

# Unemployment Insurance Division

Scoping Paper for the Management  
Audit Committee February 4, 2010

## Management Audit Committee

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**Program Evaluation Staff**

*Gerald W. Hoppmann*  
*Program Evaluation Manager*

*Katja Vermehren*  
*Associate Program Evaluator*

***Technical Assistance and Graphics:***

*Anthony Sara*  
*Associate Legislative Information Officer*

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## **Background**

The Department of Employment's, Division of Unemployment Tax Insurance & Statistics includes two divisions that relate to unemployment insurance. **Note:** Although we provide background on the Unemployment Tax Division to provide context with respect to various funds, the scoping paper primarily focuses on the Unemployment Insurance Division.

### Unemployment Tax Division

This division is responsible for processing Unemployment Insurance/Workers' Compensation (UI/WC) tax reports and payments, UI tax audits, and collection of delinquent UI taxes. It is also responsible, through the Labor Market Information Program, for collecting, analyzing, and reporting employment and occupational standards.

According to the Division's BFY 2011 budget, as of June 30, 2009, there were 21,377 active tax base employers and 505 reimbursable employers in the UI Program. Also, as of that date, the federal Unemployment Compensation Fund (W.S. 27-3-201) contained \$202.1 million and the State Unemployment Insurance Trust Fund (W.S. 27-3-209) contained \$36.8 million. It should be noted that although unemployment was significantly higher in FY 2009 because of the economic situation, the Division stated in its budget that *"Trust Fund projections indicate that the Fund will maintain a positive balance through 2012"*.

Staff is responsible for registering employers liable for unemployment taxes by issuing joint registration forms to employers for UI/WC. They also process quarterly reports for unemployment and workers' compensation filers, and collect unemployment insurance and workers' compensation payments.

Employers are allowed to file a joint report (UI/WC) electronically and write one check for the payment of their unemployment taxes and workers' compensation premiums. According to the Division's BFY 2011 budget request, for the first quarter reporting period in 2009, 10,905 summary reports and 197,588 employee wage records were reported electronically, which represents close to 50% of all active unemployment insurance employers and over 66% of the total employee wage records (297,428) for the quarter.

The Division also has an auditing function that is responsible for auditing employers; it is also responsible for collection of delinquent unemployment insurance taxes.

## Unemployment Insurance Division

This division is responsible for the administration of the Unemployment Insurance Program. More specifically, it makes payment of benefits to eligible individuals and charges benefits to individual employer accounts. These include interstate and special federal programs, such as emergency unemployment compensation. Table 1 provides additional information.

**Table 1**  
**FY 2009 UI Claims**

| <b>Initial and Intra-state Applicants</b> | <b>Interstate Applicants</b> | <b>Weeks Compensated (all applicants)</b> | <b>Federal Emergency Claims</b> | <b>Federal Emergency Weeks Compensated</b> |
|---|------------------------------|---|---------------------------------|--|
| 35,864                                    | 7,455                        | 317,280                                   | 4,863                           | 41,021                                     |

Source: Wyoming Department of Employment BFY 2011 Budget Request.

The division also conducts appeal hearings, as required. It operates an unemployment insurance appeals program, holding hearings if determinations or decisions are appealed by the applicant. Once determinations or decisions are issued, they may be appealed to the Unemployment Insurance Commission, District Court, and ultimately the Supreme Court. According to the Division, in FY 2009, it issued 2,151 unemployment decisions, 22 wage and hour decisions, and 8 fair employment decisions. The Unemployment Insurance Commission issued 233 decisions on appeal, for that same period.

All claims are either processed via telephone, Internet, or mailed to the Claims Center, which is open Monday through Friday 8:00 a.m. to 5:00 p.m. The Division currently has a toll free number for those individuals filing from out of state; however it does not have a toll free number for those filing in state. It should be noted however, that the Division does have telephones located in eight of the Workforce Services offices around the state from which the claimant is connected directly to the Call Center. The main office is located in Casper.

The Internet system allows claimants to file initial applications, file additional applications, to reopen existing claims, and continue benefits. In addition, claimants may receive their benefits via debit card; as of June 2009, 27.5% of all payments were made via debit card, according to the Division.

Unemployment benefits paid in FY 2009 amount to \$125,359,646. Of this amount, approximately 16% or \$20,197,216 represents federally funded benefits. It should be noted that the Division operates the Benefits Accuracy & Measurements Program (BAM), in order to determine types and causes of improper payments in the UI system; the Program provides suggestions for improvements.

The Division’s Information Technology Section maintains files, as well as producing and printing documents and checks for claimants. It also has a Fiscal and Administrative Services Section, which is responsible for fiscal, purchasing, printing, and mailroom support services. Table 2 provides budgeting information for the Division.

**Table 2**  
**Division of Unemployment Insurance**  
**BFY 2011 Budget Request**

| Expenditures and Revenues | Base         | Standard     | Total Agency Request | Governor’s Recommendation |
|---------------------------|--------------|--------------|----------------------|---------------------------|
| <b>Expenditures</b>       |              |              |                      |                           |
| *Personal Services        | \$12,538,903 | \$12,872,627 | \$12,872,627         | \$12,872,627              |
| Supportive                | \$1,403,969  | \$1,403,969  | \$1,537,740          | \$1,430,100               |
| Restrictive               | \$540,396    | \$540,396    | \$540,396            | \$540,396                 |
| Central –Ser Data-Ser     | \$1,109,046  | \$1,414,405  | \$1,414,405          | \$1,414,405               |
| Space Rental              | \$61,327     | \$35,391     | \$35,391             | \$35,391                  |
| Non-Operating             | \$380,000    | \$380,000    | \$380,000            | \$380,000                 |
| Contractual               | \$631,654    | \$631,654    | \$631,654            | \$631,654                 |
| <b>*Revenues</b>          |              |              |                      |                           |
| Agency Fund               | \$35,000     | \$35,000     | \$35,000             | \$35,000                  |
| Special Revenue           | \$4,476,241  | \$4,834,385  | \$4,834,385          | \$4,834,385               |
| Federal Fund              | \$12,154,054 | \$12,409,057 | \$12,542,828         | \$12,435,188              |
| <b>Total Request</b>      |              |              |                      | <b>\$17,304,573</b>       |

Source: Division of Unemployment Insurance BFY 2011 Budget Request.

\*Funds salaries for 82 FTEs and 2 at will employment contract (AWEC) employees.

\*\*The Agency Fund consists of revenue from the Division’s Print Shop, third-party services, and sale of surplus property; the Special Revenue Fund includes revenue from the Employment Support Fund (Fund 034), which was created in 1999 to divert UI taxes for Division operations, as well as revenue from reimbursements and accounting services and child support verification for Department of Workforce Services and Department of Family Services.

## Current Issues

Unemployment Insurance is a program to pay temporary benefits to those workers who lose their job through no fault of their own, are seeking work, and meet definite requirements.<sup>1</sup> The Management Audit Committee requested this scoping paper, because of concerns that these individuals may not be receiving adequate customer services, with respect to filing for and receiving unemployment compensation. More specifically, it was concerned with the lack of field office distribution; the lack of a toll-free telephone number for clients to use; and incorrect or inconsistent information being provided to constituents.

<sup>1</sup> <<http://doe.wyo.gov/workers/unemployment/Pages/default.aspx>>.

## Systems Available for Filing Claims

According to the Division, claims can only be filed three ways: Interactive Voice Response System (IVR); Wyoming Internet Continued Claim System; and completing applications, which can be downloaded from the Internet for initial claims.

*1) Interactive Voice Response System (IVR):* According to the Division, this system has been in production since 1996. It is used for individuals who have already filed and been approved for unemployment compensation. Individuals may use the system to submit bi-weekly requests for payment on existing claims; accessing account information; listening to pre-recorded information; and can make changes to their personal identification (PIN) numbers.

According to the Division, due to high unemployment during the past year, call volume has been extremely high. During the period between July 2009 and December 2009, there were 358,908 calls through the system. Officials stated that the percentage of answered calls (not abandoned by claimant) was 84.59%. Also, the average number of calls per month is close to 60,000, with an average duration of 7.03 minutes. According to the Division, increased inquiries about both regular employment and extended unemployment programs have increased the average minimum wait time of 25 to 35 minutes to speak with a representative. As a consequence, claimants may unfortunately receive busy signals because the phone lines are at full capacity.

The Division's webpage offers the following advice if claimants wish to speak with a representative:

- Wait times are averaging a minimum between 25 and 35 minutes to speak with a contact center representative.
- Wait times are typically shorter on Wednesdays and Thursdays, but with the magnitude of calls coming into the claims center, callers experience long wait times every day of the week.
- Wait times are typically at their highest on Monday mornings and Friday afternoons.
- Calls may be disconnected because of high call volume. Please continue trying or call back at a different time or different day.
- Calls first thing in the morning at 8 a.m. are encouraged when the claims center opens. You'll have a better chance of getting through.
- We can only discuss your unemployment claim with you. Please do not have a family member or friend call with questions about your claim, as we cannot give them any information.

We also understand from the Division that a Telephone Internet Claim (TIC) system is nearing completion, which would provide callers the ability to file new or additional claims directly through the IVR. Other upgrades have occurred since 2006 including moving from touch-tone only to voice recognition and; allowing individuals to file bi-

weekly claims. Upgrades currently in the process of occurring include simplification of the front-end menu, default to touch tone for all questions if the individual's voice is not understood, and providing more information to claimants with respect to their claims.

2) *Wyoming Internet Continued Claims (ICC) System*: This system has been in production since February 2005. Individuals can access the website, <http://wyuicc.wyoming.gov> to file bi-weekly claims over the internet without staff assistance. This system is used only by those individuals who have a claim already approved. From July 2009 through December 2009, 80,150 continued claims were filed over this system. And, the average session time to file a continued claim was 3.35 minutes.

3) *Wyoming Internet Claims Filing System*: The Wyoming Internet Claims Filing system website allows the claimant to file initial claims for Unemployment Insurance via the internet. Staff is then able to download the claim and upload it to their system, to process the claim. Claimants may also file claims over the telephone by calling (307) 473-3789. From June 2009 through November 2009, 9,332 new and additional claims were filed over this system. And, the average time it took to file the claim was between 10 to 15 minutes.

### Website

The website also provides a direct link to register for work, and further provides a telephone number for claimants who are visually- impaired, experience problems in positioning a mouse, or have any other problem with the site. Individuals may also contact any of the Department of Workforce Services offices to register for work, or press the "Register for Work" button to utilize the online job matching system. Finally, the webpage provides a tremendous amount of information in its *Frequently Asked Questions (FAQ)* section related to claims filing.

Another important point is that claimants may file their claims over the phone in Spanish which is stated on the websites of the Department of Employment. However, nowhere on the webpage is this information provided in Spanish. It seems to be an oxymoron to mention the option of filing a claim over the phone in Spanish on a website that only contains information in English.

The systems described above appear to offer a technologically sound process for applying for unemployment compensation. However, claimants who are not literate or do not speak or read the English language may be preempted from applying for benefits, especially if they do not have access to a telephone or the Internet. When considering the fact that many claimants are not Native English speakers or have only basic literacy skills, this high reliance on the internet as a means to primarily gain information could be problematic.

Statistics of the State of Wyoming show that on average about 10% of Wyomingites have only very basic or less than basic literacy skills. These low literacy skills specifically affect people who struggle with maintaining or finding employment. Presumably, these low literacy skills affect a certain percentage of claimants for unemployment insurance. Therefore, the reliance on the internet, the phone or mail which basically cuts out communication with a person that reduces the use of reading skills becomes very limited, and thus renders the process more difficult for people with these limitations.

Physical Mailing of Claims

For those with limited or telephone access, initial and bi-weekly claims can be mailed to the Casper office for processing. However, the claimant must contact the Division to make a request to file an initial claim via the mail. After the request has been made, a claim form is mailed to the claimant for completion; then mailed back to the Division. For bi-weekly claims submission, continued claims forms are mailed out for each bi-weekly period. Once the claimant completes the form and mails it to the Division, the next bi-weekly form is sent.

Although this is an option for those without access to Internet or telephone services, the downside is the time it takes to make the request, complete the form, and return the completed form. Depending upon mail service, etc., this could take weeks to accomplish. Given that claimants are not allowed to complete applications, etc., at the Casper office, and that no field offices exist anymore, those without access to Internet or Telephone services are disadvantaged in the process for filing for unemployment compensation.

It should be noted, that since May 2002, the Division has only one main office in Casper. Up until 2002, the Division had office in 12 locations throughout the state, prior to the opening of the Call Center. According to the Division, there were a total of 31 staff members throughout the State: 23 were Claims positions and eight (8) were Field Tax positions. It should be noted however, that currently, the UI Division has split out the Tax functions into its own Division.

**Table 3  
Prior to May 2002: Field Offices**

| <b>Town or City</b> | <b>FTE</b> |
|---------------------|------------|
| *Cheyenne           | 5          |
| Laramie             | 1          |
| Torrington          | .5         |
| Sheridan            | 1          |
| *Gillette           | 4.5        |
| *Riverton           | 2          |

| Town or City  | FTE       |
|---------------|-----------|
| *Cody         | 3.5       |
| *Rock Springs | 4.5       |
| *Evanston     | 1.75      |
| *Jackson      | 1.25      |
| *Casper       | 5.25      |
| Rawlins       | .75       |
| <b>Total</b>  | <b>31</b> |

Source: Department of Employment, Unemployment Insurance Division

\*Combined tax and unemployment insurance

### Complaint and Appeals Process

The complaint process includes the following steps: 1) complaints are logged in at the Cheyenne offices of the Department of Employment; 2) referred to the UI Division for appropriate action or response; and 3) copies of written responses are then provided to the Department of Employment in Cheyenne.

Appeals are handled pursuant to W.S. 27-3-402 through W.S. 27-3-408. According to the Division, a random sample of cases is pulled each quarter for review based on criteria set forth by the United States Department of Employment. Also, any problems or concerns noted throughout the appeals process, is used by the Division for updating agency rules, if necessary.

### ReliaCard

The ReliaCard, which is basically a debit card, is used by the Division to make payments to individuals receiving unemployment compensation. An Electronic Payment Committee was formed and authorized to study the issue in December 2005. According to the Division, the Division joined a multi-state consortium for optimal pricing opportunity in 2007; the Division started the pilot testing phase of the program in November 2008.

U.S. Bank issues the cards to claimants who filed their initial unemployment insurance claims on-line via the Internet only. This group of claimants is considered the test group, so the Division is able to actively monitor through the Internet. The program is still in the pilot phase; transitioning closer to full use for all new phone and Internet claims. As discussed previously, close to 28% of payments are made using the ReliaCard.

**Table 3**  
**ReliaCard Pros and Cons**

| <b>ReliaCards</b> |   |
|-------------------|---|
| <b>Pros</b>       | Ease of claiming payments; no stigma with governmental checks; cost free access to money; use as ATM card; more secure; no credit approval; no waiting in line to cash checks; liability and fraud protection; online and 24-hour card access; monthly statements; transaction data not shared with Division; FDIC insured; and no dependence on mail service to receive check.   |
| <b>Cons</b>       | Claimants may throw card away when first delivered, since it comes in a plain white security envelope; fees may be incurred, if claimant does not read the cardholder agreement; remote Wyoming towns may have limited access to ATM services; no check stubs after electronic deposits; pay-at-the pump problems if card has insufficient funds; rental car companies do not accept card; and misunderstanding that only U.S. Bank ATMs can be used. |
| <b>Fees</b>       | \$1.50 charge for use of non U.S. Bank ATM; additional fees by the non U.S. Bank for ATM use; \$2.00 inactivity fee (after 180 days of no use); \$20.00 overdraft fee; and \$15.00 card replacement fee.  |

Source: Department of Employment, Unemployment Insurance Division.

As seen from above, the ReliaCard pilot program has potential for simplifying the payment process to individuals receiving unemployment benefits. There could be concern however, if the Division required recipients to use the card, given the fees that could be incurred. Fees would impact those on unemployment disproportionately, because of their limited income. Use of the ReliaCard further assumes a certain level of sophistication regarding the use of the ReliaCard with respect to knowledge of how banks, credit cards, card agreements, etc. work.

### Claimant Surveys

According to the Division, it conducts four customer satisfaction surveys. The first survey is available to those who file initial, additional, or reopens a claim via the Internet. At the end of the session, the claimant has the option of whether to complete the survey. It is attached and labeled "*Internet Survey*".

The next three surveys are sent to claimants via the regular mail. They include three randomly selected populations of individuals that have conducted business with the Division: claimant survey; employer survey; and appeals survey.

Overall, the surveys, while most likely intended to demonstrate customer-friendliness, may not offer necessary information about the ease of claiming unemployment benefits or working with employers. The sample sizes of each survey are either too small or

may not provide enough information to accurately measure the effectiveness of the internet filing system and the filing procedure for the claimants and employers.

We have attached the surveys for additional review.

### Federal Compliance

It should be noted that recently, the United States Department of Labor, Employment and Training Administration, completed its review of Wyoming's Fiscal Year 2010 State Quality Service Plan (SQSP) for Unemployment Insurance operations in Wyoming. The Administration found that the plan "*conforms to federal requirements and is approved*". It also plans to assist the Division in the upcoming year with performance analysis through desk and possibly on-site reviews; help formulate and/or suggest any needed strategies; provide technical assistance as required and assist in implementing any appropriate improvements.

### Contextual Circumstances Provided by the Division

- **Economic Recession:** has increased the volume of UI applications in combination with the federal extensions (73 weeks of benefits) continues to inundate the Call Center. Call volume has ranged from 2,700 to 3,200 calls per day. Wait times, reported since December 1, 2009, have averaged from 51 minutes through December 11 and ranged from 30 minutes to 65 minutes. Since December 14, 2009, wait times have been reduced to an average of 47 minutes.
- **Wyoming's Unemployment Rate:** increased from 6.8% in September, 2009 to 7.4% in October, which moved Wyoming from 10<sup>th</sup> to 15<sup>th</sup> lowest in the nation in the monthly rankings, with North Dakota being the lowest at 4.2%. Initial claims increased from 3,544 in November 2008 to 5,227 in November 2009 (47.5% increase). Total unique claimants increased from 3,003 in November 2008 to 10,993 in October 2009 (266.1% increase).
- **Division Initiatives:** the division is in the process of various initiatives related to staffing; training; enhancements to the IVR system; exploring additional phone lines for the Call Center; continued efforts to meet the Government Performance and Results Act (1993) to make timely and accurate payments.

### **Possible Evaluation Questions**

1. Overall, are the systems used by the Division effective in providing timely and accurate payments to individuals filing for and receiving unemployment benefits?
2. Given the Unemployment Insurance Payment Model, what are the Division's responsibilities to provide services that foster increased literacy among claimants? What services does the Division provide that increase skills such as using a bank account?

- Does the Division need additional authority to successfully implement such programs?
  - How does the Division accommodate claimants with basic literacy skills?
3. How can the Division ensure better response rates among surveyors to receive more accurate information about the user-friendliness of its claim systems?
  4. Does the Division continually review complaint logs and appeals decisions for ideas to improve the process, especially given the recent economic recession?
  5. What steps does the Unemployment Tax Division take to ensure the collection of delinquent UI taxes? Also, what are the trends with respect to collection rates, and how well are its accounts receivables managed?
  6. How well does the Division's Benefits Accuracy & Measurements Program (BAM), determines types and causes of improper payments in the UI system and makes suggestions for improvement.

