

Unemployment Insurance Update

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Employment and Training Administration

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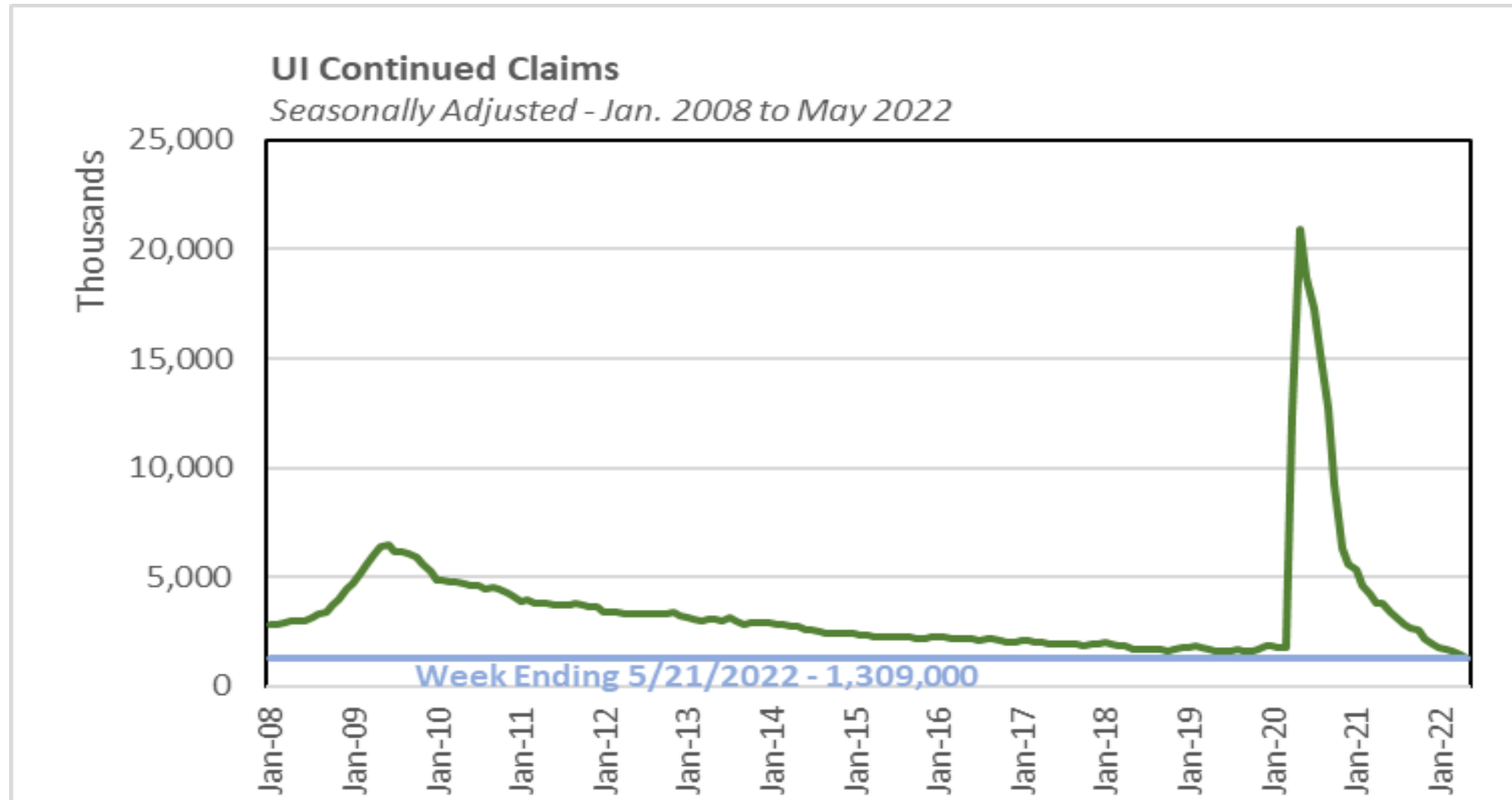
UI and the Pandemic: Observations and Responses

- The UI Program is important and relevant today
- Years of underfunding had consequences
- States' Trust Fund Accounts took big hits
- Integrity and Fraud Prevention remains a top priority
- Equity Issues in the UI Program are real
- Customer Service and Program Performance suffered
- Improvements in IT systems are greatly needed

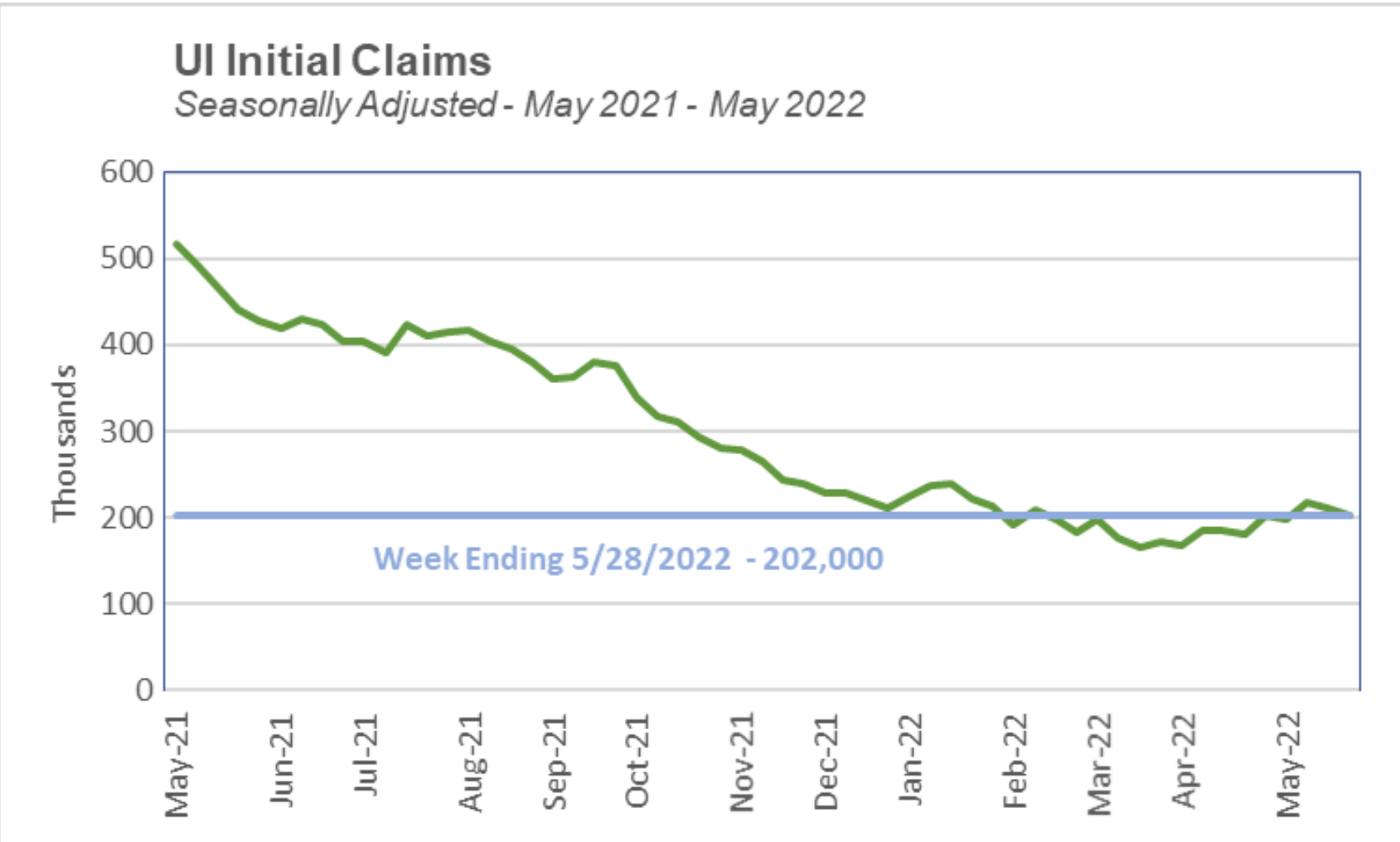
The UI Program is important and relevant today

- Significant Economic Stabilizer in times of great uncertainty
 - Regular UI and the temporary pandemic-related programs resulted in over \$870 billion circulating in the economy since March 2020.
 - The impact of these funds circulating in state and local economies helped reduce the economic downturn in their communities.
 - Based on a 2010 study by IMPAQ International and the Urban Institute, the multiplier effect of UI benefits in recessionary times is significant – for every dollar spent in UI benefits, it grows the economy by \$2.00.
- Critical Safety Net
 - Over 53 million displaced workers and their families supported.
- Keeps workers connected with the labor market
 - Reemployment Services and Eligibility Assessments (RESEA) program

Perspective: The last few years



The Recent Past (initial claims Regular UI)



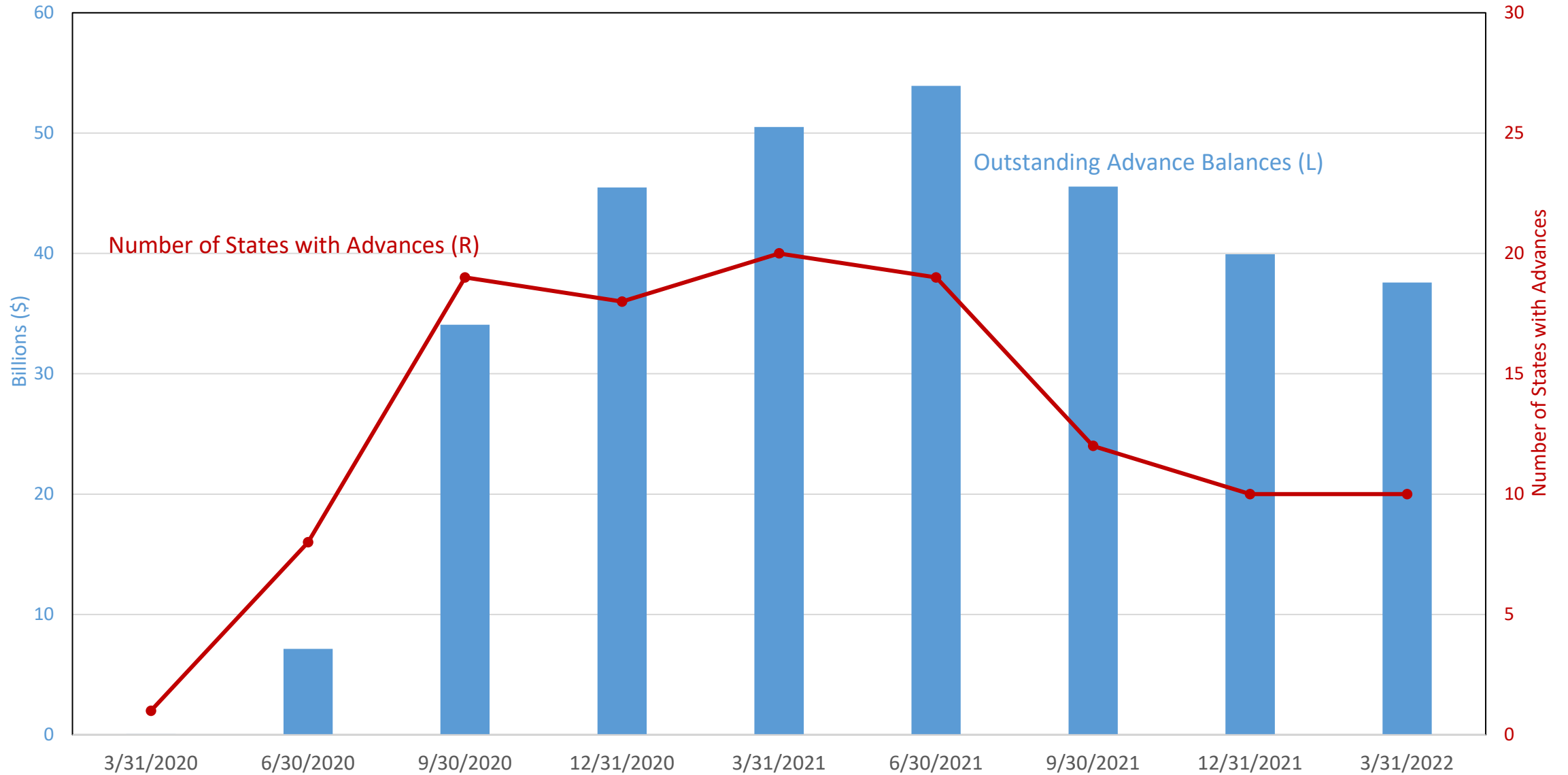
Years of underfunding had consequences

- Funding is linked to claims volume. In months/years leading up to pandemic, system experienced historic low levels of UI claims.
 - States were reducing staffing through attrition; lacked funds to make significant investments in IT modernizations
 - System was unprepared for the abrupt and unprecedented increases in claims.
 - Initial Claims reported for week ending March 14, 2020 was 281,000
 - Initial Claims reported for the week ending April 4, 2020 was 6,606,000
 - 3 new temporary programs (FPUC, PEUC, PUA)
- President's FY 2023 Budget proposal on UI State Administrative Funding
 - Calls for updating long-neglected funding factors (Salary rates and Productivity)
 - Would result in over \$400 million in new funding for state administration of the program.
 - \$175 million increase in Reemployment Services and Eligibility Assessments program (totaling \$375 million).

States' Trust Fund Accounts took big hits

- Title XII Advances (Activity as of June 24, 2022)
- 8 States with Outstanding Balances totaling \$29,905,046,180
- CARES Act suspended interest on advances through September 6, 2021.
- Impact on FUTA tax rate if unpaid over time
- Most states, even states with no outstanding balances, have less funds in trust fund accounts than before the pandemic.
- 2022 State Trust Fund Solvency Report released in April 2022
 - <https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2022.pdf>
- FY 2021 Tax Measures Report released in March 2022
 - <https://oui.doleta.gov/unemploy/pdf/sigmeasures/sigmeasuitaxsys21.pdf>

Outstanding Advance Balances and Number of States with Advances



Integrity/Fraud Prevention remains a top priority

- Sophisticated criminal fraud rings discovered the UI program
 - Using stolen or synthetic identities
 - Filing in multiple states
- UI Integrity Center response – Enhancements to Integrity Data Hub
 - ID verification service added in July 2020
 - Includes Death Master File cross match
 - Bank Account Verification (BAV) service added February 15, 2022.
 - Multistate Cross Match (MSCM) – growing number of states using this functionality
 - In March 2020 only three states were using MSCM. Currently, 46 states are now using MSCM.
- Fraud Prevention Grants
- Website developed to provide resources to victims on reporting Identity Theft -- <https://www.dol.gov/agencies/eta/UIIDtheft>
- Pilot with GSA's LogIn.Gov underway
- Recent agreement between SSA and USDOL to facilitate state UI agency access to Prisoner Update Processing System (PUPS) through UI ICON.
- Working with OIG's Office of Investigations

Equity Issues in the UI Program are real

- GAO report (GAO-22-104438, June 7, 2022) [Pandemic Unemployment Assistance: Federal Program Supported Contingent Workers Amid Historic Demand, but DOL Should Examine Racial Disparities in Benefit Receipt](#)
- What do we mean by equity
 - Awareness in underserved communities – reciprocity
 - Access – addressing barriers to access (plain language, alternate methods of access, translations)
 - Guidance is planned to provide greater understanding of equity in UI program
- DOL's actions so far to address equity issues
 - Equity Grants
 - Navigator Pilots
 - Data Study with some states

Customer Service and Program Performance suffered

- The pandemic was an extreme customer service stress test of UI
 - Systems overwhelmed – inability to access/delays in connecting
 - Loss of Experienced Staff/New staff and accelerated training
 - First Payment Timeliness
 - First Payment Timeliness (nationwide) for FY 2019 = 85.5%
 - First Payment Timeliness (nationwide) as of Q2 FY 2022 = 58.8%
- Back logs – pending adjudications/appeals
 - Nonmonetary determination timeliness for FY 2019 = 76.0%
 - Nonmonetary determination timeliness as of Q2 FY 2022 = 43.8%
 - Lower Authority Appeal timeliness for FY 2019 = 22.5 Days
 - Lower Authority Appeal timeliness as of Q2 FY 2022 = 169.7 Days

Tiger Team Initiative

- 24 States now involved with Tiger Teams
 - Four cohorts of six states
 - Multi-disciplinary team of experts on business processes and customer experience, fraud prevention, and equitable access.
- Results in Recommendations on quick wins (6 to 12 months to implement)
- Grants to implement – so far 15 projects in 6 states have been awarded totaling \$10 million
- UIPL No. 02-22
https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6683

IT systems improvements are greatly needed

- States experienced significant IT challenges during the pandemic
- Initial Pilots involved the Department's recent collaborations with the New Jersey Department of Labor and Workforce Development and the Arkansas Division of Workforce Services.
 - NJ: Plain language updates; evaluation in progress; initial "lessons learned" on website.
 - AR: Pilot use of GSA's LogIn.gov for ID proofing; evaluation in progress.
- Reference Website Unemployment Insurance Modernization
<https://www.dol.gov/agencies/eta/ui-modernization>
- We will be adding more robust content in the future, including new resources.

3 Topics in Closing

- Employer responsibility for improper payments
- State Information Data Exchange System (SIDES) – an effective integrity tool
- Short Time Compensation (shared work) – great lay-off aversion program for employers

Employer Actions/Inactions contribute to Improper Payments

- UI Program conducts annual Benefit Accuracy Measurement (BAM) reviews of sampled weeks paid.
- Each year BAM identifies improper payments that could have been prevented had employers taken different actions. Employers' action that may lead to improper payments include:
 - Did Not Respond to request for info.
 - Responded with Inadequate/Incorrect information
 - Did Not Report New Hires
 - Adequate but Not Timely information

Use SIDES – it is an Effective UI Integrity Strategy!

- Encourage Employers to use SIDES to interact with state UI agencies
- More information at <https://www.naswa.org/services/sides>
- Separation Information Exchange - Supports timely and accurate separation information from employers to state UI agencies. Directly addresses third largest root cause of improper payments.
- Monetary & Potential Charges Exchange – Provides employers notification of charges to their account and an opportunity for the employer to respond if something is wrong.
- Earnings Verification Exchange - Offers an efficient way for state UI agencies to request wage information from employers when a cross match hit occurs from a new hire directory.

Short-Time Compensation

- The STC program (also known as “work sharing” or “shared work”) is a lay-off aversion program.
- Available in 29 states.
- An employer enters into a state-approved plan, reduces the hours for a group of workers and these workers in turn receive a reduced unemployment benefit payment.
- This program preserves employees’ jobs and employers’ trained workforces during a disruption to firms’ regular business activity by reducing hours of work for an entire group of affected employees, rather than by laying off some employees while others continue to work full time.
- The STC benefit payment maintains the connection between employees and employers, meaning workers will be available to resume prior work levels when business demand increases.

UI Moving Forward: STC/Shared Work

- **\$100 Million in Grants** -- STC Grants for implementation or improved administration and to promote and encourage greater use by employers. So far:
 - Connecticut \$1,187,842
 - District of Columbia \$ 431,513
 - Illinois \$4,187,442
 - Maine \$ 382,579
 - Missouri \$1,834,214
 - New York \$6,458,984
 - Oregon \$1,264,460
 - Washington \$2,366,077
 - West Virginia \$ 438,002
 - Wyoming \$ 177,037

Thank You!!!

Questions

