



SENATE FISCAL OFFICE ISSUE BRIEF

Unemployment Insurance Processing Update

DECEMBER 3, 2010

The following highlights the status of the Department of Labor and Trainings response to the significant backlogs of Unemployment Insurance claims and queries.

The Department of Labor and Training was unable to fully process and administer claimant queries regarding Unemployment Insurance (UI) benefits in a timely manner due to a significant increase in volume and the lack of appropriate planning and staffing by the Department. The General Assembly found that as of January 20, 2009, the Department had in excess of 10,000 Internet filed claims, 1,800 individuals awaiting a return telephone call, and almost 1,700 emails requesting assistance or information.

In order to rectify the escalating problem, the General Assembly enacted Senate Bill 2009-0094 (P.L. 2009 Chapter 2) to permit the Director of the Department to hire on an interim basis between January 27, 2009, and March 1, 2009, certain retired Unemployment Insurance employees for the purpose of alleviating increased claim loads associated with sustained high unemployment rates. Subsequently, House Bill 2009-5943 was enacted on March 4, 2009 (P.L. 2009 Chapter 3) permitting the Department to hire retired Unemployment Insurance employees, up to April 3, 2009, for the continued purpose of alleviating increased unemployment claim loads. The enacted legislation requires the Department to file a weekly status report to the Senate and House Finance Committees and Fiscal Advisors detailing the number of individuals seeking claims and awaiting responses from the Department. While the retiree hiring provisions have since expired, the Department is still required to submit the claims data.

CURRENT ACTIVITY

Pending UI claims and response times have decreased since January 2010. The average client call wait period decreased significantly from above 70 minutes to below 20 minutes. The Department continues to handle the caseload with additional staff and with the temporary assignment of part-time staff to full-time status.

From January 28, 2010, to November 24, 2010, the Department reported:

- Pending internet claims declined from 3,229 to 114;
- The number of telephone calls to return is down from 1,214 to 4;
- The average call wait time is down from 73 minutes to 19 minutes;
- The number waiting for email responses declined from 4,930 to 17;
- The number receiving UI benefits decreased from 39,129 to 29,712;
- The number of individuals determined eligible and waiting to receive a UI benefit decreased from 1,908 to 1,096.

BENEFIT CATEGORIES

¹ Unemployment Insurance is the 26-week State UI benefit program.

² Emergency Unemployment Compensation (EUC) benefit is the Federal program which has four tiers extended an individual’s ability to collect an addition 53 weeks of UI benefits.

³ Extended Benefits & High Extended Benefits are additional State UI programs that provide up to 20 weeks of UI benefits during periods of prolonged high unemployment.

	Jan. 28, 2009	Jan. 28, 2010	Nov. 24, 2010
Individuals Receiving Benefits			
¹ Unemployment Insurance	16,852	18,841	12,479
² Emergency Unemployment Compensation 1	4,581	6,659	6,489
Emergency Unemployment Compensation 2	4,225	4,774	3,178
Emergency Unemployment Compensation 3	0	6,566	2,773
Emergency Unemployment Compensation 4	0	1,251	1,640
³ Extended Benefits	1	153	1,212
High Extended Benefits	0	885	1,941
Disaster Unemployment Assistance (DUA)	0	0	0
Totals	25,659	39,129	29,712
Eligible in waiting Period	839	1,908	1,096
Pending Internet Claims	10,874	3,229	114
<i>Internet Claims Received</i>	0	2,296	1,516
<i>Internet Claims Processed</i>	0	2,524	1,715
# of Return Calls/All Sources	1,809	1,214	4
<i>UI Calls/All Sources Received</i>	0	918	386
<i>UI Calls/All Sources Processed</i>	0	1,248	428
# of UI HELP Emails to Return	1,694	4,930	17
<i># UI HELP Emails Received</i>	0	1,349	278
<i># UI HELP Emails Processed</i>	0	778	352
Average Call Wait (minutes)	not provided	73	19

The above table illustrates the status of various claims per benefit category and status over three periods. The January 28, 2009 column reflects the status of claims at the zenith of the backlog problem prior to the General Assembly action. The second column reflects the claims center status at the beginning of 2010 and the third column reflects the claims status as of November 24, 2010, the last reported period.

Compounding the prolonged unemployment of workers and subsequent backlog of claim processing during the current year was the impact of the “Great Flood of 2010.” Through November 18, 2010, the Department of Labor and Training received 2,534 applications for flood related unemployment claims, including 120 additional Disaster Unemployment Assistance (DUA) claims. To date 2,080 individuals have been paid flood related unemployment insurance benefits. There are no individuals currently receiving DUA benefits as of November 24, 2010.

BENEFIT EXHAUSTIONS

Another issue has arisen that may increase the number of claims processed or queries handled through the Department of Labor and Training. Many of the State's unemployed workforce began to exhaust their Unemployment Insurance (UI) benefits. To counteract UI benefit exhaustions, the Federal government provided four UI benefit extensions (Tiers 1 through 4) through the Emergency Unemployment Compensation program of 2008 (EUC08). The Federal program works in conjunction with other State extended benefit (EB) programs to extend an individual's eligibility to collect up to 99 weeks of UI benefits.

However, the EUC08 program end date was November 30, 2010, and as of December 1, 2010, Congress has not authorized an extension to the program. The statutory end date for 100% Federal funding of most extended benefit costs is December 1, 2010. With the cessation of the Federal EUC08 extensions the Department may experience an increase in the number of queries from individuals seeking additional UI eligibility assistance or from the filing of claims for other available UI benefit programs.

The Federal government will continue to pay EUC08 costs for claimants who established their eligibility before November 28, 2010, provided that the State continues to experience a high unemployment rate, through to any weeks of unemployment ending May 1, 2011. No Federal EUC08 payments will be made for any week of unemployment beginning May 1, 2011.

As of November 24, 2010, the Department reported that 17,233 UI claimants are collecting either Emergency Unemployment Compensation (EUC) or other extended benefits. Beginning December 4, 2010, an average of 500 to 600 claimants per week will exhaust all UI benefits. This trend is expected to be constant through mid-June 2011; however exhaustions will exceed 7,800 during the last two weeks of June 2011 when the final Federal and State extended benefits are paid.

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