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IMPROVING MICHIGAN'S UNEMPLOYMENT AGENCY:

A Proposal for Better Customer Services



LOCAL 517M

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Unemployment is Michigan's biggest problem. More than 10 percent of the residents of our state are out of work, and many have been unemployed for extended periods of time. Mass layoffs alone have accounted for tens of thousands of job losses in recent years, and economic turmoil has sent Michiganders of all kinds into joblessness through no fault of their own.

At Michigan's Unemployment Insurance Agency (UIA), our job is to soften the blow, and help hardworking Michiganders get back on their feet. We provide unemployed workers with often their only source of income as they seek to re-enter the workforce. It's only temporary, and even the maximum weekly benefit is no replacement for income from work, but unemployment is still a lifeline for many when they need it most. While it's hard to find a job in Michigan, we might think collecting unemployment insurance from an agency that has been around for decades would be a cinch. It isn't.

We Can Do Better

We, the UIA professional staff, members of SEIU Local 517M, believe we can do better. UIA has too many delays, and too many wrong doors, wrong times, wrong questions and wrong answers. It is time for the staff and leadership of the agency to work together to improve the way we provide services. We can fix it. We know how.

For our part, we can treat the people we serve as our customers, not merely as claimants or employers. We work for them. We can make timely and accurate services the goal of every customer contact, and we can work hard to adopt an approach of no wrong door, no wrong time. We can measure ourselves by what we are doing to improve customer experience.

But more will still be needed. We need to fix the system where all of us work.

Initial Claims by Phone

Consider a claimant's typical first experience with the agency, often through a remote initial claims center (where some of us work). When calling to file an original claim:

- Callers typically have to wait for hours;
- While waiting, callers get very little information (e.g., better time to call);
- When a claimant's call is taken, it is frequently received by an untrained limited term intermittent employee unable to provide full services;
- Claimants have no opportunity to make an appointment for a call time; and
- Claimants cannot leave a message and expect a callback.

From the outset, the caller has every reason to think the UIA is more of a barrier than a help. Improving customer services will require longer-term steps to reduce wait times and provide

better information. However, there are steps we can take right now to make this experience better.

Recommendations for Immediate Improvements in the 800 Voice Line

- Should notify callers of the right day for them to reach the service.
- Should notify callers of the Internet-based option, with ideas (like libraries) where they can access the Internet.

Once Enrolled—Continuing Participation

The system requires claimants receiving benefits, and those awaiting determinations or appealing denials, to interact once every two weeks with the Michigan's Automated Response Voice Interactive Network (MARVIN), or through MARVIN online. Claimants must certify their ongoing eligibility by answering questions through MARVIN, and will not receive benefits if they provide wrong answers or miss the deadline. MARVIN's interface invites responses to a series of yes/no and numeric questions.

But MARVIN has problems.

- 1) MARVIN is an automated system but it only operates part time, 11 hours per day, and six days per week. What's worse is that individuals cannot use MARVIN anytime it's open. Individuals have assigned windows for calling MARVIN, just one hour on one day, Monday through Wednesday, based on the last two digits of their Social Security number.

In many states, people can access the automated system at any time; any day of the week.

- 2) A claimant may be denied by MARVIN without explanation. The denial may be caused by their own inadvertent error or for some reason they may not understand. The denial may be valid, or it may be wrong but subject to appeal. Marvin needs to explain the denial and explain possible next steps.
- 3) Claimants may be unaware of the importance of calling or logging into MARVIN.
- 4) MARVIN may not allow claimants appealing denied benefits to get through, even though this participation is required. As a result, they may only be able to get their benefits retroactively and after significant delays.
- 5) Claimants with literacy or language issues may be unable to successfully navigate MARVIN.

Recommendations for Improving MARVIN

- The specific content of the MARVIN script should be reviewed with a focus on the customer experience (as well as the needs of the agency).
- MARVIN must be made accessible at all times.

Resolving Problems

Unemployment Insurance is a complicated program. It is a federal-state partnership that also requires the participation of nearly every employer in Michigan. It demands extensive documentation, including wage records for millions of people working in the state. Unemployment is subject to error, fraud and lots of other problems. Protecting the integrity of the program is hard work.

That work is ours. Many of us, the professional staff of the UIA, have the primary responsibility of fixing problems, either in a Problem Resolution Office (PRO), in the 24-hour Virtual Problem Resolution Unit (ViPR), or one of other units in the Detroit headquarters. Even our approach to resolving problems is beset by systematic failings.

Documenting Separation from Work

The UIA has no systematic way for documenting the fact of separation and the reason for separation from employment, which must be confirmed by the past employer(s). This step always requires extra effort and is the major cause of delays in certifying benefits.

Known problems are often ignored. In our effort to serve a high volume of claimants, we sometimes focus on quantity instead of quality, ignoring accounts we know have problems (detailed in a daily “morning report”). In many cases, our failure to resolve these issues causes extensive downstream effort, which elevates the burden of work volume and can make some problems impossible to fix.

Other Qualitative Problems

There are lots of other qualitative problems in UIA. No system is perfect. Avoiding and correcting error and detecting fraud are challenges in every state. However, there are hosts of other problems we need to work to correct.

- 1) The Federal Employment and Training Administration, the regulatory agency for unemployment, scores the UIA poorly on timeliness of appeals, a process that sometimes involves administrative law judges. We need to address these delays.
- 2) Federal audit statistics suggest that Michigan issued more than \$150 million in UI overpayments in the last fiscal year. The state Auditor General’s recent performance audit pointed out a number of causes of overpayment, including claimant fraud, adding that the state failed to collect what could have been well-over \$100 million in penalties. (The March 2011 audit covered a three-year period in which UIA paid more than \$15 billion in total benefits.)
- 3) Our external communications pieces and our interview protocols are in many cases poorly designed or presented.
- 4) Our tax office may not be resourced to provide quality services to more than 200,000 Michigan companies, and to respond in a timely manner when businesses change hands, start up or fail. Michigan often fails to collect State Unemployment Tax (SUTA) obligations from employers in a timely manner for lengthy periods of time.
- 5) Much of the information architecture of the agency, including dated mainframe systems and off-the-shelf patches, are badly in need of modernization (some of which is underway).

Chronic Issues for Michigan

Given that Michigan had the highest unemployment rate in the nation for a recent period of more than 40 months; UIA has certainly been burdened with high enrollment, as well as repeated federal benefit extensions, high turnover among employers and other administrative challenges. We would be tempted to explain that delays and quality problems are the result of an overburdened system and are temporary. However, they are chronic.

Measure	2000	2005	2010	Latest
Payment Timeliness	38th	37th	31st	34th
Nonmonetary Determination	41st	53rd	44th	53rd
Age of Appeals	N/A	35th	49th	N/A
New Employer Status Determination	33rd	35th	47th	46th
Tax Quality (pass/fail)	FAIL	FAIL	FAIL	FAIL

Michigan rank among 53 U.S. states and territories on select performance measures (2000–present)

A review of federal State Rankings of Core Measures (<http://workforcesecurity.doleta.gov>) shows, Michigan's rankings on select qualitative measures of unemployment agency performance have been chronically low for many years. UIA has responded to high volume with the use of hundreds of temporary staff, personnel with less training and experience than agency veterans, and they are entering a system that has process problems as well as high workloads. Lower rolls alone will not fix these problems.

Specific Recommendations for Quality Improvement

- **Customer Support:** Our goal should be to make a determination as soon as practicably possible following a customer's first contact with the agency. That means workers who take the first call should be trained to provide full support. Senior staff can provide this training. The content of the conversation can also be improved with better information and better questions.
- **External Communications:** UIA teams should establish workgroups to review external communications of the agency; this group should include other stakeholders (e.g., claimants).
- **New Systems:** UIA should establish a feedback loop for new systems and protocols so workers experiencing problems can give input into how these systems could be improved.
- **Problems (Morning Report):** Skilled staff (on a rotating basis) should address sections of the morning report daily. This will require additional training of staff (by senior staff). So as not to duplicate the work of staff in the PRO's and the ViPR unit, both of whom work on problem accounts, staff should update claimant journals with every contact.

- **Benefit Delays and Denials:** Better questions are needed to prevent wrongful denials (e.g., on interview protocols).
- **Employer Reporting of Separations:** Employers may not respond to the request of the agency to document the reason for separation of the claimant. They may also fail to respond properly or timely. Employers may not even have an account or a record of participation in UI. All of these problems stand in the way of customers getting proper benefits and must be addressed. (There are a lot of reasons for this, including employer name changes, ownership changes, etc.) A standardized way for employers to report separations would be an important step.

Benefit Delivery Through Debit Cards

In 2008, the UIA entered a contract with JP Morgan Chase Bank to distribute unemployment benefits. Claimants are given the choice to receive benefits through direct deposit or through a debit card. Both kinds of payments are arranged by Chase.

The move to debit cards is common in public benefits systems and is associated with greater efficiency, lower cost and better security. However, the move in Michigan also represented a shifting of costs from the state to the unemployed themselves. Under the terms of the contract, if a person selects direct deposit, all costs are charged to the state; if the person selects a debit card, fees are paid by the user. Even the maximum benefit of \$362/week often leaves claimants with dramatically compromised incomes. Some fees, including a \$4 charge (in some cases) for using a bank teller and a \$1.50 charge for using an out-of-network ATM, are among the highest fees among the 40 states that use UI debit cards.

We believe that as the state's contract with Chase comes to a close this year, we should find a way to deliver benefits at no cost to the unemployed.

Long-Term Transformation: Elevating the Labor/Management/Customer Partnership

Unemployment is a complex and challenging program. However, our UIA has experienced capable, professional people at all levels. Hundreds of experienced analysts and examiners have seen UIA transform itself from a network of unemployment offices to a network of telephones and websites. That transformation is not yet done, however, and hard times have made the demand for our services high. Customers are calling in droves. We need to rise to the challenge together, listen and respond, and build an agency that serves them better.

We have identified some changes that could immediately improve the customer experience at UIA as well as focus areas that require new attention. But we need to do much more. We have to modernize, not just our information systems, but the way we work together, too. The UIA can truly transform itself only through a deep collaboration among stakeholders at every level, through a working partnership that involves not just agency workers and management, but unemployed workers, participating employers, industry experts and advocates as well. We must build a system that is transparent, open, responsive and focused on the customer.

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