

NATIONAL UNEMPLOYMENT INSURANCE PROGRAM UPDATE

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JUNE 27, 2017**

UI NATIONAL UPDATE

- ❖ Where is Our Program Today?
- ❖ Quick Look at the Data
- ❖ Strategic Investments/Initiatives
- ❖ FY 2018 Budget
- ❖ What's Next?

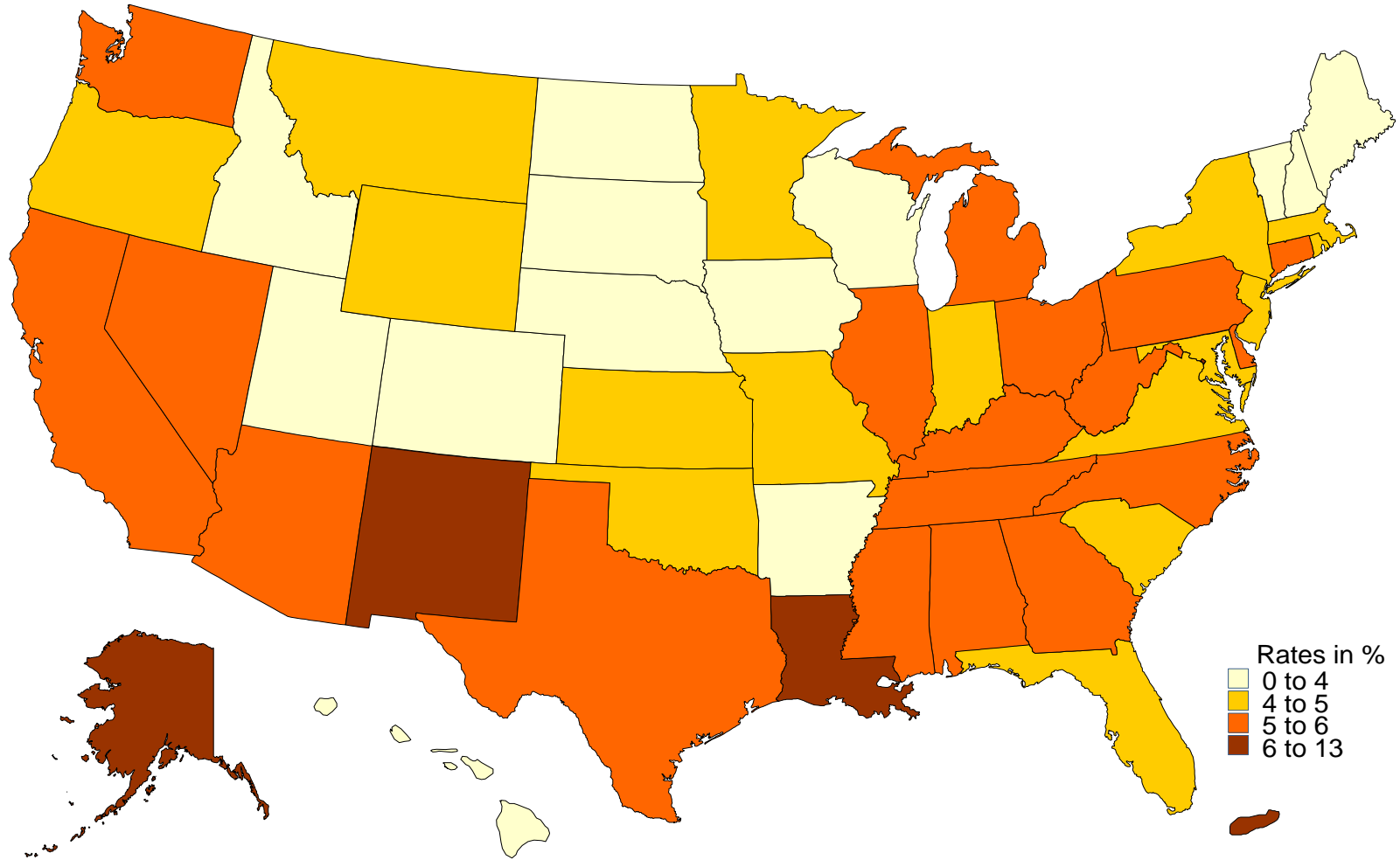
WHERE IS THE PROGRAM TODAY?

- ❖ Lowest workload since the 70s
- ❖ States experiencing constrained funding which is limiting staffing capacity
- ❖ As a result, states continue to struggle with meeting performance standards and integrity measures
- ❖ Many , if not most, states are not ready for the next recession
 - ❖ Over half of state trust funds are not adequate
 - ❖ Ability to ramp up challenging due to low staffing levels
- ❖ Many states have severely restricted benefit availability
- ❖ Many state taxing structures do not fairly distribute the burden of funding the program across industry sectors
- ❖ IT modernization still needed in a majority of states

A Quick Look at the Data

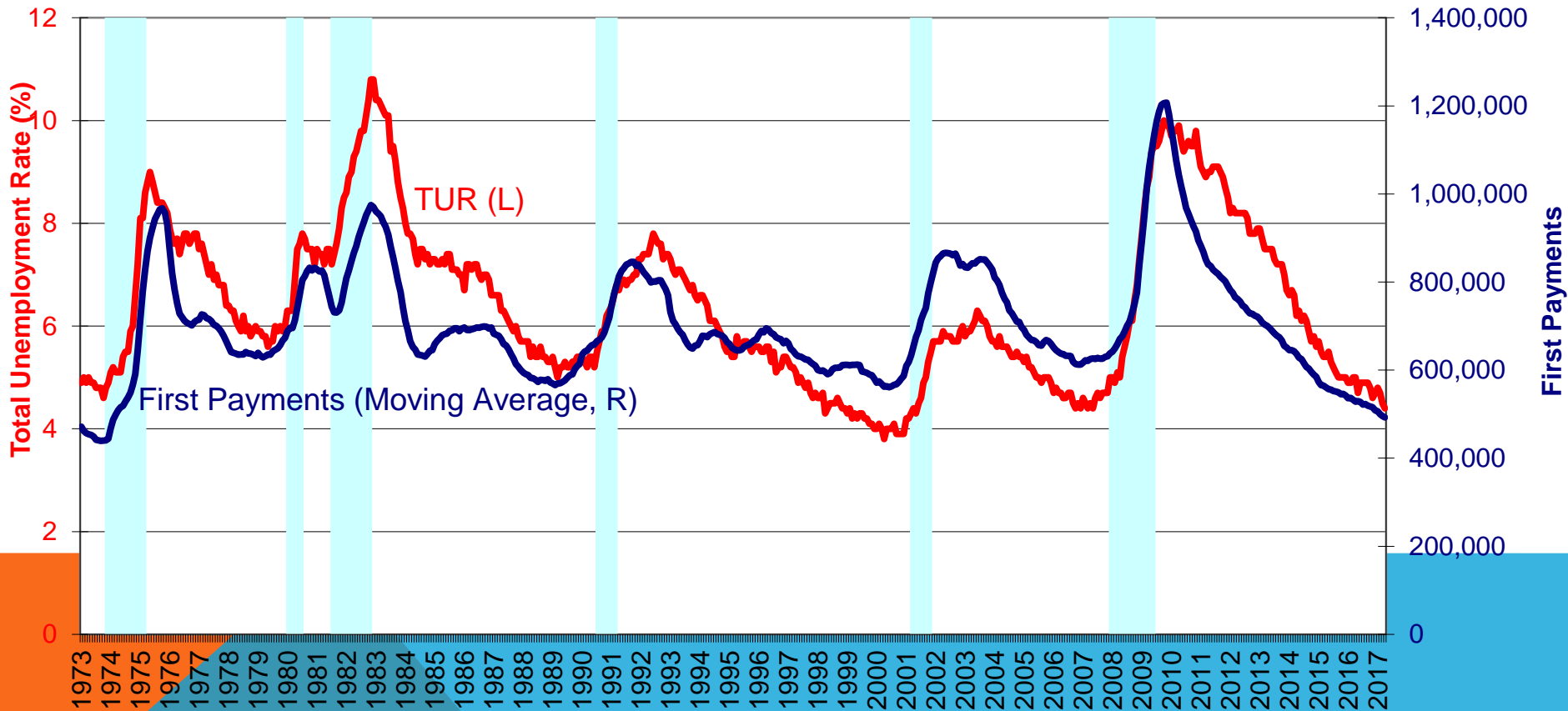
Unemployment Rates by State Seasonally Adjusted, April 2017

(U.S. = 4.4%)

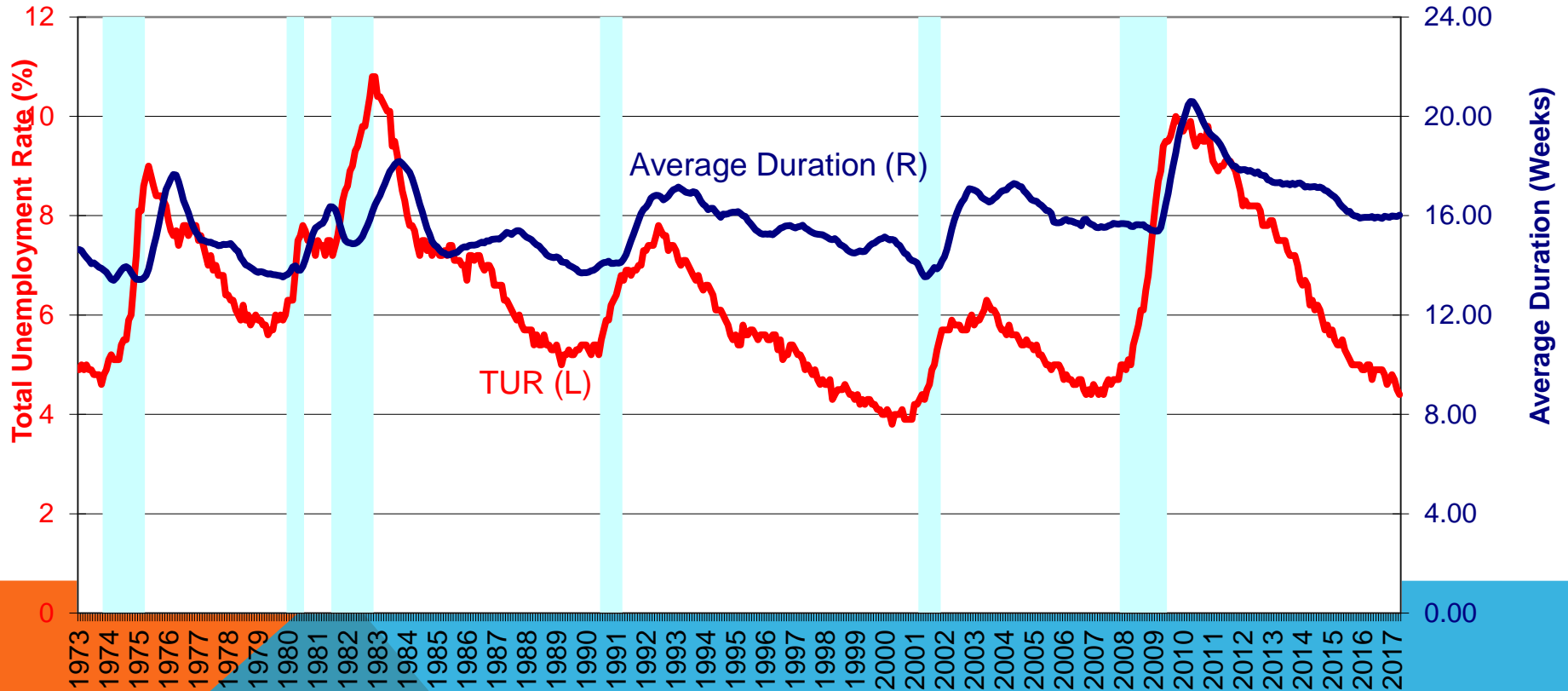


Rates in %
0 to 4
4 to 5
5 to 6
6 to 13

First Payments in the Regular Program

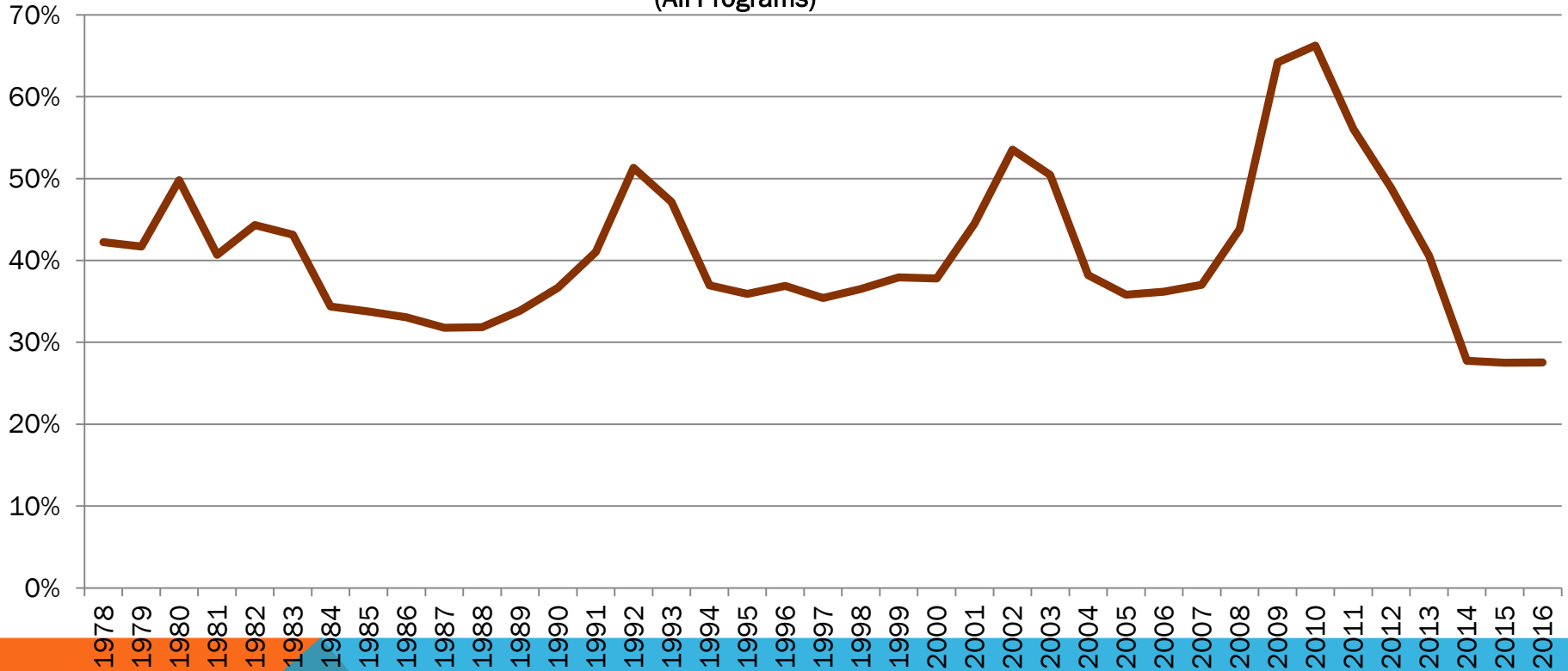


Average Duration on UI in the Regular Program

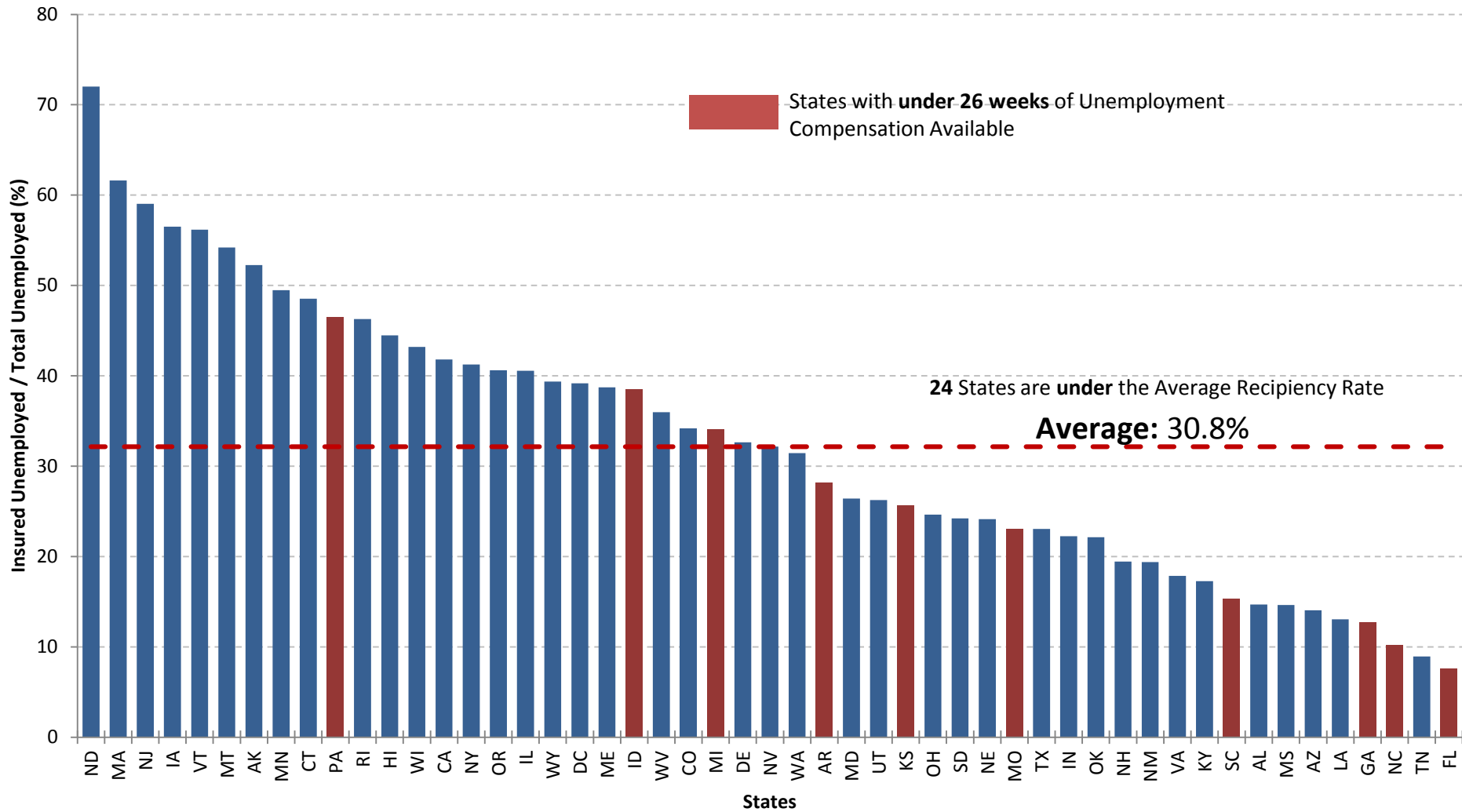


U.S. Reciprocity Rates

(All Programs)



First Quarter 2017 Reciprocity Rate (Insured Unemployed / Total Unemployed)



ACTIONS TAKEN BY STATES TO REDUCE BENEFITS:

States Reducing Benefit Duration:

- Arkansas (9-20)
- Kansas (16-26)
- North Carolina (5-20)
- Florida (12-23)
- Michigan (20)
- Pennsylvania (18-26)
- Georgia (14-20)
- Missouri (13-20)
- South Carolina (20)

Other Actions Used to Reduce Benefits:

- Elimination of dependents benefits
- Raised qualifying earnings
- Changed definitions of misconduct
- Increased number of weeks of employment needed to requalify for UI after being declared ineligible due to misconduct

STATE BENEFIT ADEQUACY REPORT

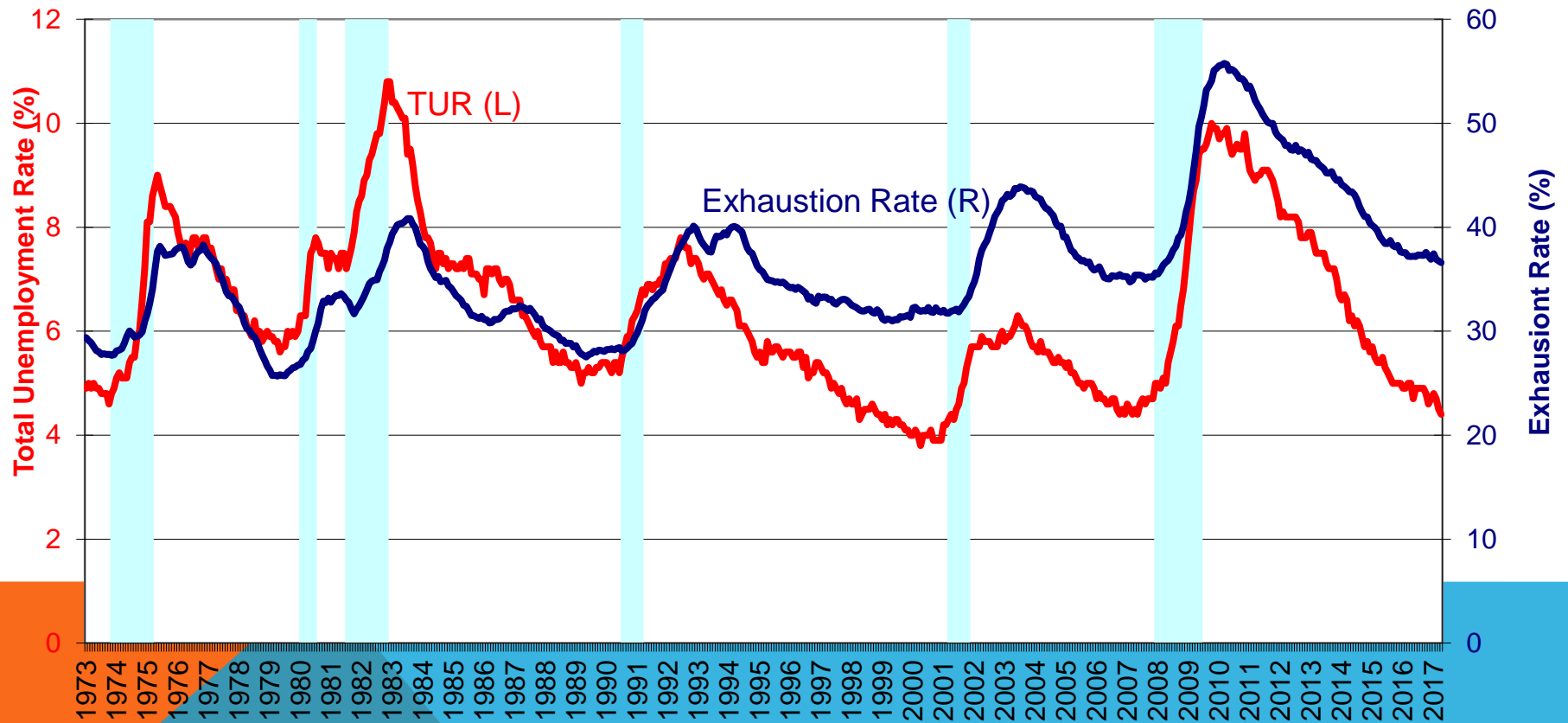
Coming Soon....A yearly report produced by the Office of Unemployment Insurance and published on the Department of Labor website that will present approximately 20 metrics describing each state's benefit payment levels, including:



- * Benefit Replacement Rates**
- * Benefit Reciprocity Rates, and**
- * Average Total Benefits Per Recipient**

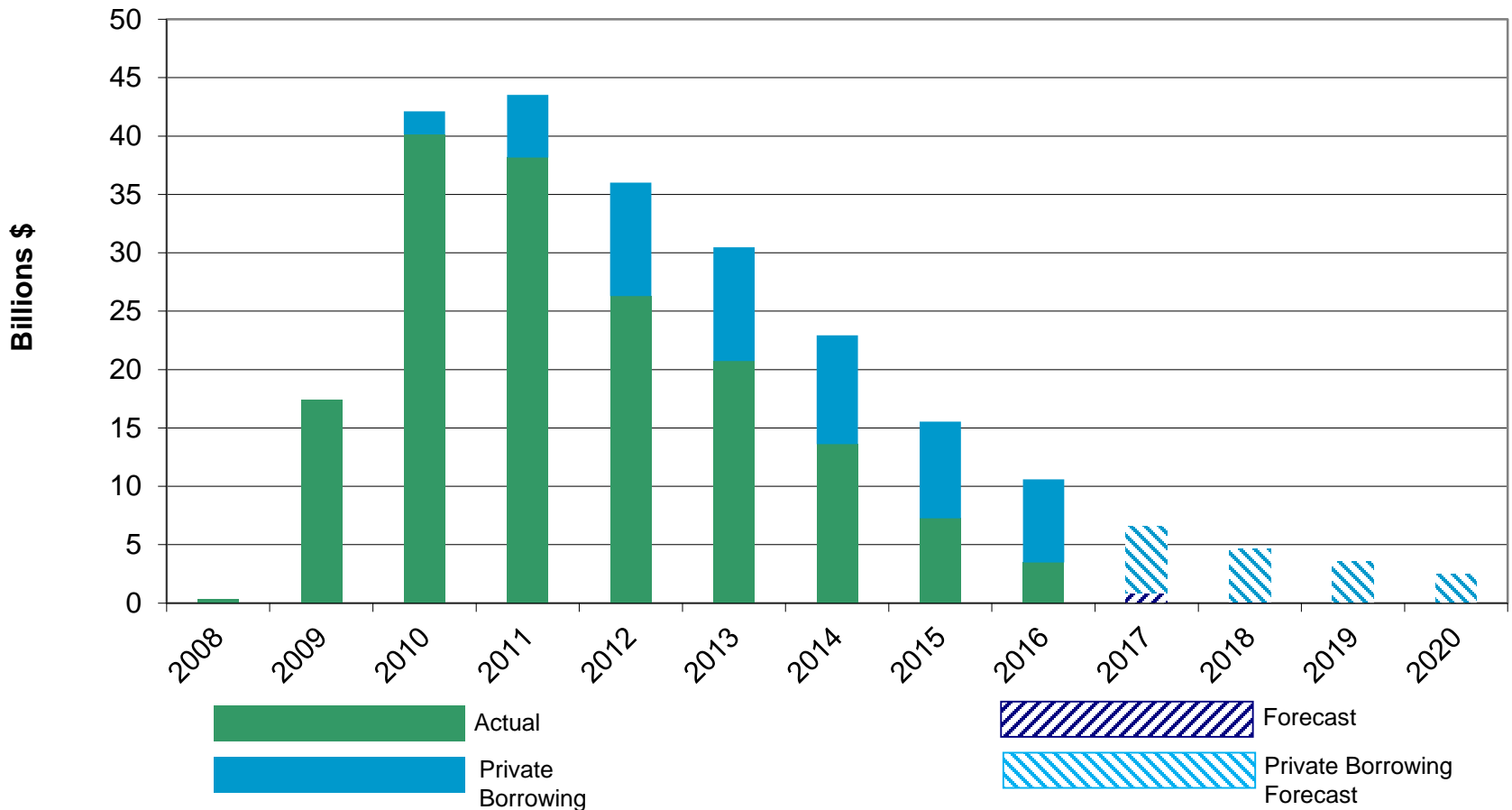
The purpose of the report is to provide a comparison of benefit adequacy across states.

Exhaustion Rate in the Regular Program

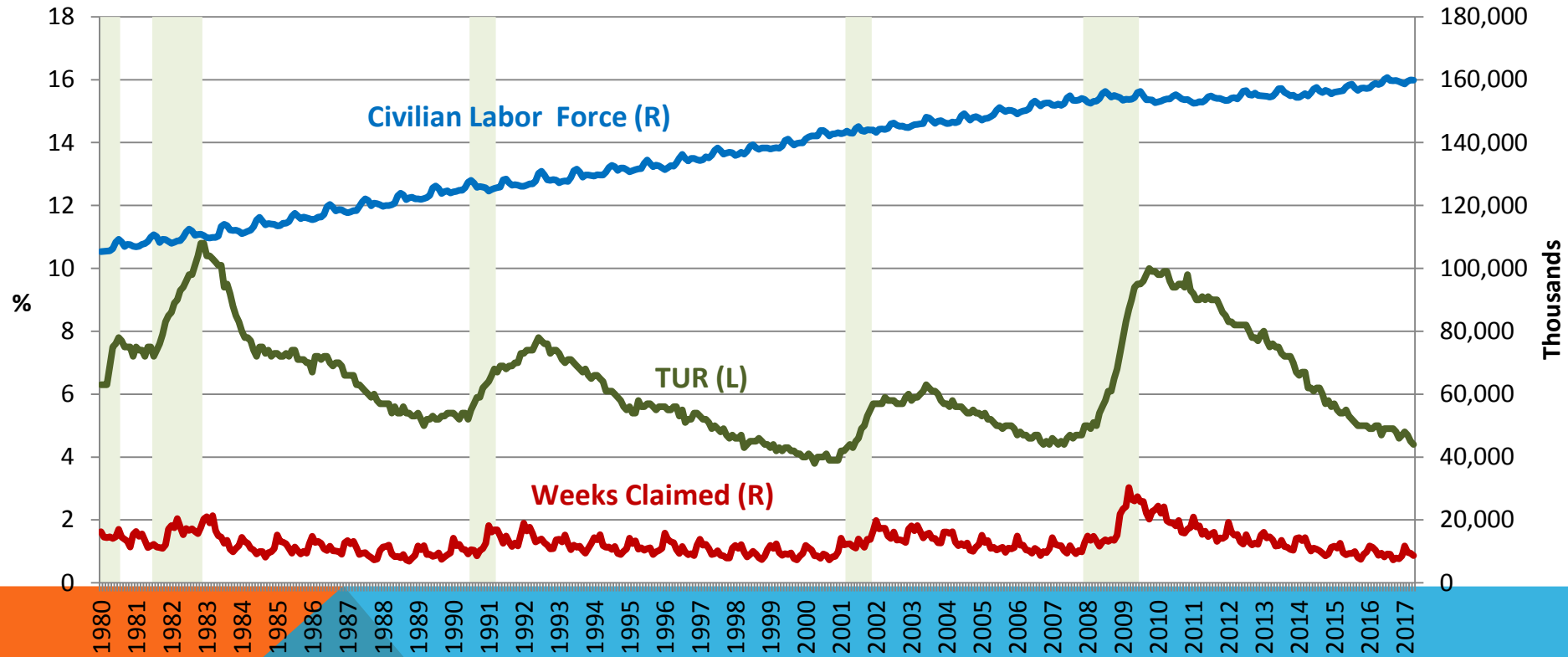


TOTAL BORROWING OVER TIME AND PROJECTED BORROWING THROUGH END OF FY 2020

End of FY Borrowing



Weeks Claimed, Civilian Labor Force, and TUR



SIGNIFICANT CHANGES IN STATE TAXES SINCE THE RECESSION ENDED

Increased

Taxable Wage Base¹

Arkansas

Colorado

Florida

Illinois

Indiana

Kansas

Kentucky

Mississippi

New York

Rhode Island

South Carolina

South Dakota

Vermont

Wisconsin

Issued Bonds to

Repay Title XII

Arizona

Colorado

Idaho

Illinois

Michigan

Nevada

Pennsylvania

Texas

Changed Experience

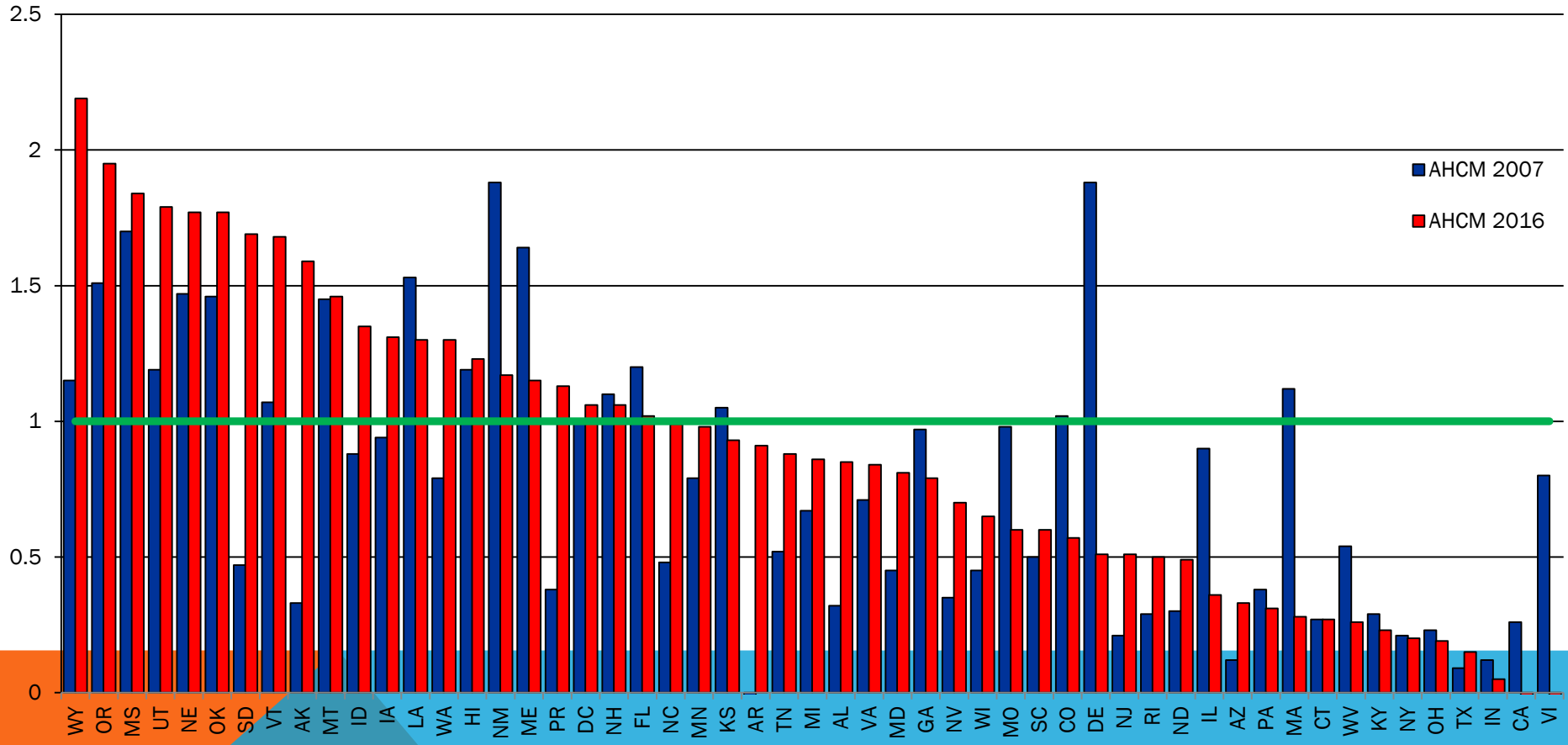
Rating System

New Mexico

South Carolina

1. May include a further indexing of the wage base, a phased-in increase, or a delayed increase.

Average High Cost Multiple, 2007 & 2016*



Source: DOL/OUI

*2016 AHCM is Preliminary

Trust Fund Solvency Report

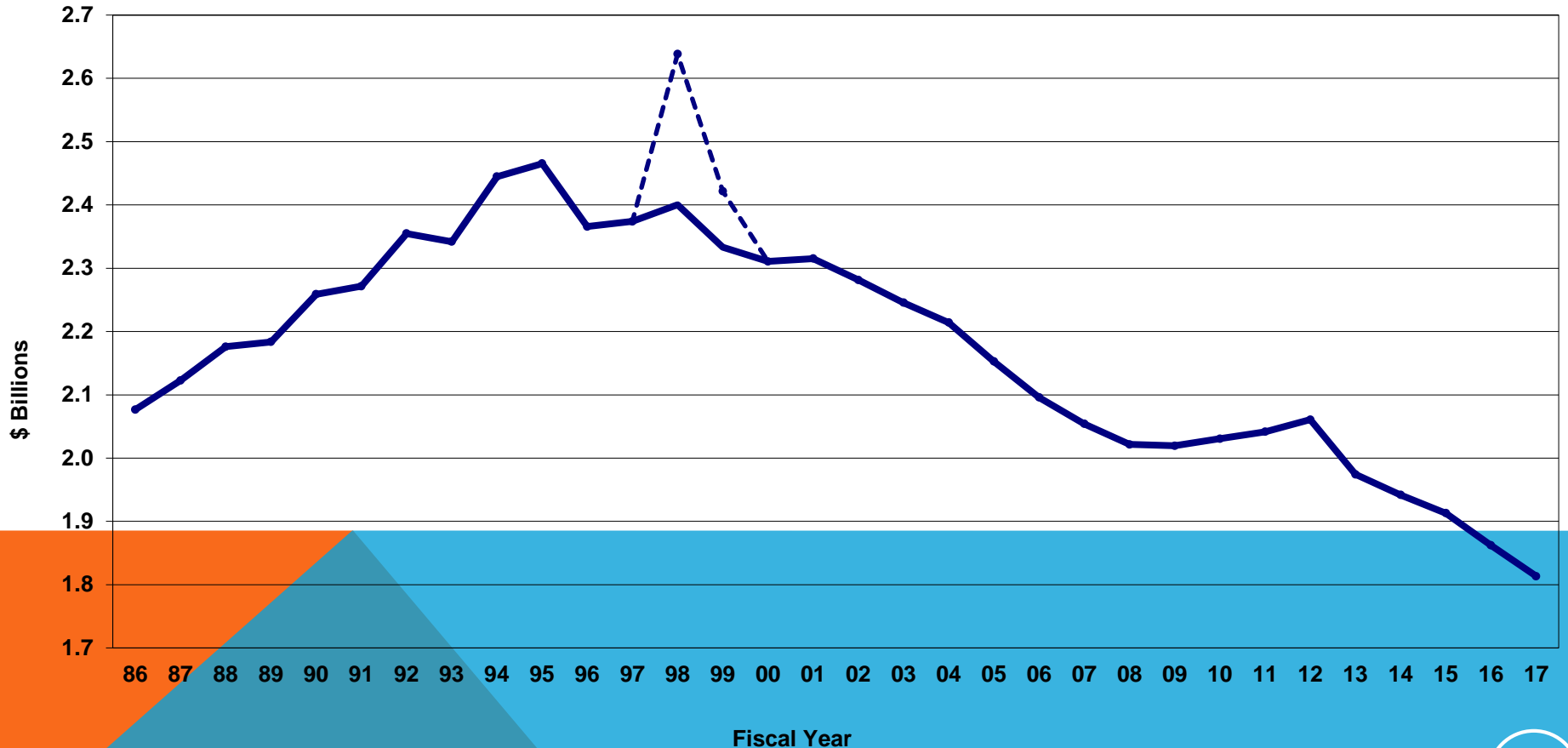
This annual publication provides an opportunity to evaluate and compare each state's Unemployment Insurance trust fund reserve. Highlights from the 2017 report include:

- **21 states** have reached what is considered the minimal level of adequate solvency
- **As of Dec 2016**, one state and one jurisdiction still had outstanding Federal loans and face a potential FUTA credit reduction in 2017
- **Six states** have outstanding private borrowing of over \$7.0 Bil.
- **The total of Title XII advances since 12/31/2007** is over \$162Bil.
- **The report can be found here:**
<https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2017.pdf>

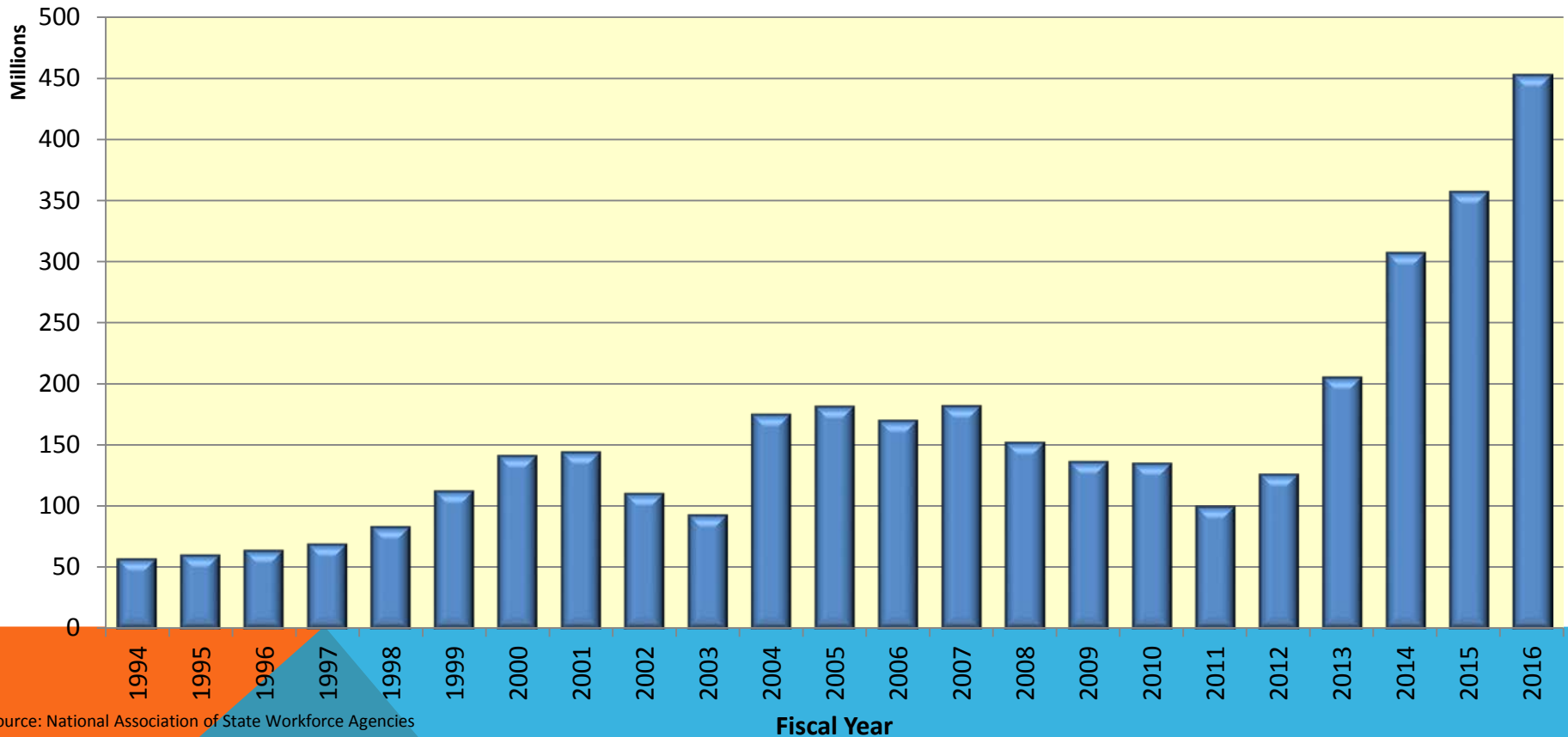
APPROPRIATIONS FOR STATE UI ADMINISTRATION PER 2.0 MILLION AWIU

Adjusted into constant 2005 dollars

Dashed Line displays inclusion of Y2K funds in FY98 and FY99



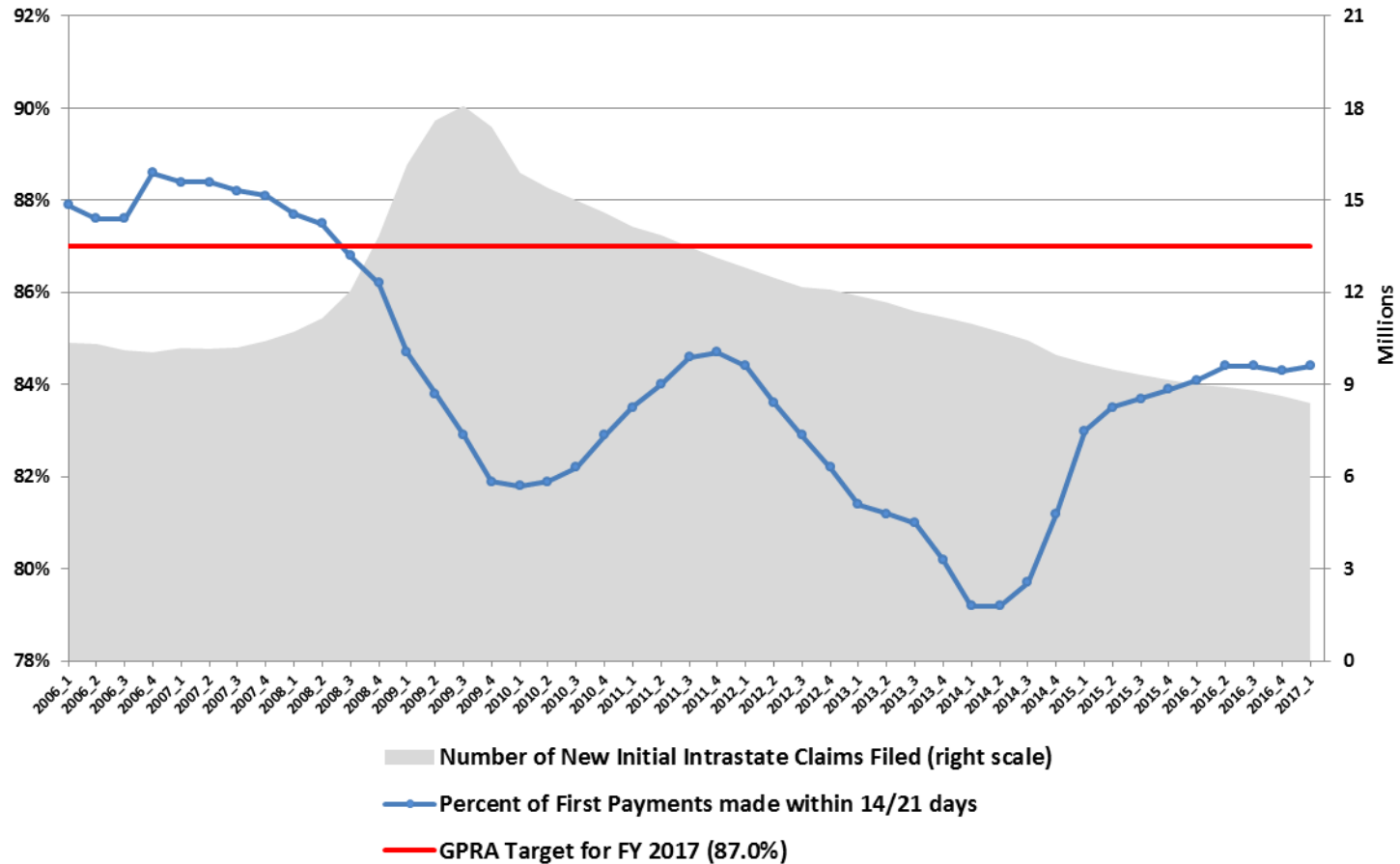
State Supplemental Funding for UI



Source: National Association of State Workforce Agencies

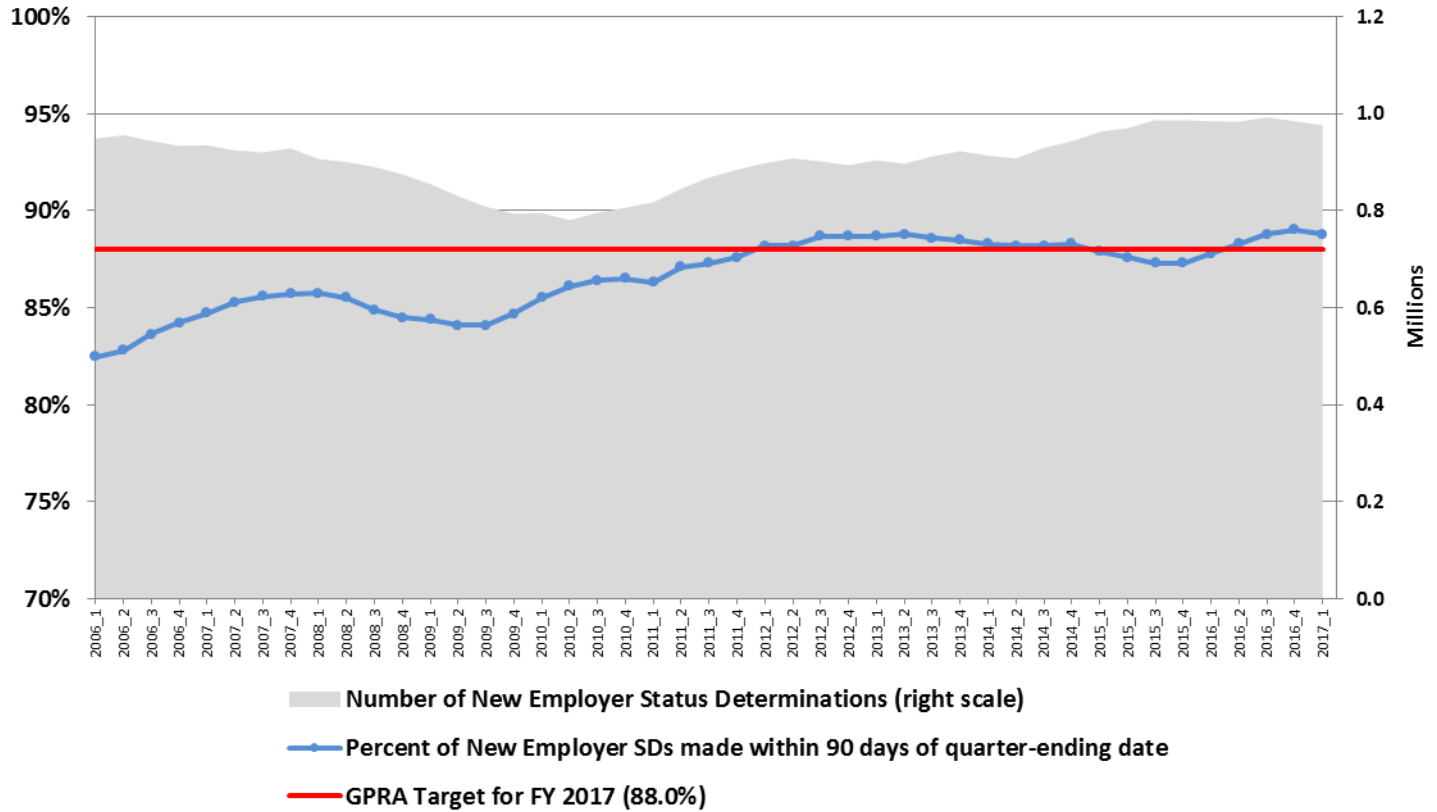
First Payment Timeliness

Rolling 4 Qtrs



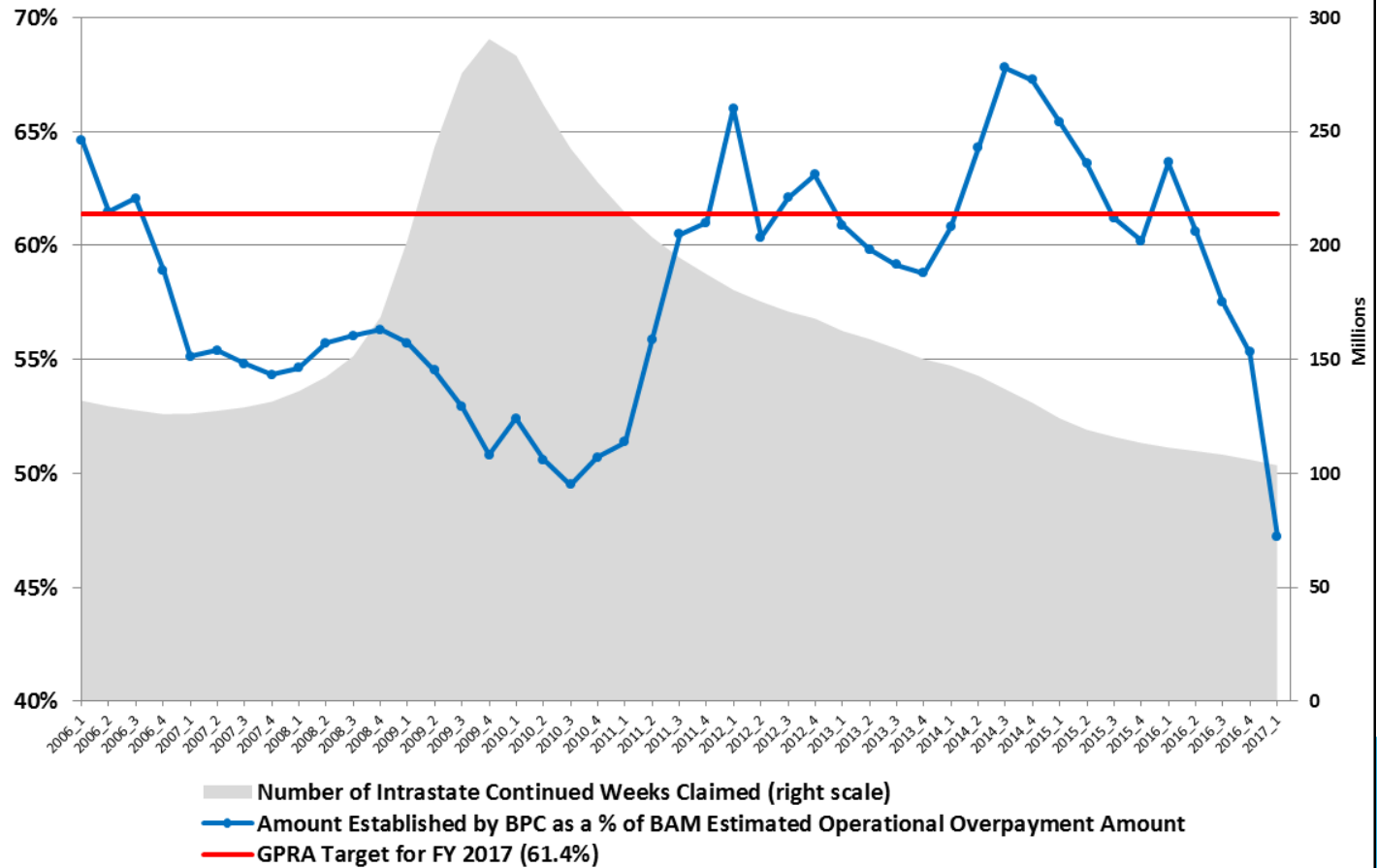
Timeliness of New Employer Status Determinations

Rolling 4 Qtrs



Detection of Overpayments

Rolling 4 Qtrs



IPIA UI IMPROPER PAYMENT RATE

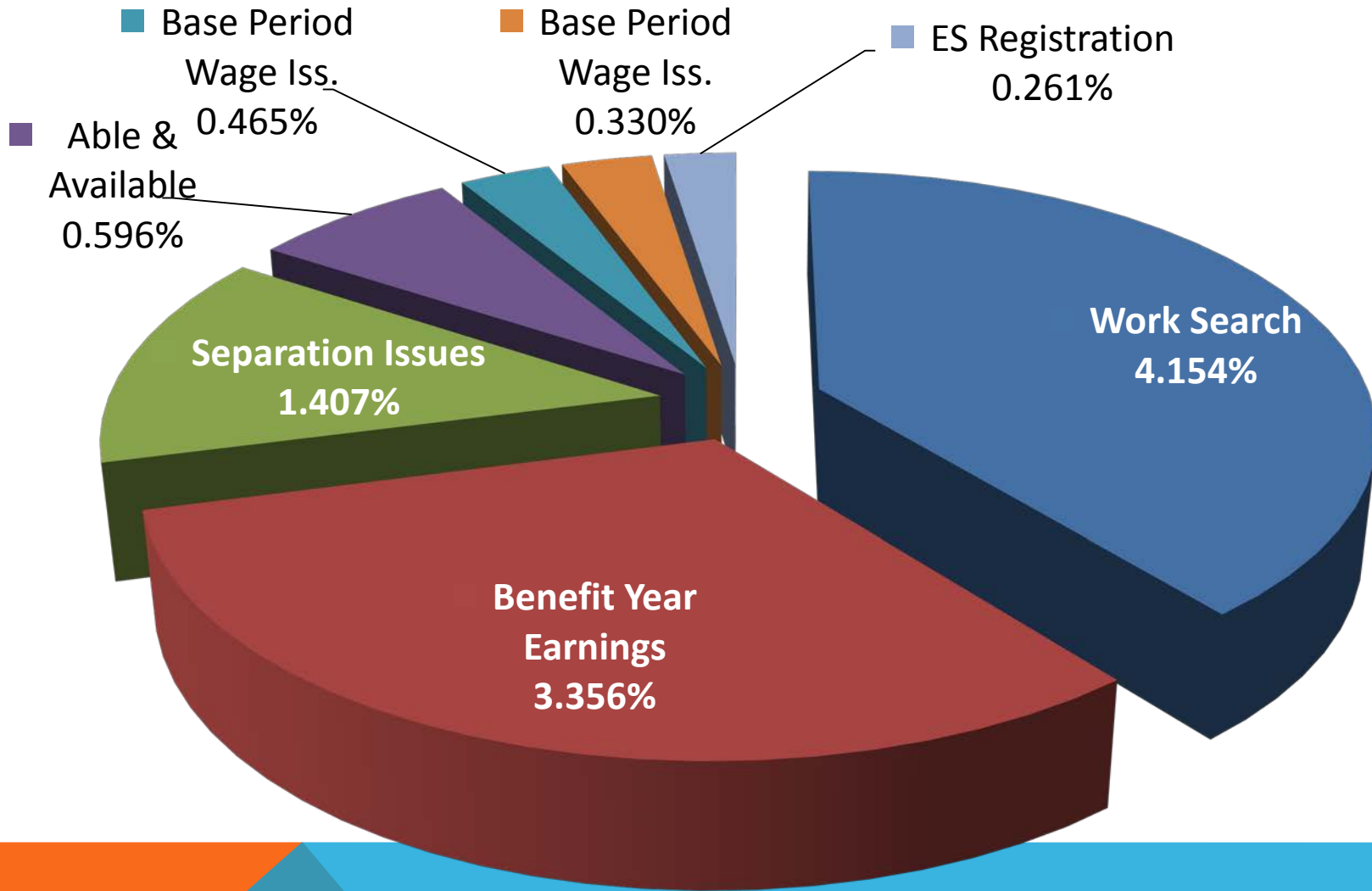
Improper Payments Information Act (7/1/2015 – 6/30/2016)

| | |
|--|----------------|
| Estimated Overpayment Rate (OP) | 11.073% |
| Estimated Underpayment Rate (UP) | 0.462% |
| Total Improper Payment Rate*(OP + UP) | 11.535% |
| Total Estimated Amount Improper Paid | \$3.563 |

***Excludes improper payments determined “technically proper” under State law**

Dollar amounts are in billions.

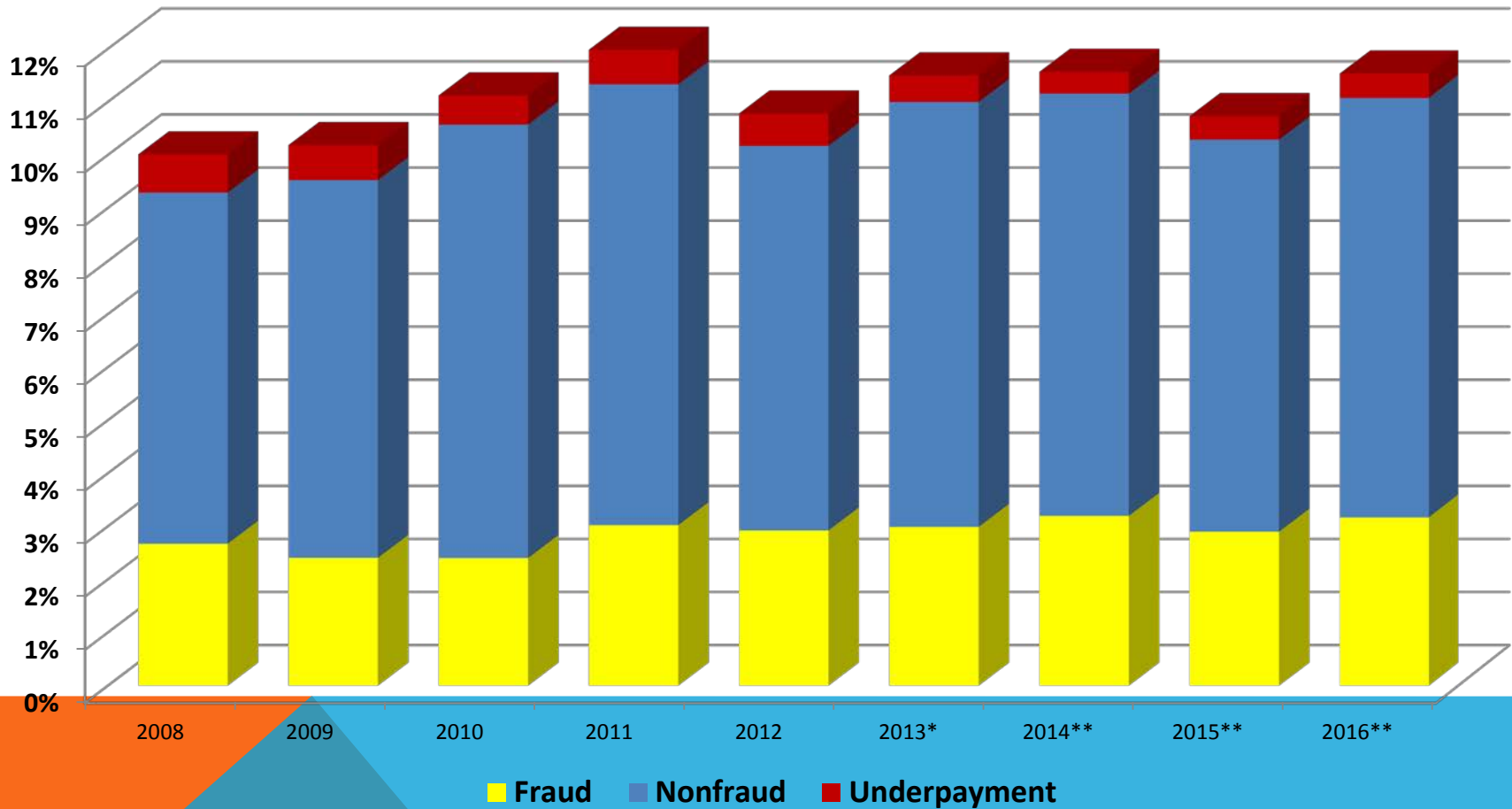
- **Based on completion rate of 100% of BAM cases**



**Overpayment Root Causes by Percentage of Dollars Overpaid
July 1, 2015 – June 30, 2016**

UI IMPROPER PAYMENT RATE

Fraud and Nonfraud Overpayments, and Underpayments



IPIA 2013 adjusted rate for recoveries = 9.32%

IPIA 2014, IPIA 2015, IPIA 2016 rates exclude all technically proper payments

UI INTEGRITY CENTER OF EXCELLENCE

- ❖ Training Academy
- ❖ State Engagement/Capturing Best Practices
- ❖ Model BPC Operations
- ❖ Suspicious Actor Repository
- ❖ Integrated Data Hub
- ❖ Digital Library
- ❖ Data Analytics
- ❖ State Grants for Innovative Solutions

STATE INFORMATION DATA EXCHANGE SYSTEM (SIDES)

- ❖ SIDES is an important Integrity Tool
 - Timely and accurate separation information prevents improper payments
 - Employers should respond to all requests – even in “Lack of Work” cases
- ❖ 50 States currently using SIDES
 - 31 States using SIDES with all TPAs in their state
- ❖ Method of Data Exchange – Employer Chooses
 - SIDES Web Services for Larger Employers and Third Party Employers (TPAs), and
 - SIDES E-Response for smaller employers
 - SIDES provides a consistent and standard format
- ❖ SIDES Transactions (March 2017)
 - 99 percent of 217,549 cases received timely responses using SIDES Web Services within an average of 8.64 days,
 - Over 31,355 timely responses within an average of 5.53 days using SIDES E-Response
- ❖ Commitment to Continuous Improvement
 - Annual Training Seminar for States and Employers
 - Operating Committee
 - Employer Response Study – comparing SIDES to other systems (in progress)
 - Increased take-up by states and employers

REEMPLOYMENT SERVICES & ELIGIBILITY ASSESSMENT PROGRAM (RESEA)

Summary: An in-person meeting between a UI claimant and appropriately trained AJC Staff Member intended to:

1. Reduce UI claim duration by providing labor market information, a reemployment plan, career services, and, as needed, referrals to training and education
2. Ensure UI program integrity by assessing and confirming the continued UI eligibility of RESEA participants.

Availability: This voluntary program currently operates in 52 states and jurisdictions.

TARGETED POPULATIONS

Required

UI Claimants Identified as Likely to Exhaust Benefits

Identified using state statistical model within first 5 weeks of claim filing date.

UNEMPLOYMENT
COMPENSATION FOR EX-
SERVICEMEMBERS (UCX)

- Served to the “greatest extent feasible.”

Optional

Additional State-Identified UI Claimant Populations.

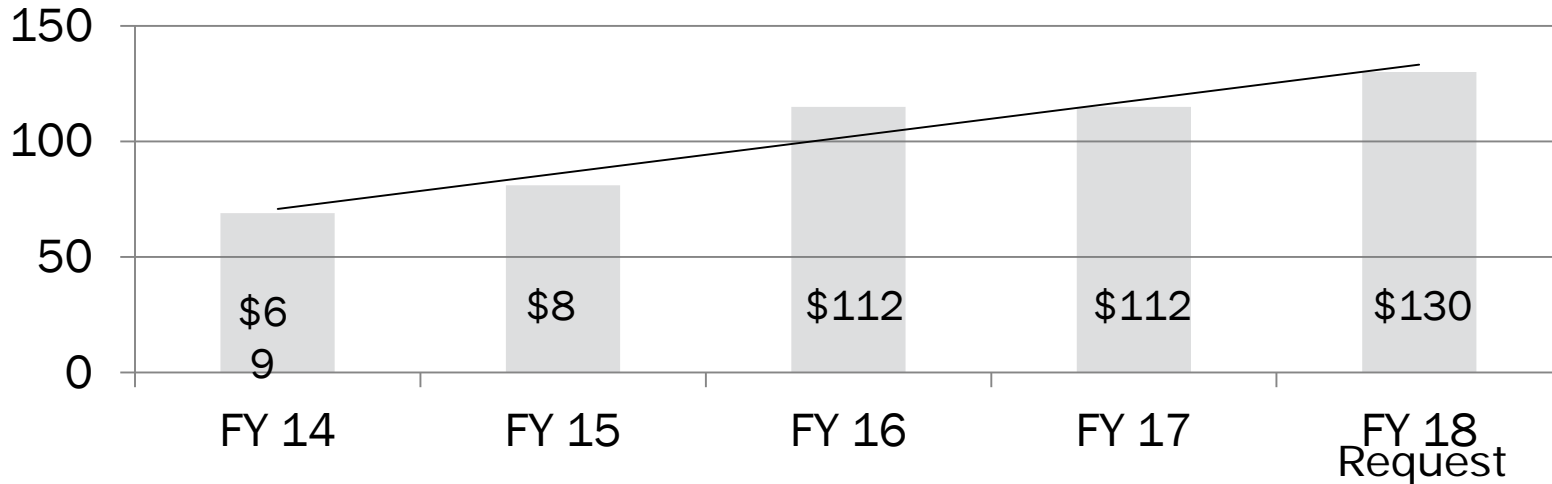
New flexibility introduced by Congress in mid FY 17



Employment
and Training
Administration

FUNDING HISTORY AND OUTLOOK

Funding Level in Millions



FY 2018 Budget Proposals

- FY 2018 budget outlines plan to:
 - Increase RESEA funding to \$130 million in FY 18.
 - Make RESEA mandatory in FY 19 with capacity to serve 50% of claimants and all UCX.

MOVING FORWARD

Improving Performance Metrics: RESEA currently captures performance information using a series of UI specific reports. In FY 17, ETA initiated the phase-in of several enhancements:

- **UCX Reports:** New reports will be launched later this summer that will provide data specific services and outcomes of UCX population.
- **WIOA Alignment:** Co-enrollment in Wagner-Peyser, will allow the capture of Common Measures for RESEA participants .
- **Employment Rate for UI Claimants:** This performance measure that will quantify to what extent UI participants are reemployed by the second quarter after program exit.

FY 2018 RESEA Grants: A Unemployment Insurance Program Letter (UIPL) is currently in development with anticipated release late this summer.



UI AND WIOA

- ❖ 2 Years into implementation and it's still a work in progress
- ❖ States are using varying strategies to meet the requirement to provide “meaningful assistance” to support UI claims filing for those who need it
- ❖ Final WIOA guidance on UI is coming soon
- ❖ Recent Guidance on Cost Sharing – UI is Mandatory Partner
- ❖ Performance Reporting Getting Finalized and Automated
 - ❖ Wage Record Access Issues
- ❖ States with stand-alone ES Offices taking steps to integrate
- ❖ State Plan modifications will occur in 2018, including those that included UI in a Combined Plan

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

OTHER THINGS OF NOTE

- ❖ \$50 million for UI IT modernization in FY 2018 Budget
- ❖ Roll-out of State Self Assessment Tool coming soon

FY 2018 PRESIDENT'S BUDGET

- ❖ Administrative Funding
- ❖ RESEA
- ❖ Integrity Center
- ❖ Integrity Proposal
- ❖ Paid Parental Leave

WHAT'S NEXT?

- ❖ A concerted and intentional effort to continue to educate and engage with UI stakeholders to support UI reforms and program improvement to enable the UI program to achieve its dual missions:
 - **Providing a Safety Net for Unemployed American Workers**
 - **UI as an Economic Stabilizer in Economic Downturns**
- ❖ Addressing Program Financing
- ❖ Continued Emphasis on Reemployment
- ❖ Continued Focus on Quality Administration of the Program

???QUESTIONS**???**
COMMENTS