

State of Alaska FY2002 Governor's Operating Budget

Department of Labor and Workforce Development
Unemployment Insurance
Component

Component: Unemployment Insurance

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Component Mission

To alleviate the hardships that result from loss of wages during periods of involuntary unemployment, and to stabilize local economies and workforce during periods of economic downturn.

Component Services Provided

- 1) Benefit payments:
 - Provide partial income replacement to insured workers during periods of unemployment.
 - Provide a convenient and efficient means for clients to apply for Unemployment Insurance (UI) benefits.
 - Provide due process rights when determining program eligibility and appoint an independent tribunal to hear and decide appeals of eligibility determinations.
 - Secure Federal Unemployment Tax Act (FUTA) credits for Alaskan employers by remaining in compliance with federal law. Employers receive credit allowances against the federal unemployment tax only for contributions paid into an approved state unemployment fund.
 - Reduce the duration of unemployment benefits claimed by accurately registering workers in a job matching system and enforcing participation in reemployment services to return displaced Alaskan workers to employment.
- 2) Revenue Collection:
 - Classify employers who may be required to contribute to the Alaska UI Trust fund and determine employer tax rates under a statutory based experience rating system.
 - Receive contributions from employers for the payment of unemployment benefits, maintain accounting records of all contributions submitted by employers and deposit contributions into the Alaska UI Trust fund as required by state and federal statutes.
 - Apply statutory liens, levies and judgements when employers do not comply with state law.
 - Ensure the review of the revenue generating mechanism to maintain the trust fund solvency.
 - Work with and train employers on how to meet the UI tax requirements.
- 3) Program Integrity:
 - Protect the UI Trust Fund by preventing, discouraging, detecting and recovering UI benefit overpayments and by conducting employer and wage audits.
 - Investigate fraud referrals from UI call centers and cross match audits, issue administrative fraud determinations, and prepare fraud cases for state criminal prosecution.
 - Manage overpayment recovery activities and maintain overpayment records.

Component Goals and Strategies

- 1) Improve delivery of unemployment insurance services through renewed emphasis on continuous improvement and staff development.
 - Participate in development of strategic plan for Employment Security Division based on self-assessment using Baldrige Criteria for Performance Excellence.
- 2) Enhance program performance by providing staff with improvement tools.

- Create, gather and organize program information for distribution through the Intranet to create an environment that promotes the sharing of knowledge and information.
- 3) Redesign of Tax System
- As in FY2001, continue multi-year capital improvement project to replace obsolete Tax computer system to enhance timeliness and accuracy of employer account maintenance and management.
- 4) Monitor employers' compliance with Federal and State tax mandates.
- As in FY2001, continue customer outreach programs, employer workshops, quarterly newsletters and expansion of Internet site to assist in proper reporting and compliance with contribution requirements.
- 5) Focus on the needs of all customers, both external and internal, to gain input for process and service delivery improvements.
- Continue semi-annual claimant and annual employer surveys.
 - Solicit internal customer feedback for improved delivery of services.
 - Pilot a program to collect, aggregate and track customer feedback.

Key Component Issues for FY2001 – 2002

- 1) Improve employee development by implementing a comprehensive training program aimed at increasing their program knowledge.
- 2) Selection of a contractor within prescribed budget constraints for tax system redesign project.
- 3) Improving the timeliness of Alaska's data and wage information transfer to meet the required timeframes to reimburse and bill participant states.
- 4) Increasing recovery of fraud and non-fraud overpayments from claimants residing outside Alaska.

Major Component Accomplishments for FY2000

- 1) Unemployment Insurance benefits totaling \$118,749,017 were paid to 57,193 insured workers.
- 2) Maintained the solvency of the Alaska UI Trust Fund:
 - Over 65,000 contribution reports processed annually from employers.
 - \$123,982,411 deposited to the UI Trust Fund.
- 3) Significantly reduced response time of customer service representatives by restructuring the Automated Call Distribution systems used by the UI Call Centers.
- 4) Secured legislation that allows the Department of Labor and Workforce Development to levy Alaska Permanent Fund dividends to recover fraud and non-fraud overpayments.
- 5) \$1,916,054 collected in benefit overpayments through offset of benefits and cash collections.
- 6) Secured legislation amending the Employment Security Act to waive availability requirements for individuals who attend training under the Workforce Investment Act. The new legislation also expands the definition of misconduct and changed the definition of the benefit year.
- 7) Over \$393,873 was refunded to Alaskan employers who overpaid taxes.
- 8) Provided claims taking/adjudication staff with an Intranet system of electronic forms to improve quality and efficiency.
- 9) Adopted the federally mandated North American Industry Classification System for statistical purposes.
- 10) Initiated an annual customer survey of Alaska's employers and expanded another biannual customer survey to include interstate claimants.
- 11) \$3.8 million was collected and deposited into the State Training Employment Program Account.

Statutory and Regulatory Authority

- 1) Federal
 - Federal/State Extended Unemployment Compensation Act
 - 5 U.S.C. Sec. 8501-8525
 - Federal Unemployment Tax Act
 - Social Security Act: Titles III, IX, XI, and XII
- 2) State
 - AS 23.20
 - 8 AAC 85

Key Performance Measures for FY2002

Measure: Maintain or exceed the benchmark of 95 percent timeliness of the first payment to unemployment insurance claimants.

(Revised from Legislature's FY2001 version.)

Current Status:

In FY2000, 97 percent of first payments were issued within 35 days following the end of the first compensable week.

Benchmark:

The federal performance measure is prompt payment of unemployment insurance (UI) benefits, with 93 percent of first payments issued within 35 days following the end of the first compensable week. In FY2002, the benchmark is being raised to 95 percent.

Background and Strategies:

To monitor the promptness of UI benefit payments, first payment time lapse measures the number of days from the week ending date of the first compensable week in the benefit year to the date the payment is made. This includes payments made by direct deposit, mail and in-person or those used to offset prior overpayments.

Strategies planned to ensure first payment timeliness include:

- Continue development of UI Intranet to improve resources used by front line staff.
- Enhance technology to improve timeliness of data transfer for ex-service members.
- Expedite electronic out-of-state wage information requests and transfers to facilitate timely payment of benefits.

Measure: Maintain or exceed the level of customer satisfaction, with 90 percent of survey respondents rating overall service as adequate or better.

(Not yet addressed by Legislature.)

Current Status:

Conducted in June 2000, the most recent survey of claimants resulted in 98 percent responding that overall service was adequate or better.

Benchmark:

Being developed.

Background and Strategies:

Randomly survey unemployment insurance claimants to monitor satisfaction with benefits program and services received.

Strategies planned to ensure high level of customer satisfaction include:

- Continue biannual customer satisfaction survey to measure level of service and to explore avenues for expansion of services.
- Provide "Customer Service in a Telephonic Environment" training for front line staff and reduce Customer Service Representative response time in providing telephonic service to claimants.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Maintain or exceed the benchmark of 95 percent timeliness of the first payment to unemployment insurance claimants. 		X			

Unemployment Insurance
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	11,065.0	12,214.3	12,495.2
72000 Travel	307.2	268.3	317.2
73000 Contractual	3,305.1	4,909.7	4,401.0
74000 Supplies	275.0	291.1	291.1
75000 Equipment	563.4	432.8	563.4
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	839.4	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	16,355.1	18,116.2	18,067.9
Funding Sources:			
1002 Federal Receipts	16,061.1	17,766.1	17,616.5
1007 Inter-Agency Receipts	294.0	350.1	451.4
Funding Totals	16,355.1	18,116.2	18,067.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Federal Receipts	51010	16,061.1	17,766.1	19,704.9	17,616.5	17,616.5
Interagency Receipts	51015	294.0	350.1	350.1	451.4	451.4
Restricted Total		16,355.1	18,116.2	20,055.0	18,067.9	18,067.9
Total Estimated Revenues		16,355.1	18,116.2	20,055.0	18,067.9	18,067.9

Unemployment Insurance

Proposed Changes in Levels of Service for FY2002

- 1) To enhance quality service to clients, create and implement a comprehensive employee development and career enhancement program.
- 2) Improve the quality and accessibility of Appeal Tribunal services through specialized training for Hearing Officers, Internet access to Commissioner and Tribunal decisions and Language Line interpreter services for clients with special needs.
- 3) Improve timeliness in payment of unemployment compensation for ex-service members by implementing programming for data transfer.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	17,766.1	350.1	18,116.2
Adjustments which will continue current level of service:				
-Transfer two PFT PCN's 07-5831 and 07-5896 from Employ Svcs to Unemploy Ins to reflect funding	0.0	94.4	0.0	94.4
-Transfer interagency receipts from Job Training Programs to Unemployment Insurance	0.0	0.0	100.0	100.0
-Transfer federal authorization from Unemploy Ins to Job Trng Progr for Welfare to Work costs	0.0	-2,200.0	0.0	-2,200.0
-Transfer federal authorization from JTPA to Unemployment Insurance - RP 0714005	0.0	1,938.8	0.0	1,938.8
-Year 2 Labor Costs - Net Change from FY2001	0.0	17.2	1.3	18.5
FY2002 Governor	0.0	17,616.5	451.4	18,067.9

Unemployment Insurance
Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	173	196	Annual Salaries	9,559,594
Part-time	61	40	COLA	133,089
Nonpermanent	0	1	Premium Pay	0
			Annual Benefits	3,450,178
			<i>Less 4.93% Vacancy Factor</i>	<i>(647,661)</i>
			Lump Sum Premium Pay	0
Totals	234	237	Total Personal Services	12,495,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk II	1	0	0	0	1
Accounting Spvr I	0	0	2	0	2
Accounting Spvr II	0	0	1	0	1
Accounting Tech I	1	1	1	0	3
Accounting Tech II	0	0	2	0	2
Administrative Assistant	1	0	2	0	3
Administrative Clerk II	0	0	4	0	4
Administrative Clerk III	4	1	4	0	9
Appeals Referee II	3	0	2	0	5
Appeals Referee III	1	0	0	0	1
Asst Dir Employ Security	0	0	1	0	1
Employ Sec Analyst I	0	0	3	0	3
Employ Sec Analyst II	0	0	7	0	7
Employ Sec Analyst III	0	0	7	0	7
Employ Sec Spec IA	8	0	6	0	14
Employ Sec Spec IB	42	10	35	0	87
Employ Sec Spec II	0	0	4	0	4
Employ Sec Spec III	6	1	4	0	11
Employ Sec Spec IV	0	0	2	0	2
Employment Service Manager II	0	1	0	0	1
Employment Service Mgr III	1	0	1	0	2
Field Auditor I	7	2	2	2	13
Field Auditor II	1	1	1	0	3
Investigator II	3	1	1	0	5
Investigator III	1	0	0	0	1
Micro/Network Tech I	1	1	3	0	5
Microfilm Equip Op I	0	0	1	0	1
Microfilm Equip Op II	0	0	1	0	1
Prog Coordinator	0	0	4	0	4
Spvr Audit Operations	0	0	1	0	1
Status Examiner I	0	0	10	0	10
Student Intern I	0	0	1	0	1
Supvr, Unempl Ins Tax	0	0	1	0	1
UI QC Supervisor	0	0	1	0	1
Unem Ins Qtl Contl Auditr	3	1	1	0	5
Unemp Ins Support Svcs Mgr	0	0	1	0	1
Unemployment Ins Spec II	0	0	12	0	12
Unemployment Ins Spec III	0	0	2	0	2

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Totals	84	20	131	2	237