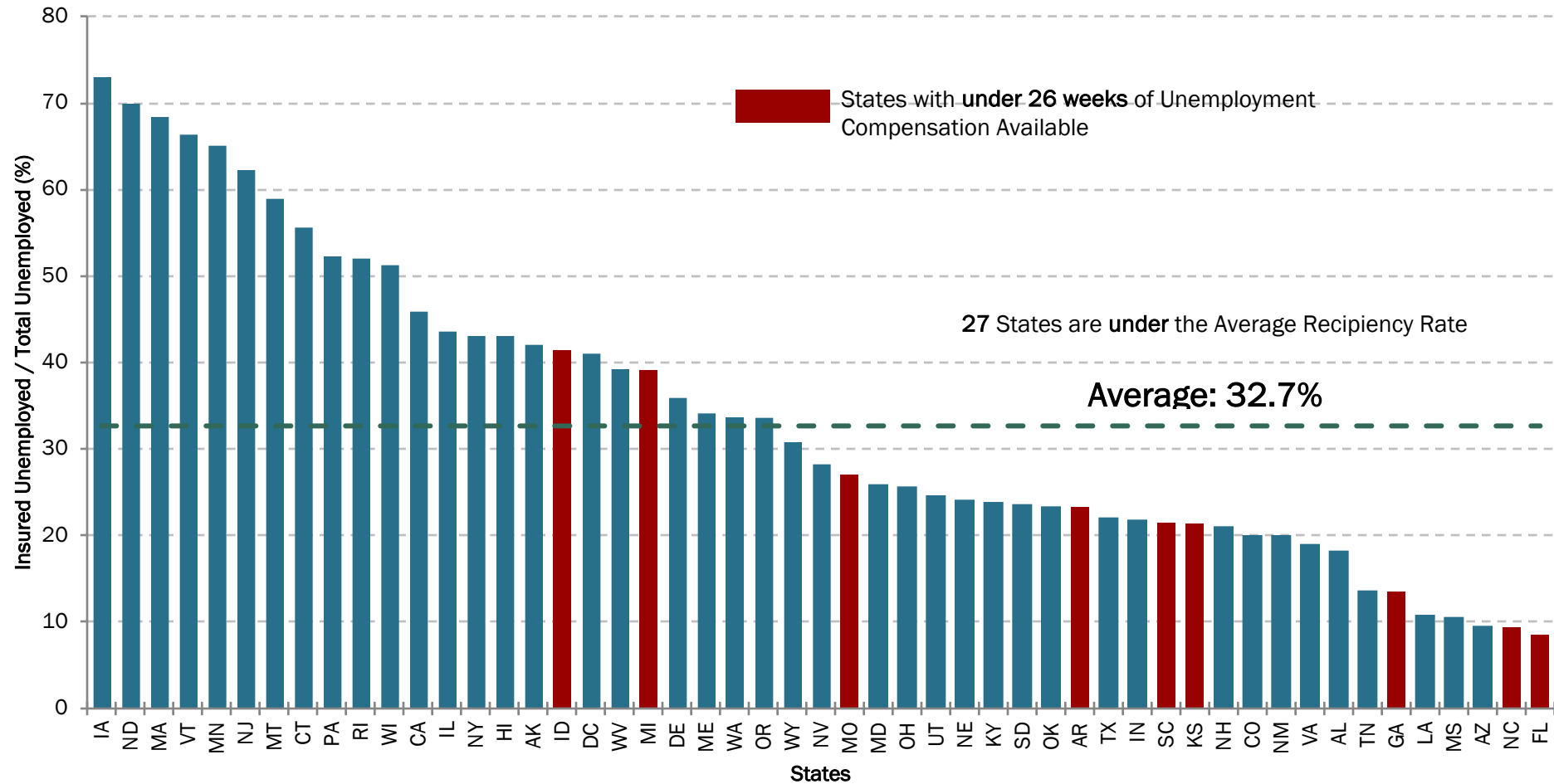
Source: US DOL/BLS and US DOL/Office of Unemployment Insurance

U.S. Reciprocity Rates

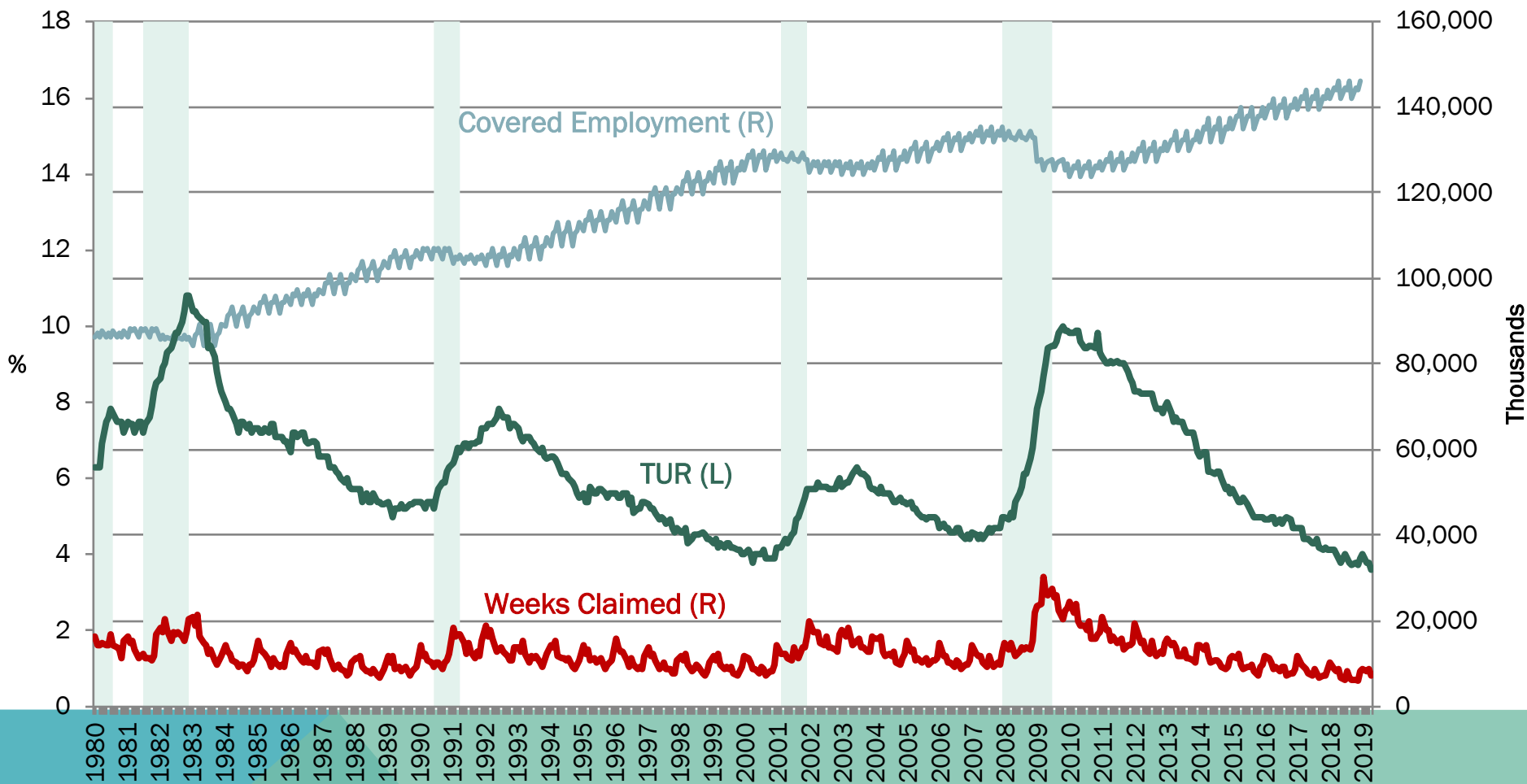
(All Programs, Annual, 1978 - 2018)



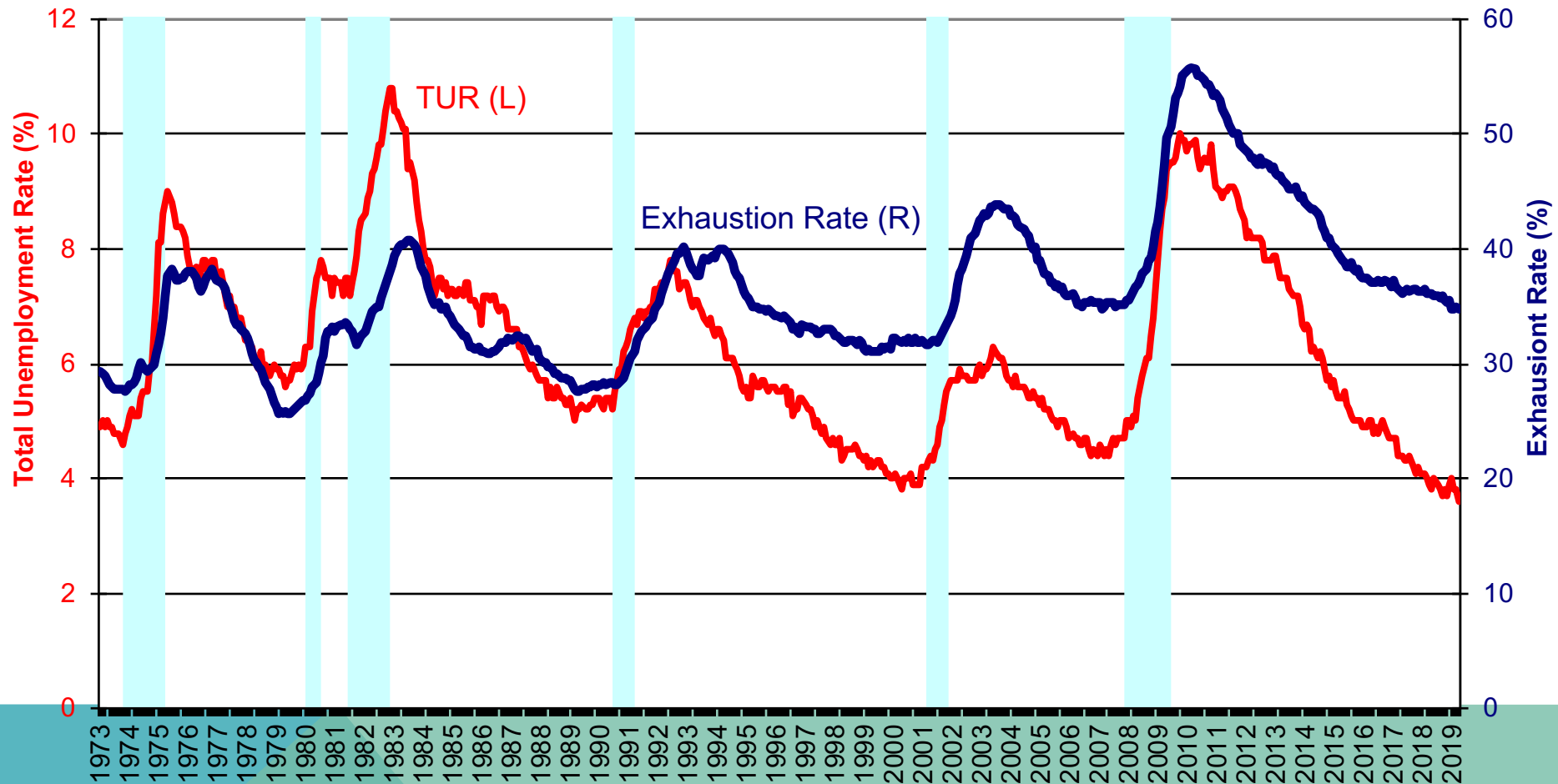
First Quarter 2019 Reciprocity Rate (Insured Unemployed / Total Unemployed)



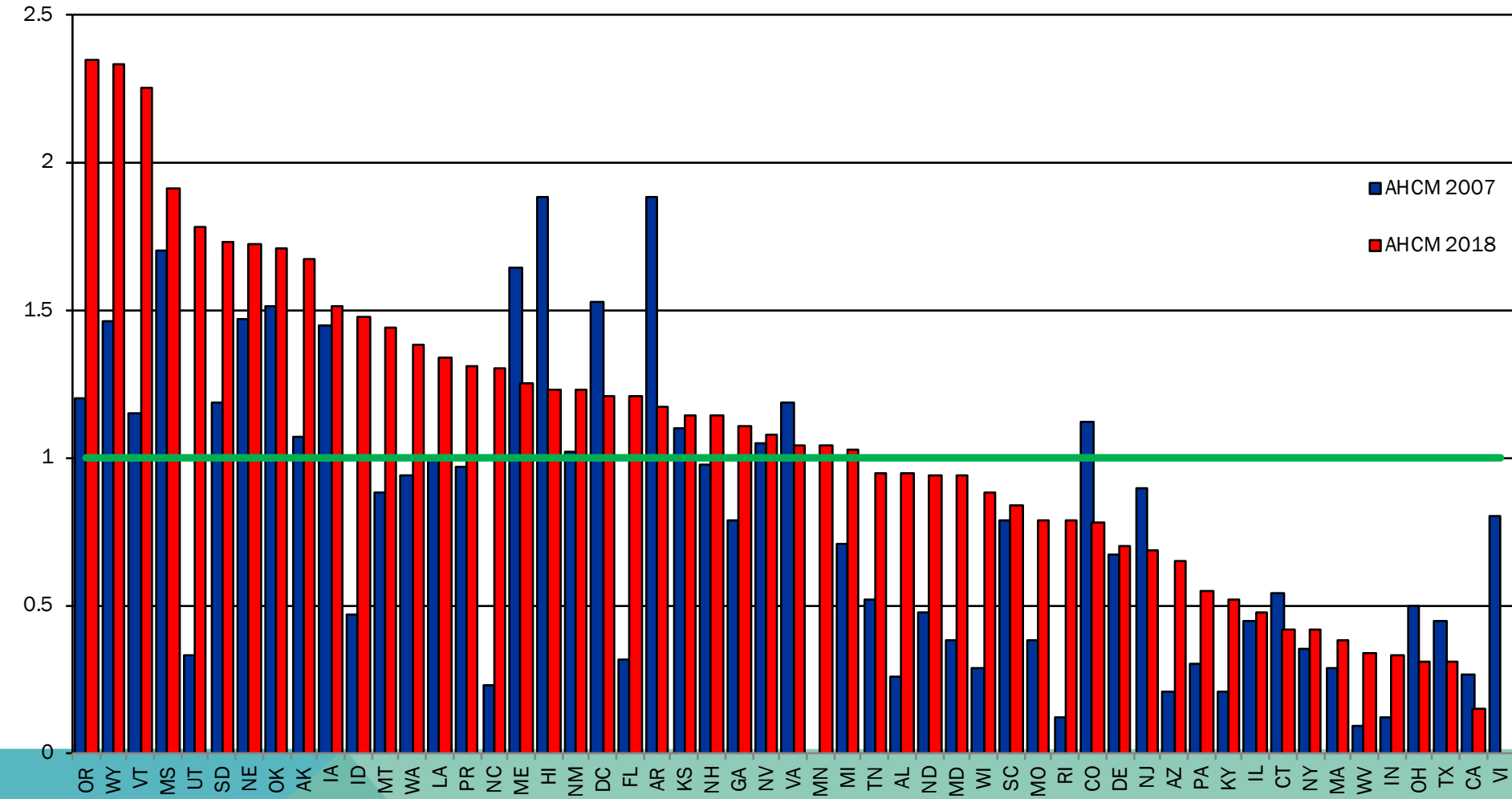
Weeks Claimed, Covered Employment, and TUR



Exhaustion Rate in the Regular Program



Average High Cost Multiple, 2007 & 2018*



*2018 AHCM is Preliminary

Trust Fund Solvency Report

This annual publication provides an opportunity to evaluate and compare each state's Unemployment Insurance trust fund reserve. Highlights from the 2019 report include:

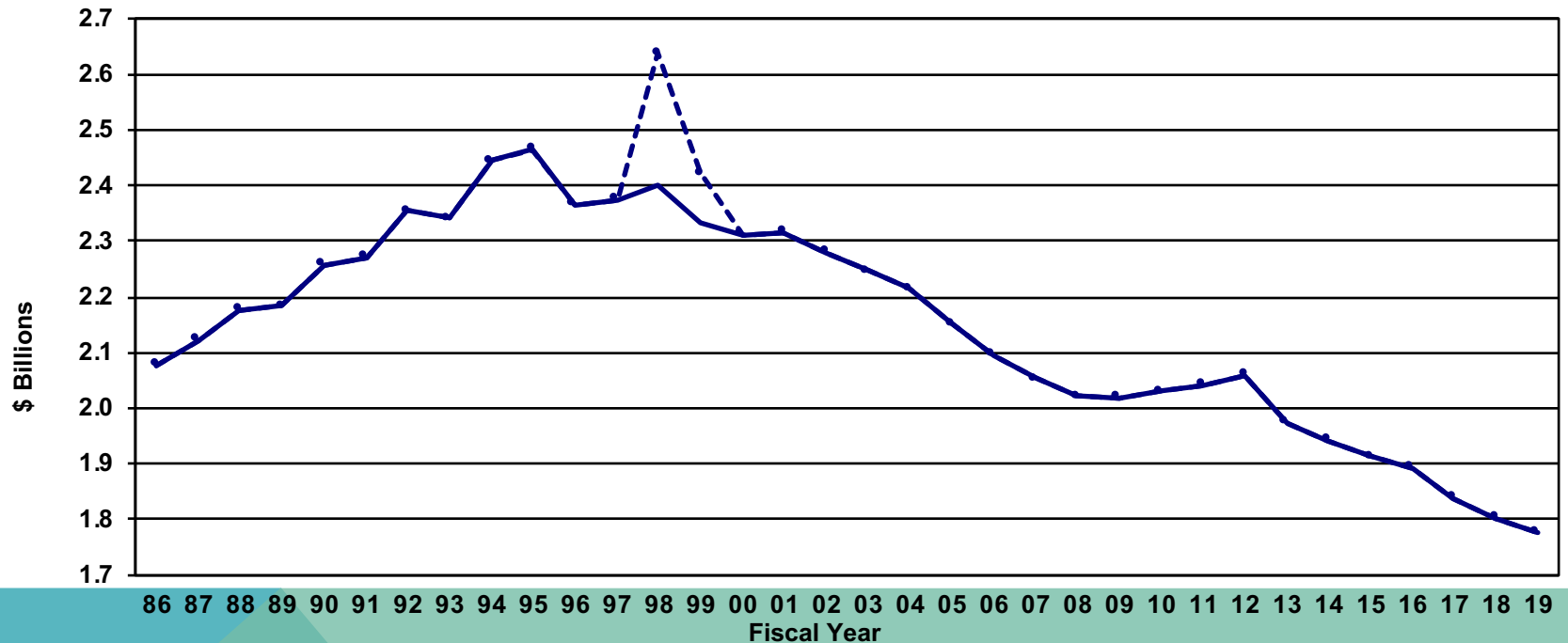
- 29 states have reached what is considered the minimal level of adequate solvency
- As of Dec 2018, one jurisdiction still had outstanding Federal loans and face a potential FUTA credit reduction in 2019
- Two states have outstanding private borrowing of over \$1.7 Bil.
- For 2019 twenty-nine states meet the eligibility criteria for interest-free borrowing
- The report can be found here:

<https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2018.pdf>

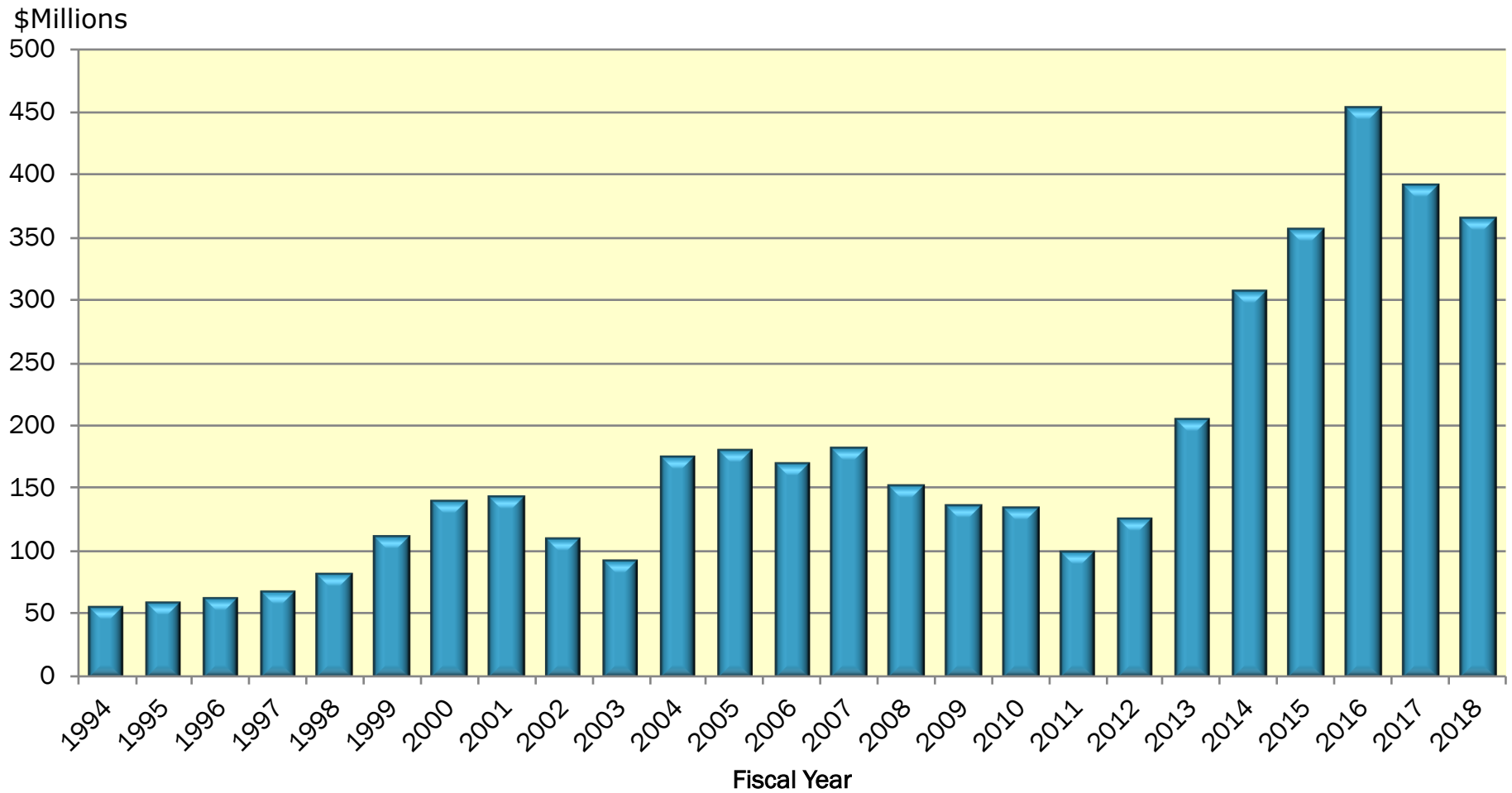
APPROPRIATIONS FOR STATE UI ADMINISTRATION PER 2.0 MILLION AWIU

Adjusted into constant 2005 dollars

Dashed Line displays inclusion of Y2K funds in FY98 and FY99



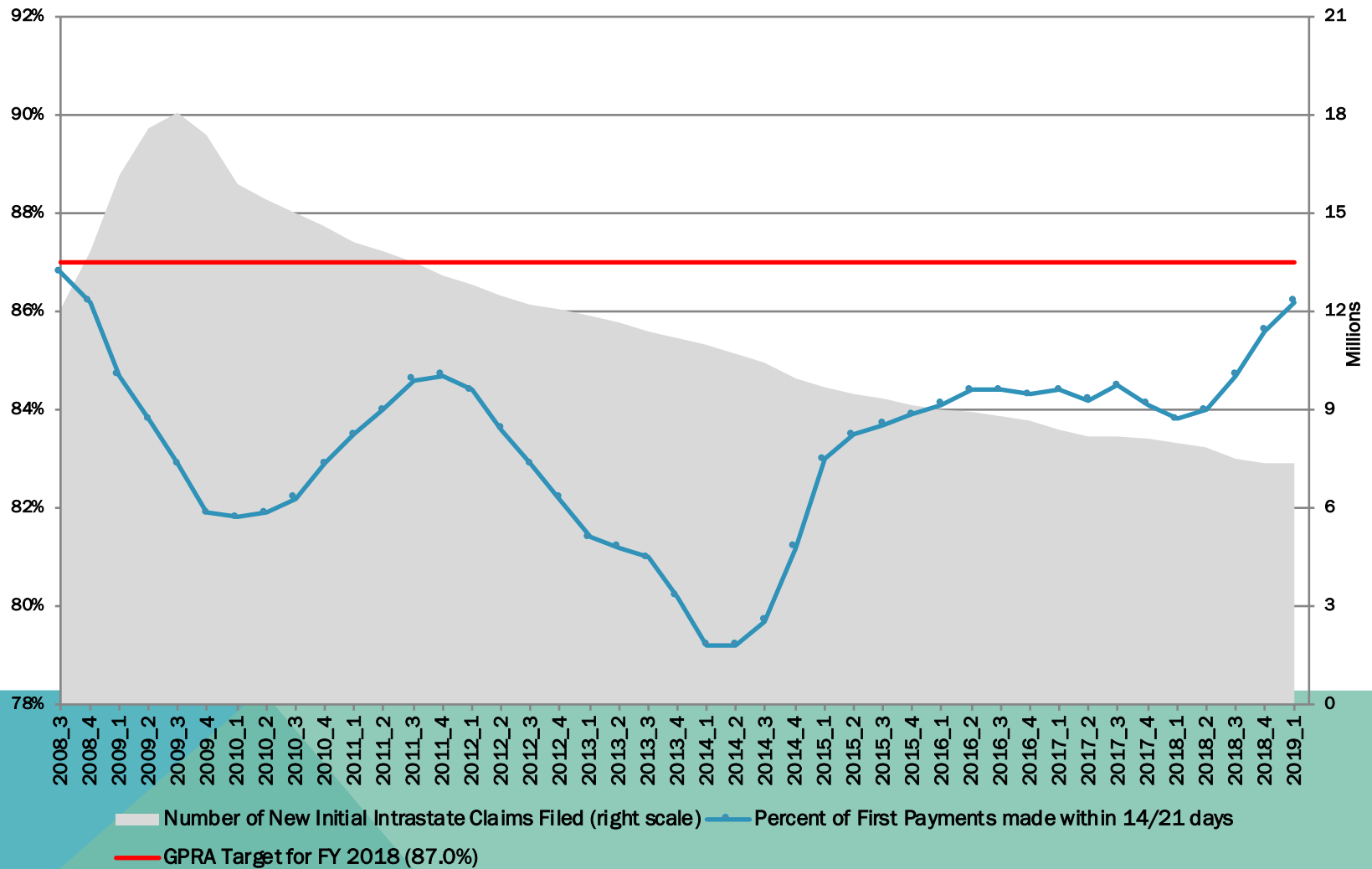
STATE SUPPLEMENTAL FUNDING FOR UI



Source: National Association of State Workforce Agencies

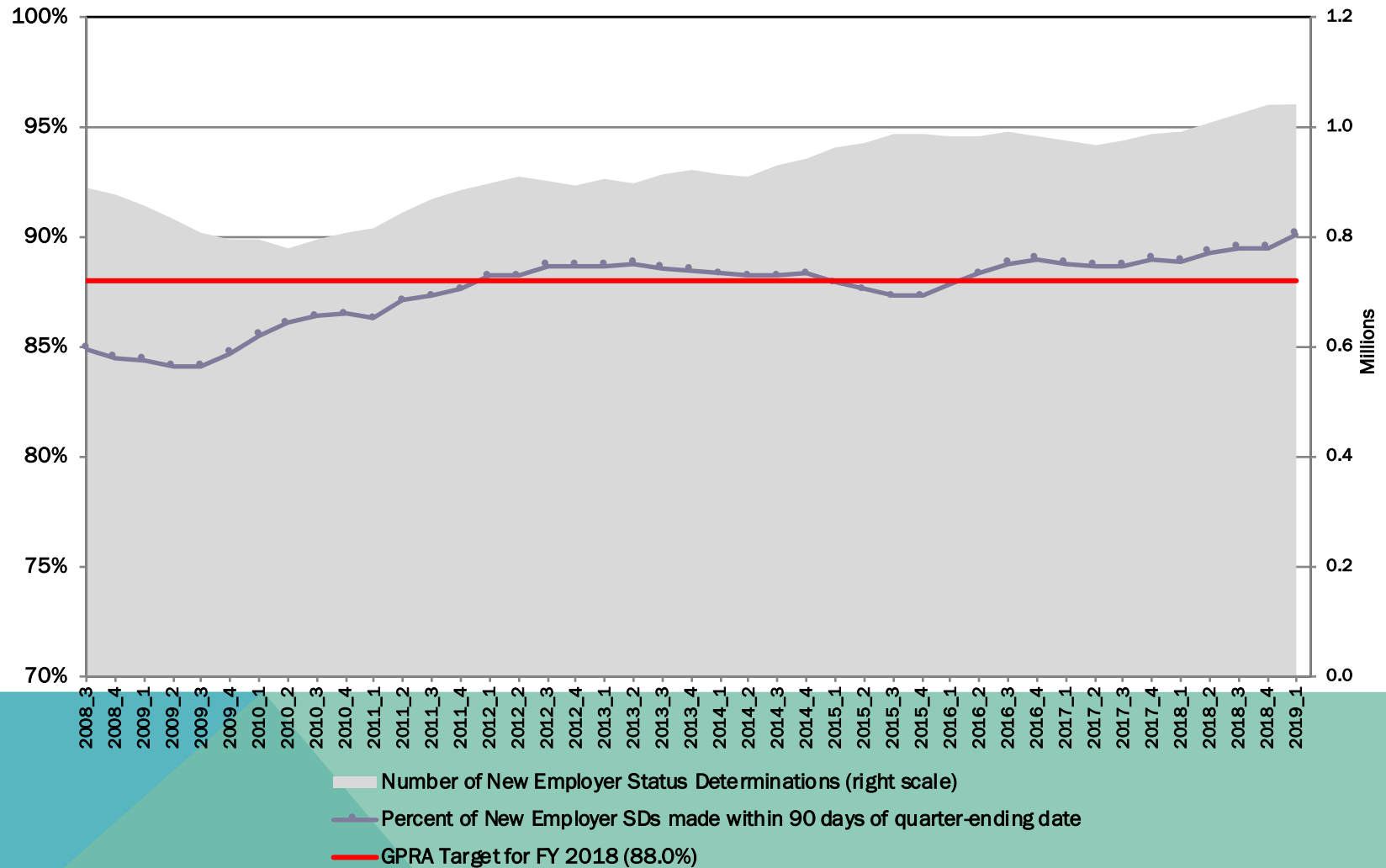
First Payment Timeliness

Rolling 4 Qtrs



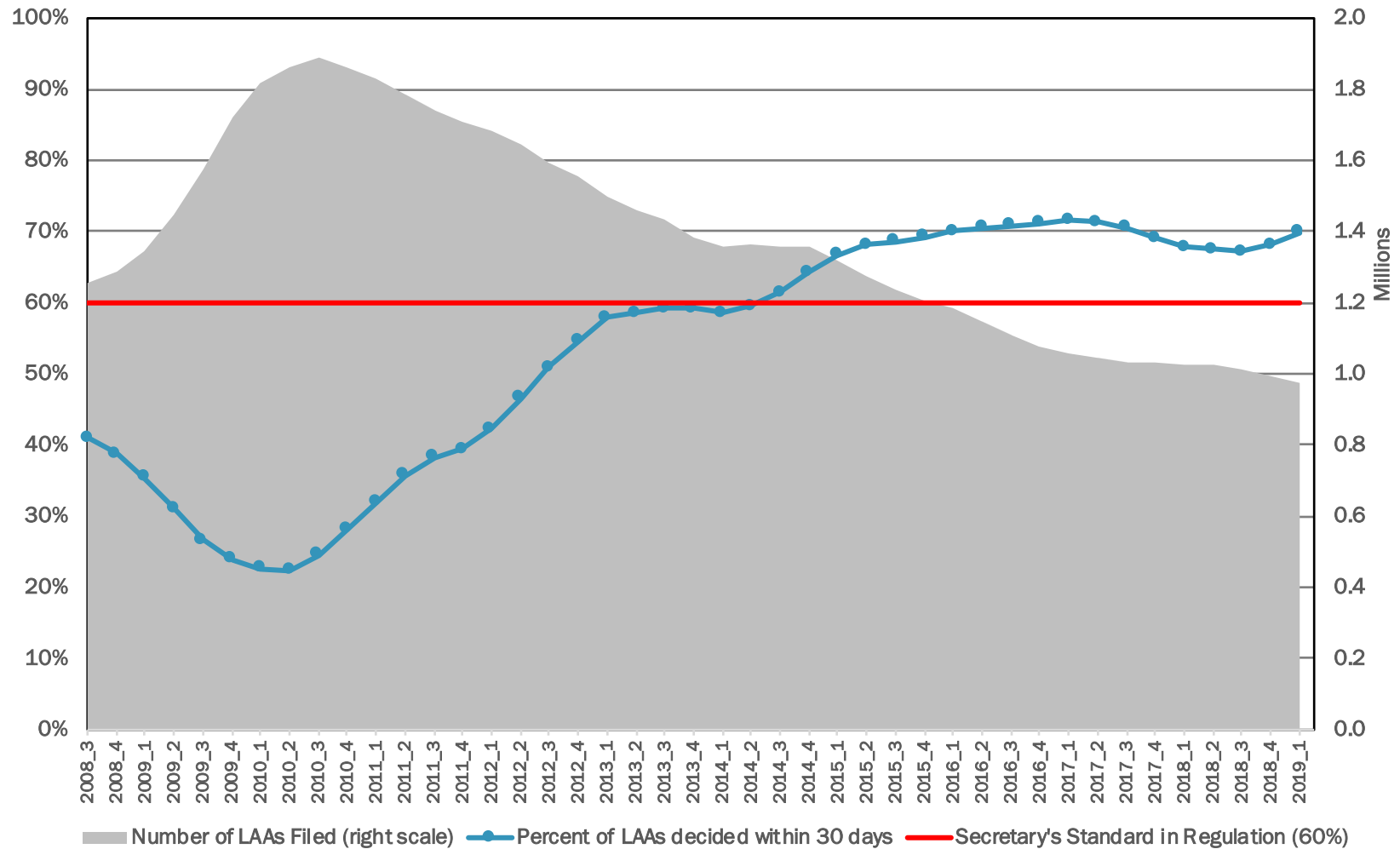
Timeliness of New Employer Status Determinations

Rolling 4 Qtrs



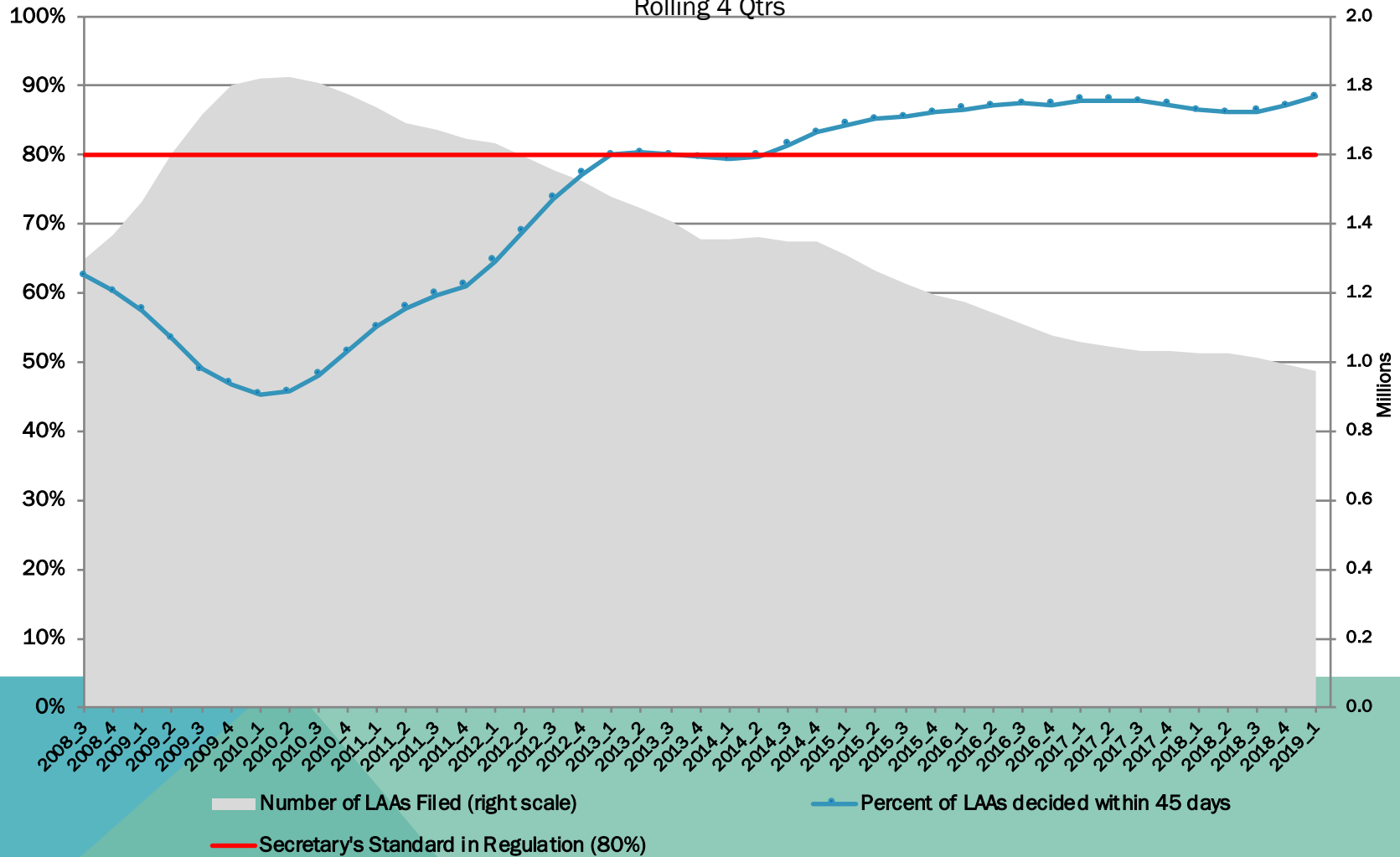
Lower Authority Appeals Decisions Within 30 - Days

Rolling 4 Qtrs



Lower Authority Appeals Decisions Within 45-Days

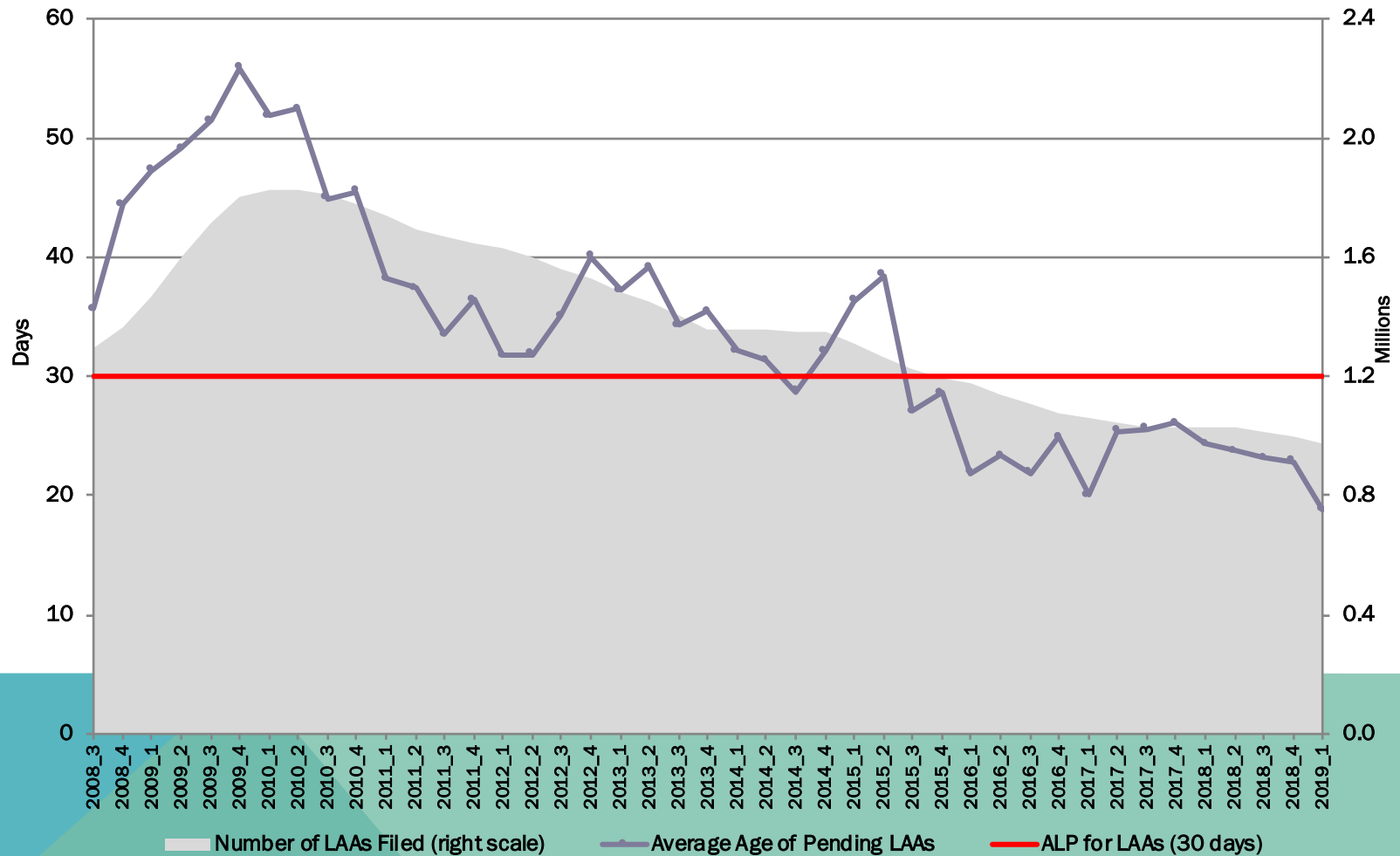
Rolling 4 Qtrs



Average Age of Pending Lower Authority Appeals

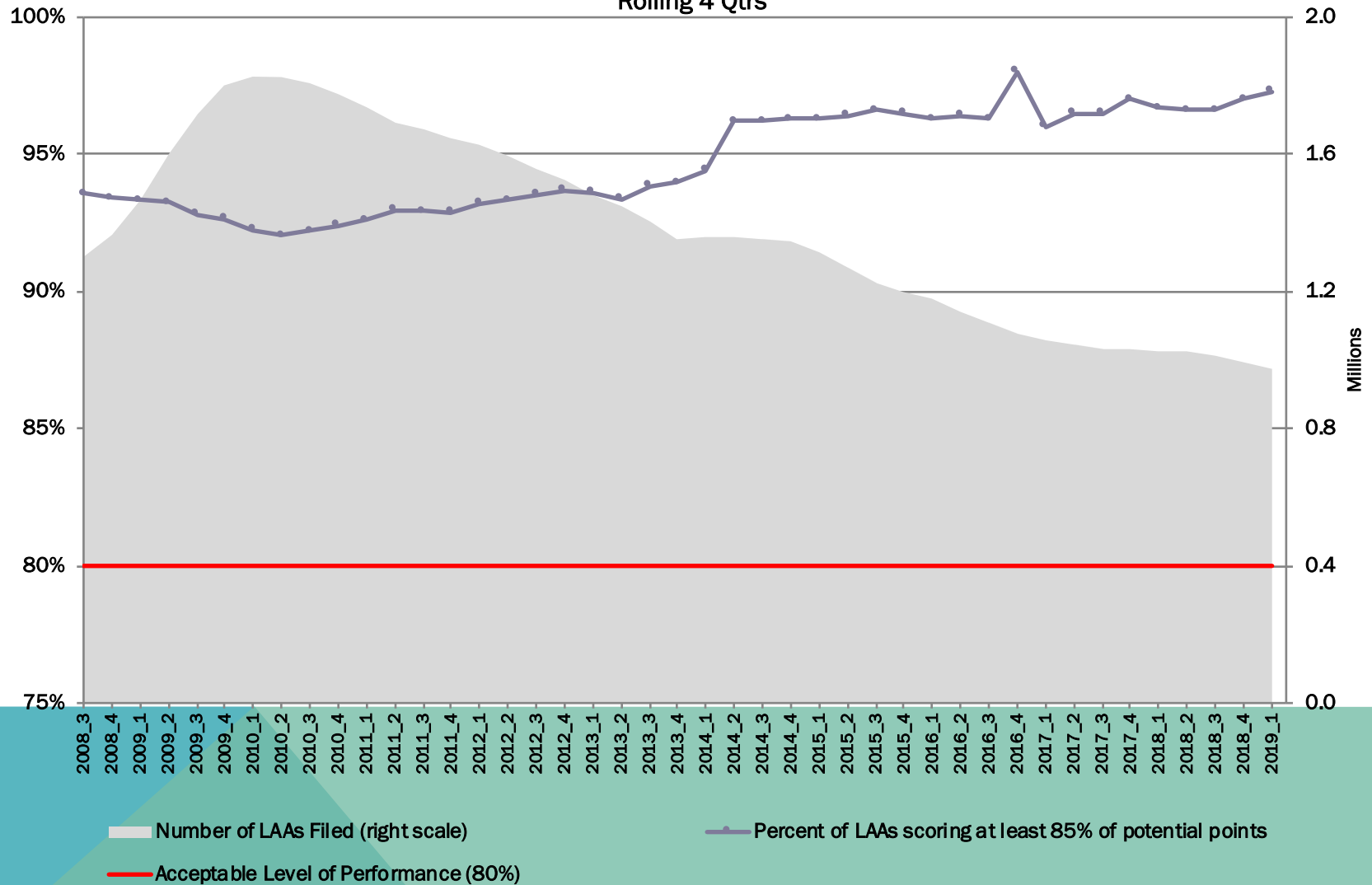
30 - Day Timeliness

Rolling 4 Qtrs



Lower Authority Appeals Quality

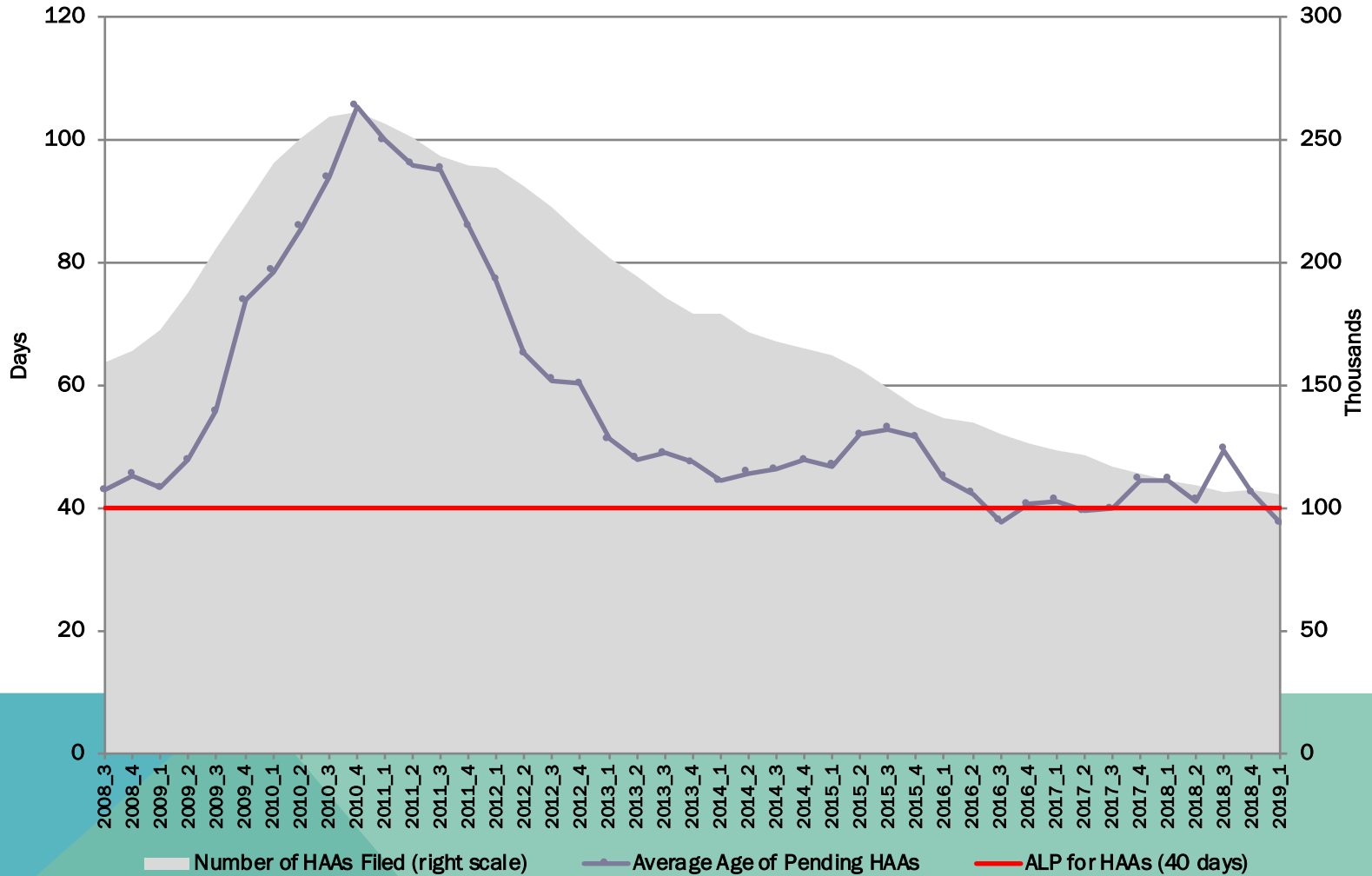
Rolling 4 Qtrs



Average Age of Pending Higher Authority Appeals

40 - Day Timeliness

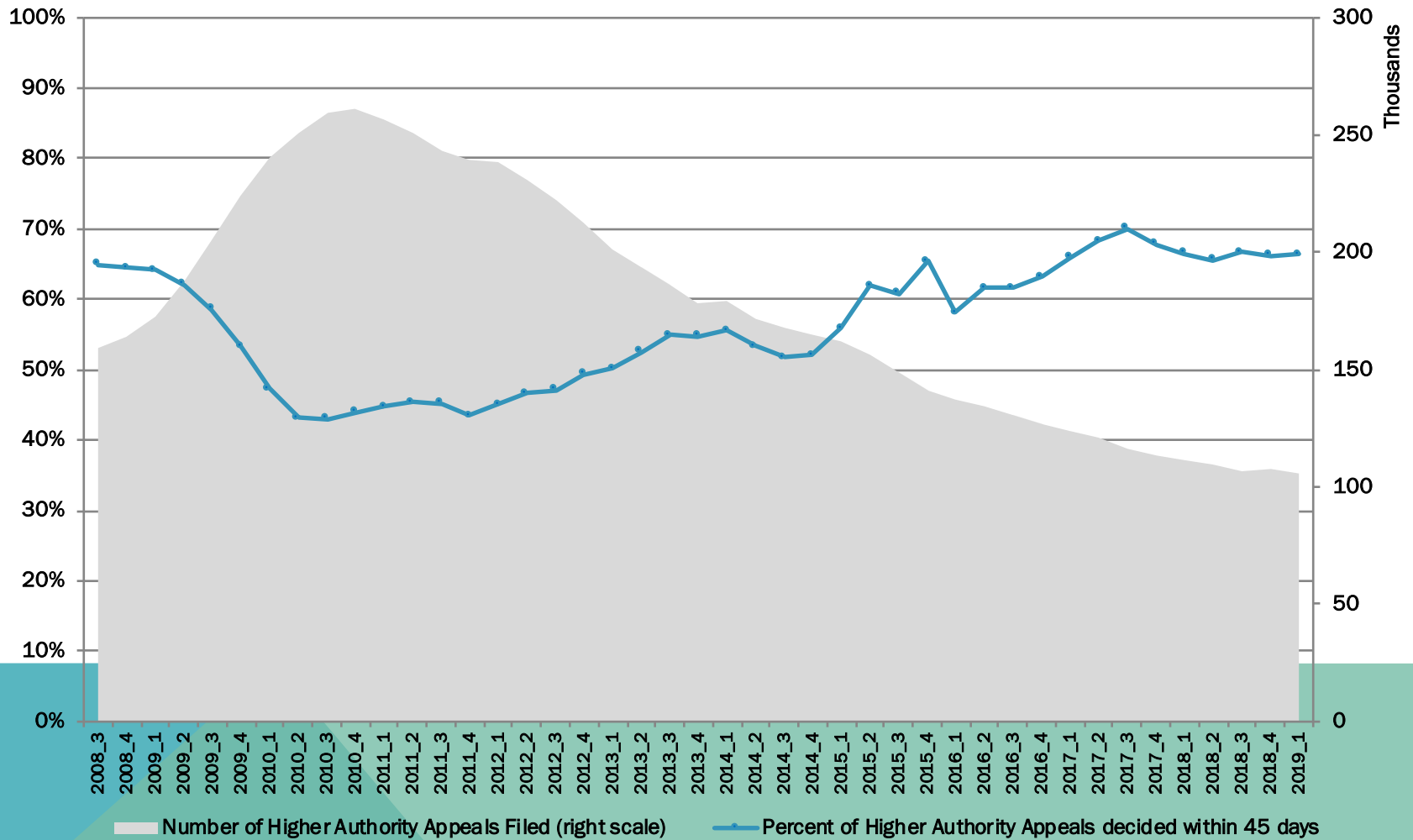
Rolling 4 Qtrs



Higher Authority Appeals

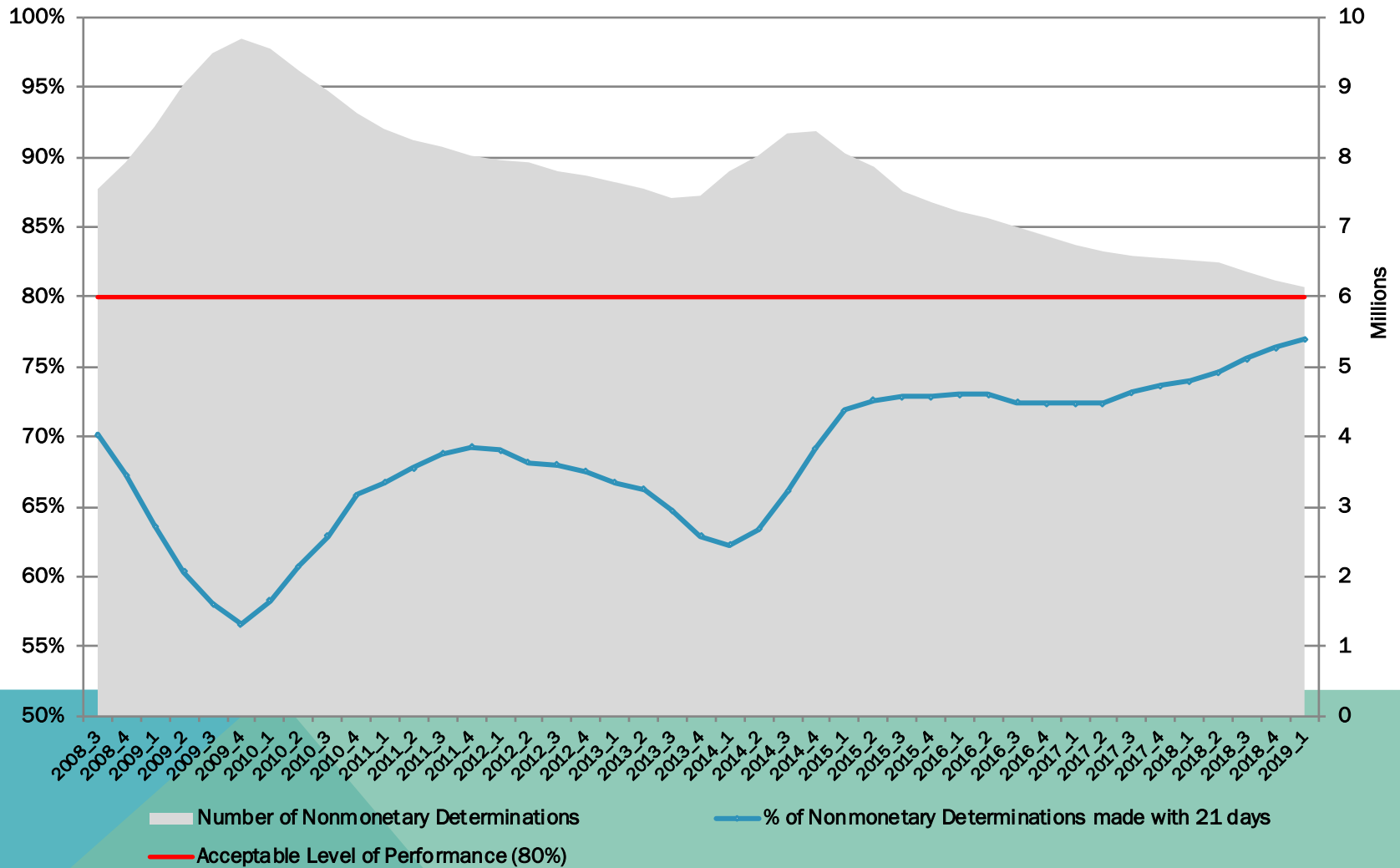
45-Day Timeliness

Rolling 4 Qtrs

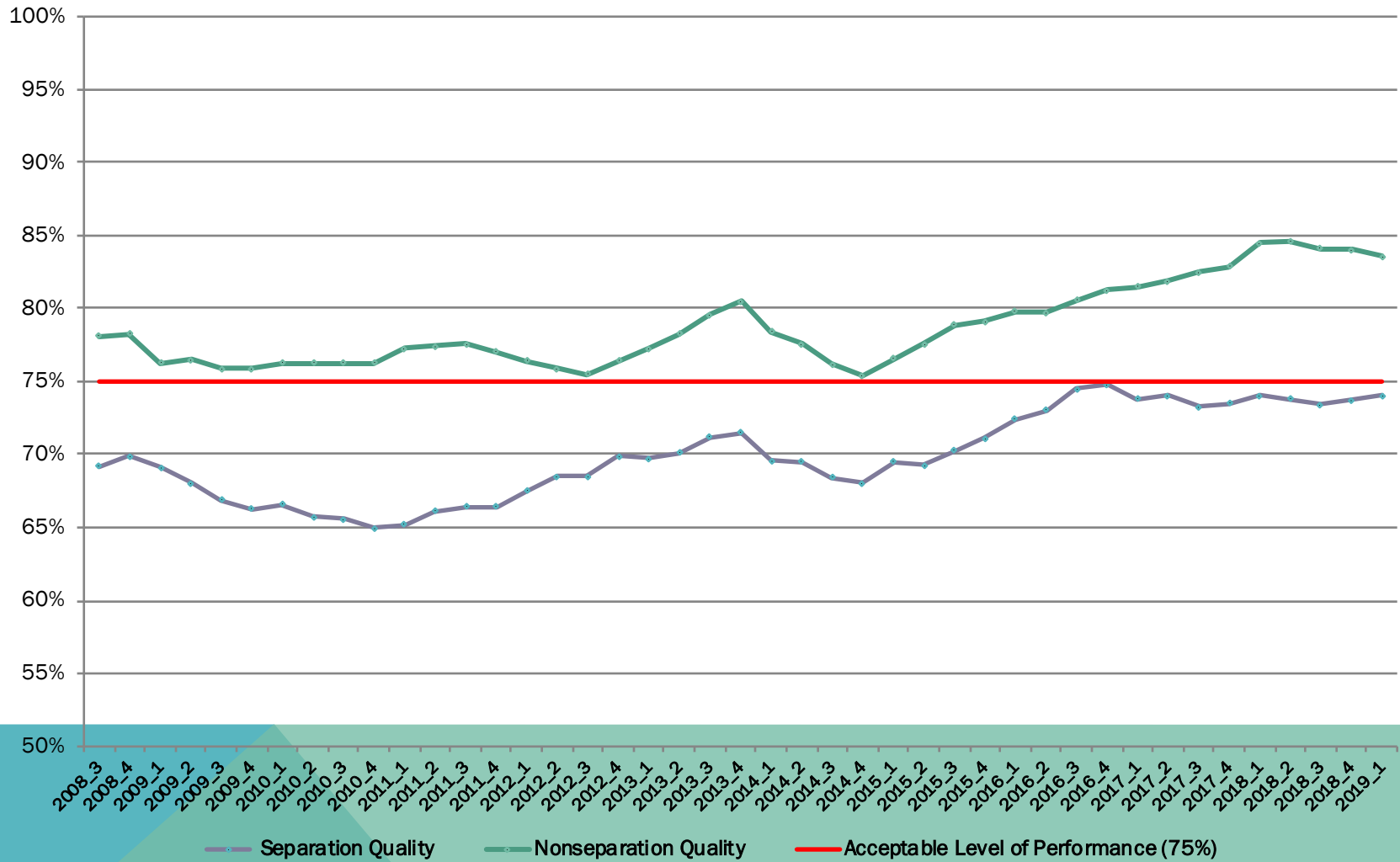


Nonmonetary Determination Timeliness

21-day Timeliness



Quality of Nonmonetary Determinations



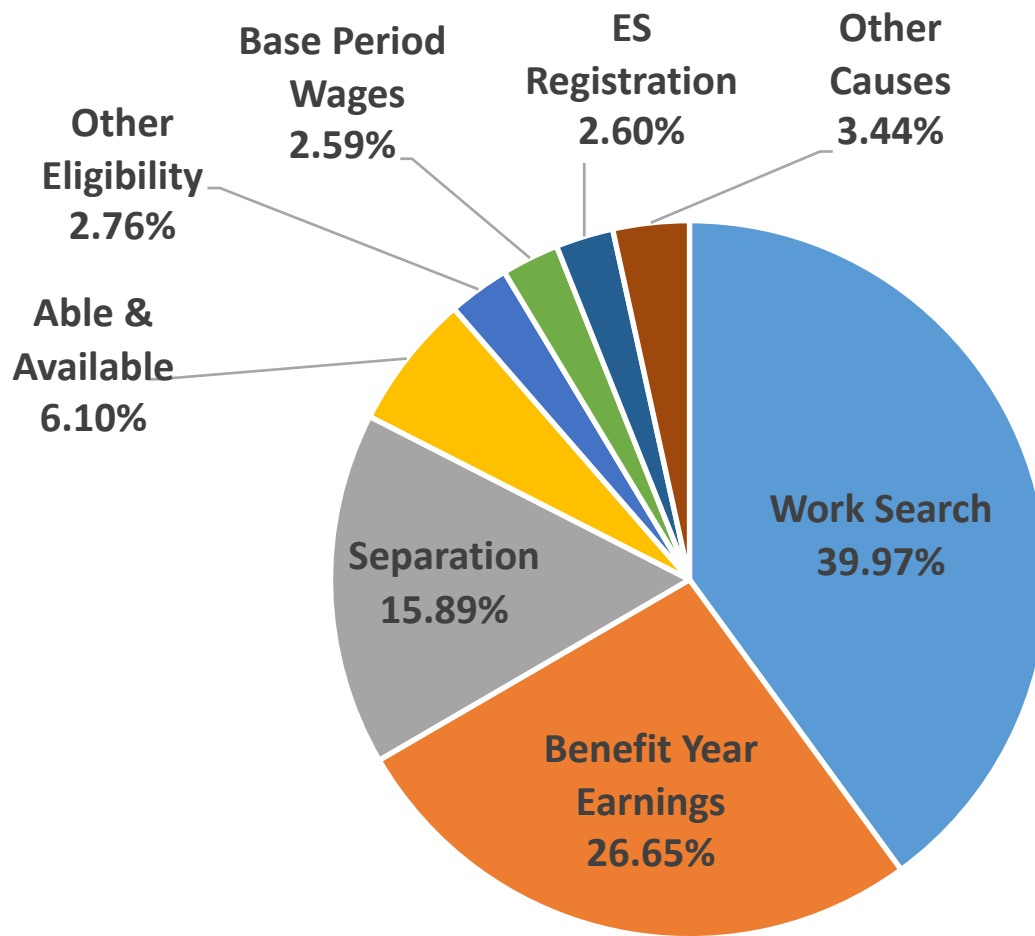
IPIA UI IMPROPER PAYMENT RATE

Improper Payments Information Act (7/1/2017 – 6/30/2018)

Estimated Overpayment Rate (OP)	12.63%
Estimated Underpayment Rate (UP)	0.42%
Total Improper Payment Rate (OP + UP)	13.05%
Total Estimated Amount Improperly Paid	\$3.743 B

Dollar amounts are in billions.

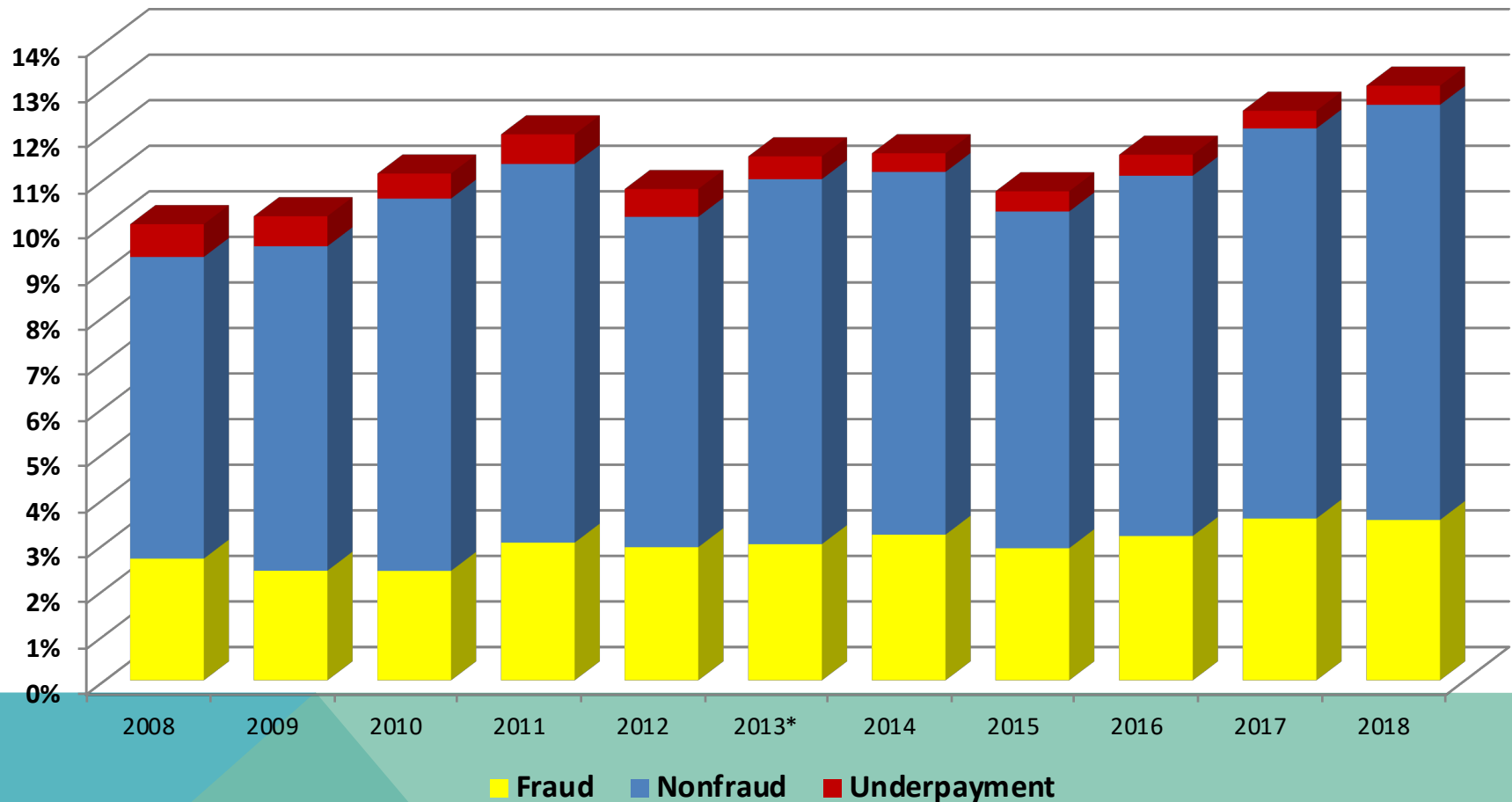
Reported in the 2018 DOL Agency Financial Report



**Overpayment Root Causes by Percentage of Dollars Overpaid
July 1, 2017 – June 30, 2018**

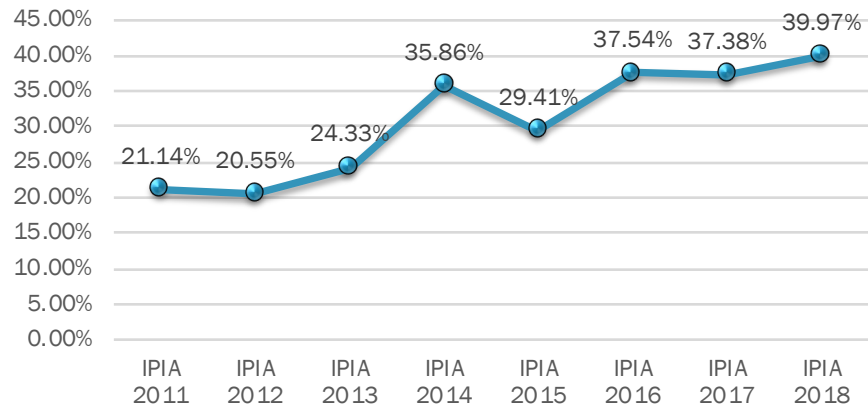
UI IMPROPER PAYMENT RATE

Fraud and Nonfraud Overpayments, and Underpayments

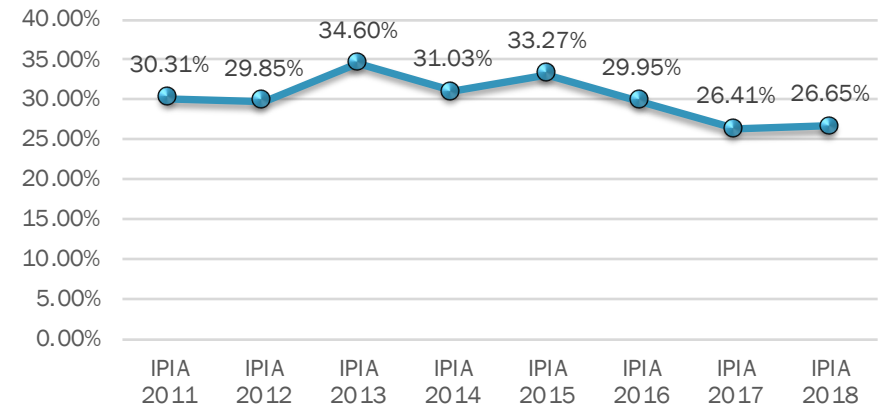


IPIA 2013 adjusted rate for recoveries = 9.32%

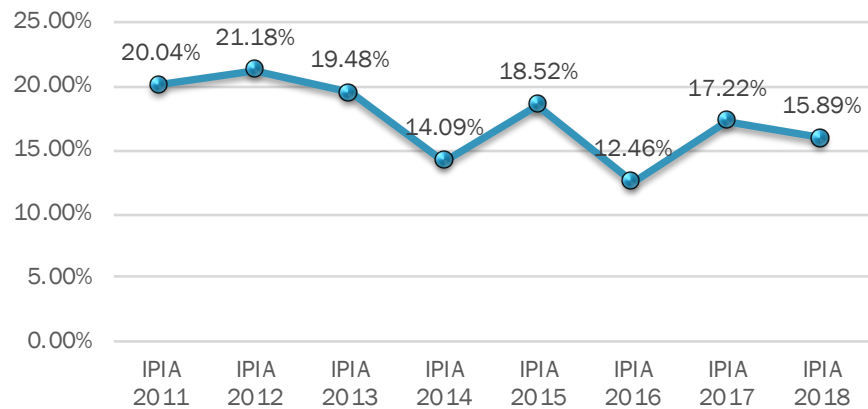
Work Search Issues (Percent of Dollars Overpaid)



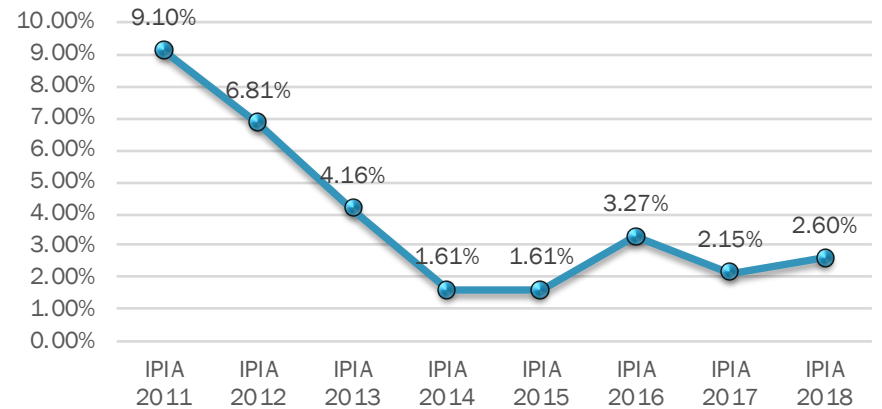
Benefit Year Earnings (Percent of Dollars Overpaid)



Separation Issues (Percent of Dollars Overpaid)



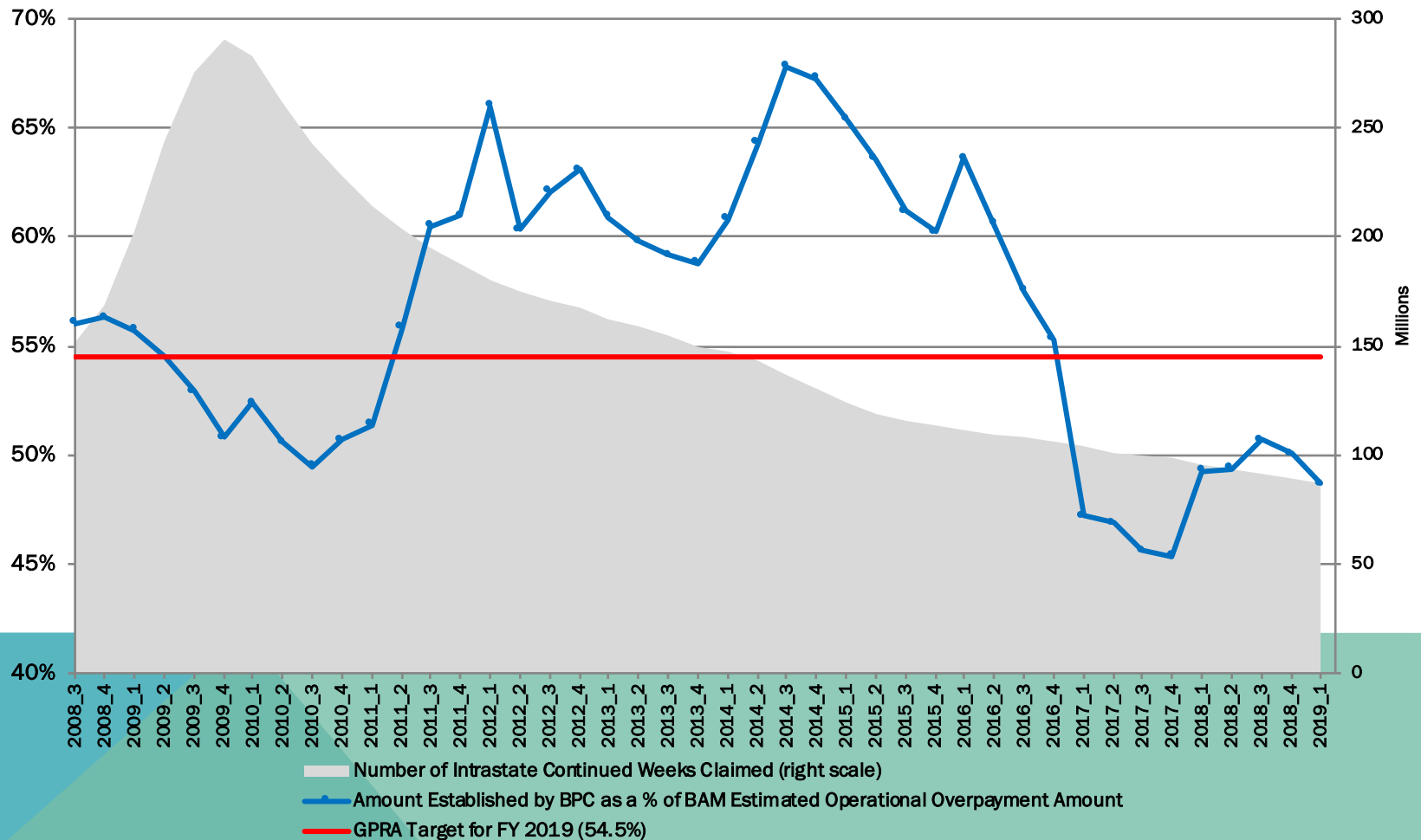
ES Registration (Percent of Dollars Overpaid)



Sources: U.S. Department of Labor Agency Financial Reports, Fiscal Years 2011-2018

Detection of Overpayments

Rolling 4 Qtrs



NEW PROGRAM INTEGRITY STRATEGIES

- ❖ **Intensive technical assistance and monitoring of “High-Rate/High-Impact” states**
 - Eleven states selected with high rates that significantly impact the national rate
 - Each state is receiving consultative services through the UI Integrity Center to support reducing improper payments
- ❖ **Program-wide “call to action” for all states to reduce improper payments**
 - Letters sent to every governor and the chair of each State Workforce Development Board
- ❖ **Publication of UI Payment Accuracy by State webpage at DOL.gov**
- ❖ **Establishment of two new UI State Performance Excellence Awards**
 - “Program Integrity Excellence Award” recognizes states that demonstrate top performance in program integrity operations
 - “Significantly Improved Program Integrity Award” recognizes states that made significant improvement in reducing their UI improper payment rate

UI INTEGRITY LEGISLATIVE PACKAGE

DOL's FY 2020 Budget includes:

- ❖ Require states to use the State Information Data Exchange System (SIDES)
- ❖ Require cross-match with the National Directory of New Hires (NDNH)
- ❖ Allow the Secretary of Labor greater authority to require UI corrective actions
- ❖ Require cross-match with SSA's/other prisoner database
- ❖ Allow States to retain up to 5 percent of UI over-payments for program integrity use
- ❖ Require States to use penalty and interest collections solely for UI administration
- ❖ Require states to use the Integrity Center's Integrity Data Hub

UI INTEGRITY CENTER

- ❖ **Integrity Data Hub**
 - ❖ Suspicious Actor Repository
 - ❖ External Data Cross-match (Identity Verification)
- ❖ **State Intensive Services/Business Process Analysis**
- ❖ **Behavioral Insights Messaging Tools**
- ❖ **National Integrity Training Academy**
- ❖ **Integrity Knowledge Exchange**
 - ❖ Best/Promising Practices
 - ❖ Model BPC Operations Blueprint
 - ❖ State Integrity Services/Business Process Analysis

REEMPLOYMENT SERVICES & ELIGIBILITY ASSESSMENT PROGRAM (RESEA)

Codified in Section 306 of SSA, Bipartisan Budget Act (PL 115-123)

Summary: RESEAs are in-person meetings between a UI claimant and appropriately trained AJC Staff Member intended to:

1. Reduce UI claim duration through improved employment outcomes
2. Strengthen UI program integrity by assessing and confirming the continued UI eligibility of RESEA participants.
3. Connect claimants to the workforce system partner programs
4. Promote alignment with WIOA and increased program integration

Availability: Currently operated in 50 states and jurisdictions

RESEA GOALS

- ❖ Improving employment outcomes of individuals receiving UI and reducing the average duration of receipt of benefits;
- ❖ Strengthening program integrity and reducing improper payments through detection and prevention of improper payments;
- ❖ Promoting alignment with the broader vision of WIOA of increased program integration and service delivery; and
- ❖ Establishing RESEA as an entry point for UI claimants into other workforce system partners programs.

NEW PROVISIONS IN THE RESEA LAW

- ❖ **Requirement for a State Plan**
 - Received and reconciling comments to State Plan Federal Register Notice
 - Plan will be launched in FY 2020 and guidance is forthcoming
- ❖ **New Funding Formula to be developed with State consultation**
 - Expect changes to the proposed formula
 - Final formula will be published no later than September 30, 2019
- ❖ **Requirement to Use Interventions/Service Delivery Strategies that are Evidence-based**
 - States must have interventions that are not rated as high or moderate causal (they had rigorous evaluations and positive impacts) under evaluation
- ❖ **Outcome payments to states with strong performance in reducing UI duration through improved employment outcomes**
 - Federal Register Notice with additional information will be published in coming weeks.

RESEA EVIDENCE REQUIREMENTS

- ❖ Modeled after legislation for HHS home visiting program.
- ❖ States must use grant funds only for interventions/service delivery strategies demonstrated to reduce claim duration by improving employment outcomes for participants.
- ❖ To expand the availability of evidence-based interventions, States may use up to 10% of their funding to conduct evaluations of interventions or strategies
- ❖ Beginning in 2023, states must use a percentage of funds for interventions with a high or moderate causal evidence ratings that show demonstrated capacity to improve employment and earnings outcomes.
 - ❖ FY 2023-24: 25%
 - ❖ FY 2025-26: 40%
 - ❖ FY 2027 and beyond: 50%

FUNDING PROVISIONS

- ❖ For Fiscal Years 2020 – 2027, Congress is authorized to make adjustments to the discretionary spending limits.
- ❖ Through use of these “cap adjustments” RESEA legislation authorizes (but does not necessarily appropriate) significant funding increases (from a \$117 million baseline) overtime as result of expected savings due to reduced duration.

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Base	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117
Cap Adjustment	\$58	\$83	\$133	\$258	\$433	\$533	\$608	\$633
Total	\$175	\$200	\$250	\$375	\$550	\$650	\$725	\$750

RESEA MESSAGES TO STATES

- ❖ RESEA is now a significant program in the context of the broader workforce system
- ❖ States have greater flexibility and opportunities to reshape reemployment interventions and service delivery strategies and to innovate
- ❖ Need to rethink staffing and technology supports
- ❖ Need to start evaluations now and DOL has guidance coming and information and resources to help

OTHER REEMPLOYMENT STRATEGIES

❖ My Reemployment Plan

https://rc.workforcegps.org/resources/2016/10/03/05/28/My_Reemployment_Plan

❖ Workforce Connect Tools Next Steps

http://itsc.org/Pages/WF_Connect.aspx

- ❖ My Reemployment Plan Online
- ❖ Case Management Module

❖ Pathway to Reemployment Framework – Improving State Work Search Requirements

https://rc.workforcegps.org/resources/2016/10/03/05/36/Pathway_to_Reemployment_Framework

FY 2020 PRESIDENT'S BUDGET

- ❖ UI Integrity Center
- ❖ \$90 Million Integrity Proposal
- ❖ Funding for ICON Modernization
- ❖ Solvency Proposal
- ❖ Paid Parental Leave

WHAT'S NEXT?

- ❖ Ongoing RESEA Implementation
- ❖ Continued Laser Focus on Bringing Down the UI Improper Payment Rate
- ❖ Drug Testing Final Rule Later This Year
- ❖ Work Search Guidance

???QUESTIONS???
COMMENTS