



UNEMPLOYMENT INSURANCE (UI) STAFFING FLEXIBILITY

A Key Part of UI Modernization

Updated May 2021

As part of the CARES Act, Section 2106 extends new, temporary flexibilities to states for the hiring of contractors to support UI eligibility determinations as historic numbers of workers flood their state agencies. Large numbers of states, led by both Democratic and Republican governors, have opted to use the flexibility; our survey identified 38 states (including the District of Columbia). The National Association of State Workforce Agencies (NASWA), the association of all 50 state workforce agencies, reports there are 41 states using the flexibility.

- Democratic governors (includes DC mayor): 21 (CA, CO, CT, DC, DE, HI, IL, KS, KY, LA, ME, MI, NC, NJ, NM, NV, NY, PA, RI, VA, WI);
- Republican governors: 17 (AR, AZ, FL, ID, MA, MD, MO, ND, NE, MS, NH, OH, OK, SC, TN, TX, VT).

In addition, a survey of 17 of the 38 states (including DC) that have contracted for UI under the authority of the CARES Act shows that projects in three states have been completed and 14 remaining states have extended contracting to September 6, 2021, when the staffing flexibility authority ends. Many states plan to extend the contracts further if Congress extends the staffing flexibility authority as part of UI modernization legislation such as S. 490 and H.R. 1458.

Some Findings:

Contractors have supplemented, not supplanted, state public service employees, helping states overcome bureaucratic cultures that are not focused on customer experience. In the 17 survey states, over 2,500 new jobs have been created.

The National Association of State Workforce Agencies (NASWA) endorses staffing flexibility. In a letter to House and Senate leadership, NASWA called the provision “critical for the continued operation of UI programs.” NASWA also requested that “maximum flexibility for staffing be extended through 2021” (the staffing flexibility has been extended twice).

Geri Fiala, former Obama administration Department of Labor, Deputy Assistant Secretary for Employment and Training (which oversees UI) has recently written of the value of the staffing flexibility:

With continued high numbers of the unemployed, compliance requirements and OIG data requests, states need flexibility to choose and retain the right resources to support their administration of UI regular and CARES Act programs. This flexibility allows them to staff up and down quickly and shift resources to tasks that have the highest demands.

States have used contractors to take on more critical roles over the course of the pandemic, from the initial surge of providing simple relief to more complicated fact finding in supporting eligibility determination, adjudicating denied claims and addressing fraud, waste, and abuse, especially in the Pandemic Unemployment Assistance (PUA) or “gig worker” program.



State by State key activities under UI staffing flexibility, involving more than 2,000 staff, helping states better serve workers:

State	PUA Assistance	Claimant Questions	Claims Filing and Processing	Adjudication Support/Fact Finding	Fraud Investigations and Support
Arizona	X	X	X	X	X
Arkansas	X	X	X	X	
California		X			
Colorado	X			X	
Connecticut	X	X	X	X	
District of Columbia	X	X	X	X	X
Hawaii*	X	X	X	X	
Idaho*	X	X	X	X	
Louisiana	X	X	X		
Nevada	X		X	X	X
New Hampshire		X		X	
North Carolina	X	X	X	X	
Pennsylvania	X	X	X	X	
Rhode Island	X	X	X	X	X
South Carolina*		X	X		
Vermont	X	X	X	X	X
Virginia		X	X	X	

**Completed*



Changes to ARPA, Section 9015, to Permanently Extend UI Staffing Flexibility

(New language in red, deleted language stricken)

SEC. 9015. **PERMANENT** EXTENSION OF EMERGENCY STATE STAFFING FLEXIBILITY.

If a State modifies its unemployment compensation law and policies, subject to the succeeding sentence, with respect to personnel standards on a merit basis on an emergency temporary basis as needed to respond to ~~the spread of COVID-19~~ **emergencies including pandemics, other health emergencies, seasonal workforce cycles, temporary staffing shortages, weather and other natural disasters**, such modifications shall be disregarded for the purposes of applying section 303 of the Social Security Act and section 3304 of the Internal Revenue Code of 1986 to such State law. Such modifications shall only apply on a temporary basis ~~through September 6, 2021~~, and shall be limited to engaging of temporary staff, rehiring of retirees or former employees on a non-competitive basis, and other temporary actions to quickly process applications and claims. **Provided that emergency state staff flexibility shall supplement and not supplant full time public employees.**

Unemployment Insurance (UI) ROI/Outcomes: More Detailed Data on the Use of the CARES Act Staffing Flexibility

Stabilization of Overwhelmed Systems – providing immediate relief to helping solve the most challenging issues, or the issue causing downstream problems that create bottleneck and claimant frustration. *Examples:*

- **Connecticut** – Despite a more than 350% increase in call volume, handled the call increase while also **decreasing by more than 50% the speed to answer** – from 15 min at project inception to our current rate of just over 6 min. Additionally, resolve more than 97% of calls taken – resulting in less than 3% being reverted to a state staff.
- **Hawaii** – **reduced wait time** and established a contact center infrastructure that lets only human – versus auto-dialer – callers connect. **Reduced average wait time** by more than half in the first week – from 1.5 hours to 40 minutes, and down to the current average wait of about 17 minutes.

Expansion of Responsibilities – pivoting quickly to address additional tasks as they present or as client needs change. *Examples:*

- **North Carolina, Vermont, and Hawaii** – **transitioned from performing simple FAQ** from claimants to helping claimants file claims, and ultimately to support adjudication fact-finding related to non-monetary eligibility and separation issues.
- **Colorado, Nevada, Rhode Island and Vermont** – **supplemented adjudication efforts** with tasks related to fraud investigations. Performing tasks that include fact-finding investigations, managing fraud hotline, releasing identity-related fraud holds for validated claims, and performing full fraud investigation.
- **Colorado** – **no service interruption during planned modernization effort**, maintained service levels during planned conversion of UI system; worked with state partners to create workflow process and procedures to protect business continuity during transition



Quantitative Achievements – ability to support more fact finding, adjudication and program integrity tasks that support states' overall ability to maintain quality standards while still managing claims volume and reducing backlog. *Examples:*

- **Vermont** – > 40k complex issues resolved from May to July; staff avg > **1,500 issues per person**
- **Colorado** – >**13,000 issues adjudicated**; 600 able and available issues per day and average 500 separation issues per day from mid-November through December 2020.
- **Connecticut** – >**9,000 issues resolved** since mid-November, roughly 1,200 issues per week
- Nevada – >**4,100 issues resolved** since October 2020, with accuracy of recommended **disposition** above 85 percent
- **Rhode Island** – >**80,000 issues resolved** since April 2020, including both simple and complex issues; **more than 11,400 fraud investigation issues** since July 2020

The Center for Accountability, Modernization and Innovation (CAMI) provides thought leadership designed to help government work better for the American people. CAMI supports policies that improve outcomes and drive innovation in government service through public and private partnerships.

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