

FY 2010 Annual Program Performance Measures

DEPARTMENT: MICHIGAN DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH

APPROPRIATION UNIT: Sec 108 Bureau of Worker's and Unemployment Compensation

PROGRAM: Unemployment Program

TIMELINE: October 1, 2009 through September 30, 2010.

PROGRAM MISSION STATEMENT (Customer-Focus Direction)

Everything we do is aimed at providing the highest quality unemployment insurance services, ensuring the economic growth of Michigan – its employers and its workers.

VISION STATEMENT

We strive to be the best Unemployment Insurance Agency for our customers and employees exemplifying integrity and excellence.

PROGRAM STATEMENT

The Unemployment Insurance program is administered under state laws in compliance with federal laws and regulations. Established in 1935, its purpose is 1) to pay temporary partial compensation to unemployed workers for periods of involuntary unemployment; and 2) to stabilize the economy by maintaining the spending power of the workers while they are between jobs.

Over \$5 billion in unemployment benefits were paid to unemployed workers in FY 2010. Also in FY 2010, there were 808,075 initial claims filed by unemployed workers through the various methods to sign up for a claim-on the Internet, through Employer Filed Claims, and Telephone. In 2009, nearly 1 million 1099s were mailed to unemployed workers to aid with preparation of their taxes and in 2010; around 850,000 1099s will be mailed to unemployed workers.

We are looking long term into our financial well being for cost savings. We have closed and consolidated offices, reduced postage costs and vendor charges through technical upgrades to our mail and print services.

The Agency includes the following four Divisions:

Customer Services

The Customer Services Division is made up of four (4) Remote Initial Claim Centers (RICCs). The RICCs are located in Detroit, Grand Rapids, Lansing, and Saginaw. The Lansing RICC opened in January of 2009 as a temporary RICC in response to the Great Recession. Through these centers, the Agency accepts claims for unemployment insurance benefits from unemployed workers, determines if the unemployed workers qualify for benefits, and authorizes payments when applicable. In addition, Customer Services also runs the Work Distribution Center that receives, batches, scans, and indexes all benefit correspondence for the Agency.

Benefit Services

The Benefit Services Division is comprised of two offices – External and Internal Benefit Services.

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External Benefit Services – The External Benefit Services Units and Offices provide outreach to external customers. Also, it is responsible for designing and implementing statewide surveys, providing UIA information to Michigan Works! Agency centers and overseeing Problem Resolution Offices equipped with technological tools and resources, as well as face-to-face interaction between UIA employees and their customers. These Units and Offices are:

Multi-Claimant/Profiling Unit

The Multi-Claimant Unit handles unemployment claim cases that involving separations of more than one person on the same date, for the same reason, such as misconduct, voluntary leaving, theft, assault and battery, all labor disputes, lockouts, shutdowns, all school denial periods, including releases for school bus drivers, coaches, food service workers, etc. The Multi-Claimant Unit also handles company buy outs, severance packages, vacation and holiday pay, exempt employment (city officials) and DELEG employees. This Unit is responsible for preparing determinations and redeterminations for profiling issues.

Problem Resolution Offices

The Problem Resolution Offices (PROs) resolves customer problems and makes automated resources available to unemployed workers. There are eleven Offices located throughout the state in Detroit, Gaylord, Grand Rapids, Kalamazoo, Lansing, Marquette, Mount Clemens, Muskegon, and Saginaw. The Offices in Mount Clemens, Kalamazoo, and Muskegon are collocated with Department of Human Services (DHS) in a collaborative effort to assist similar customers who have both DHS and UIA concerns. The Offices provide a means of resolving problems and an opportunity to use information to improve UIA services. PROs identify system-related issues thereby improving timeliness and efficiency of services provided to customers.

Administrative Analysis & Federal Reports Unit

The Administrative Analysis & Federal Reports Unit produces and transmits more than 20 federally mandated reports. The Unit also gathers and analyzes economic and demographic data, generates program statistical reports which are provided on weekly, monthly, quarterly and annual schedules, as well as, on requests to internal customers, other state and federal agencies, legislative bodies, news media, etc.

Based on historical and current data, the unit formulates projections including (but not limited to) the Trust Fund, claims activity, and workload. Forecasts are often requested when proposed or pending legislation may impact any of these items.

Reports include:

- Claims and Payment Activities
- Benefit Appeals & Time Lapse
- Characteristics of Insured Unemployed
- Payment time lapse data
- Nonmonetary Determinations Activities & Time Lapse
- Contribution Operations (trust fund)

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- Combined Wage data
- Alien Claims Activity
- Overpayment Detection and Recovery
- Worker Profiling
- Experience Rating (employer)

Wage Record Information & Reports Unit

The Wage Record Information & Reports Unit is responsible for wage database maintenance, all processes related to employers' quarterly Wage Data Reports (Form UIA 1017), Friend of the Court Sequestrations, System Alien Verification of Entitlement (SAVE), Wage corrections (Form UIA 1019), and Cross match activities. The Agency uses wages reported by employers to calculate unemployment benefits.

The following methods are used to provide wage information to the UIA:

- Employer Quarterly Wage Detail Report (Form UIA 1017)
- 1017e (Web based) – generally 50 employees or fewer
- Electronic File Submission (EFS) – generally more than 50 employees
- Data Entry Gateway (Used by the Department of Management & Budget and Department of Community Health)

The Wage Record Unit is also the central processing location for processing wage verifications that are received from mortgage companies, housing agencies, and other government entities requesting information regarding unemployment payment and wages.

Surveys & Michigan Works! Agencies (MWA) Outreach Unit

The Surveys & MWA Outreach Unit prepares, tabulates, and evaluates survey instruments of internal and external Agency customers, and prepares reports of the results for the Executive Office. The Agency's Profiling and Reemployment Services Program also is centralized in this Unit. The program identifies unemployed workers most likely to exhaust their claims and, in partnership with the Bureau of Workforce Programs and MWAs makes reemployment services available to them. The Unit also coordinates Agency Rapid Responses to employers planning layoffs. Other tasks handled by this Unit include preparing monthly Management Information Systems Reports and fulfilling requests for Employer Posters and Employer Handbooks.

Advocacy Program

The Advocacy Program provides information upon request and, subject to certain restrictions, consultation, and representation at no cost to unemployed workers and employers at the Office of Appeals and/or Board of Review levels of appeal. Advocates who are independent contractors and have signed a contract with the Program, provide the consultation and representation services. Program staff will provide information about the appeal process, fact sheets about most common issues, and a listing of Advocates.

Internal Benefit Services – Internal Benefit Services supports unemployment insurance functions and also provides services by monitoring automated

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service delivery systems, assisting in the development and implementation of new programs/systems, operating employer filed claims, developing procedures, processing overpayment collections, reviewing the quality of claims processing and decisions, processing special program claims, and providing full services to unemployed workers via the Agency's public website through a secure portal. The Units and Offices under Internal Benefit Services are:

Benefit Accuracy Measurement (BAM) Unit

The Benefit Accuracy Measurement Unit operates the Paid Claims Accuracy (PCA) and Denied Claims Accuracy (DCA) programs, which are Federal quality control programs. Random samples of paid and denied unemployment insurance claims are audited weekly to determine the accuracy of the benefit payment or denial of benefits. The BAM Unit assesses the application of state and federal laws, policies, and procedures on claims audited to determine compliance. Recommendations are made for program improvements.

Tax Performance System (TPS) Program

The Tax Performance System reviewer assesses the quality of the Unemployment Insurance Tax Operations. Employer tax rates, status information, benefit charges, tax payments, and accounts receivables are reviewed annually, and recommendations are made for program improvements.

Benefit Payment Control (BPC) Unit

The purpose of the Benefit Payment Control Unit is to preserve the integrity of the Unemployment Insurance (UI) Trust Fund through the use of crossmatch programs, and to identify prevention and detection techniques for improper benefit payments. The BPC Unit detects UI benefit overpayments and issues fraud and non-fraud redeterminations.

Benefit Overpayment Collection (BOC) Unit

The purpose of the Benefit Overpayment Collection Unit is to recover improperly paid benefits through payment plans, benefit recoupment, wage assignment, treasury intercept, judgments, and garnishments. The BOC Unit maintains unemployed worker benefit overpayment accounts.

Benefit Enforcement (BEU) Unit

The purpose of the Benefit Enforcement Unit is to actively seek collection of improperly paid benefits through the use of various collection tools.

Unemployment Insurance (UI) Benefit Procedures Unit

The UI Benefit Procedures Unit develops and revises benefit procedures and forms. The Unit provides answers to questions about UI procedures and conducts the quarterly Benefits Timeliness and Quality (BTQ) reviews of nonmonetary determinations.

Federal Desk

The Federal Desk in UI Benefit Procedures allows or denies claims filed under the Unemployment Compensation for Ex-military Personnel Program (UCX). It also

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assists with claims filed by federal civilian employees under the Unemployment for Civilian Federal Employee (UCFE) Program and responds to federal employer charge protests.

Combined Wage Claim (CWC) Unit

The Combined Wage Claim Unit administers Michigan's program that allows unemployed workers to increase benefit entitlement by combining wages earned in two or more states.

Interstate Program Coordinator (IPC)

The Interstate Program Coordinator acts as a liaison between Michigan and other states and the Department of Labor in regards to Interstate Benefit Claims and Combined Wage Claims. The IPC monitors reports and updates the IB Handbook and Vessel listing for Michigan. The IPC assists UIA employees with problems on Interstate Benefit and Combined Wage claims, and assists in implementing new applications on the ICON (Interstate Connection) system.

Trade Readjustment Allowance (TRA) /Special Programs Unit

The TRA/Special Programs Unit processes claims, issues decisions, and benefit payments to laid-off workers eligible for Trade Readjustment Allowances (TRA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA). These are workers unemployed due to increased imports or a shift in production to another country.

Benefit Systems Control

The Benefit Systems Control Unit acts as a liaison between users of the Unemployment Insurance Agency's automated systems and the Department of Information Technology. Their function is extremely complex in that it involves three separate yet interdependent systems: Benefits, Tax, and Income and Eligibility Verification System (IEVS).

Virtual Problem Resolution (ViPR) Team

Virtual Problem Resolution (ViPR) is a dedicated team responding to questions and resolving claims problems online through the password-protected Claim Portal. ViPR was imbedded within the existing password-protected Claim Portal. The Team is dedicated to resolving customer inquiries and issues using a holistic approach. Staff takes ownership of each claim and is committed to responding to every customer and resolving their question or concern within 48 hours. This Team was established in January 2010 as yet another way by which unemployed workers can receive service from the Agency.

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Employer Filed Claims (EFC) Unit

The Employer Filed Claims Unit ensures the processing of initial claims electronically filed for unemployed workers by their employers. EFC provides centralized support for all employer and unemployed worker participants by resolving and providing procedural and technical guidance. This Unit is responsible for all phases of the employer filed claims process.

Division of Trust Fund, Tax and Field Audit

The Division of Trust Fund, Tax and Field Audit is responsible for collecting taxes, administering and monitoring services to employers, investigating tax fraud, maintaining the integrity of the trust fund, and identifying employer non-compliance.

Trust Fund Accounting Section (TFAS)

TFAS performs accounting and financial reporting functions for the Unemployment Insurance Trust Fund. These functions include cash management, reconciliations, data integrity analyses, and Federal and State reporting. The Section is also responsible for processing returned benefit payments, lost/stolen affidavits, forgery affidavits, and refund checks to employers and unemployed workers.

Tax Office

The Tax Office administers the unemployment tax provisions of the Michigan Employment Security Act and services about 200,077 contributing and 5,270 reimbursing employer accounts. It determines an employer's tax liability, tax rate, collects current and delinquent unemployment taxes, and certifies employer wage and tax data to the Internal Revenue Service (IRS). The Tax Office also certifies job applicants who are eligible target group members to qualify employers for the WOTC Credits from the IRS.

SUTA Dumping Unit

The SUTA Dumping Unit is responsible for the detection of employers engaging in SUTA Dumping (unemployment tax avoidance to dump a higher rate for a lower one), educating the employer community about the law prohibiting the practice, the statutory penalties and the harm it causes, and enforcement of anti-SUTA Dumping provisions of the MES Act through audits and investigations. In accordance with USDOL requirements, the SUTA Dumping Unit will now be reporting the Agency's SUTA Dumping activity on form ETA 581.

Independent Contractor Unit

The Independent Contractor Unit is responsible for identifying employers who may be misclassifying employees as independent contractors. This Unit performs audits and investigations to bring employers into compliance and ensure that employers are in compliance with the Michigan Employment Security (MES) Act and Administrative Rules.

Misclassification Task Force

Governor Jennifer Granholm created the Interagency Task Force on Employee Misclassification on February 1, 2008, to coordinate enforcement across state departments when an employer misclassifies a worker as an independent contractor instead of an employee. Employee misclassification

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significantly harms Michigan taxpayers because employers that misclassify employees illegally avoid financial obligations to the State of Michigan, employee misclassification is unfair to the overwhelming majority of Michigan job providers who play by the rules because law-abiding businesses are placed at a competitive disadvantage compared to those who avoid their legal obligations, and employee misclassification significantly harms Michigan workers who are deprived of their important legal rights and protections. The Task Force has held public hearings and meetings to take testimony on the concerns of misclassification. Annual reports have been issued to the Governor.

Field Audit Section

The Field Audit Section performs audits and investigations to ensure employers comply with the MES Act. Audits are randomly selected or based on referrals. The Section also conducts SUTA Dumping investigations. The Section further resolves issues related to covered employment or "blocked" claims that require an investigation by a Field Auditor.

Tax Enforcement Unit (TEU)

The Tax Enforcement Unit is responsible for the collection of delinquent taxes, interest & penalties, through the use of collection tools such as warrants. The Unit is also responsible for investigating employers referred from Field Audit, Tax, the Office of the Attorney General, SUTA Dumping, and Independent Contractor Units for noncompliance of the Michigan Employment Security Act and the Administrative Rules.

Special Projects

Special Projects is responsible for procedure writing, training, quality assurance, and acts as resource persons for Tax Office, Tax Enforcement, SUTA and Independent Contractor Units.

Employer System Support (ESS)

Employer System Support (ESS) is a liaison Unit between the business areas in Trust Fund, Tax & Field Audit (TFTFA) and the Department of Technology, Management, and Budget (DTMB). In this capacity, they develop business requirements for system changes, communicate those changes to DTMB, and perform user acceptance testing for the DTMB changes. They also develop and/or update automated Tax Office forms, provide customer support for the on-line services offered to employers, provide management reporting, perform quality assurance for the Tax Office, prepare and facilitate training in conjunction with the Center for Learning and Development, and perform administrative duties for the division.

Employer Customer Relations Unit

The Employer Customer Relations (ECR) Unit is responsible for providing customer service to the employer community. ECR answers employer questions regarding benefit eligibility, protests and appeals, employer account and other general unemployment and tax-related questions. The Unit mails out requested forms and brochures to its customers and refers customers to other departments and agencies as needed. The ECR Unit assists in marketing and educating the employer community on the various employer related services the Agency offers. The ECR Unit also solicits employer feedback on our services and applies that feedback to improvement recommendations.

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Office of Management Services

The Office of Management Services (OMS) Division serves as the liaison with DELEG on budget, finance, purchasing, contracts and human resource issues, as well as the United States Department of Labor (USDOL) regarding the Federal budget and grant funding. These functions are handled in the Central Support Unit. In addition, OMS is responsible for strategic planning, Training, Fraud, and the Integrity Units. The Unit is responsible for collection, investigating, and analyzing data pertaining to all aspects of the Agency's' tax collection and benefit payment operations, impacting all major functional areas within the organization. In addition, OMS is responsible for the Oakman Multi-Service Center which handles all of the mailing, printing, publishing, and distribution for the UIA. The OMS Division also directs and implements special projects and services as liaison with other appropriate agencies to coordinate UIA activity.

Additional Agency Components (Offices)

Administrative Law and Rules Section – This Section provides interpretations of law for UIA staff and the public, drafts proposed legislation and administrative rules, analyzes the impact of proposed unemployment insurance legislation, provides education to the public through seminars and publication of the UIA Employer Handbook, advises staff in matters related to SUTA Dumping and Misclassification of Wages, and represents the Agency at selected administrative law hearings conducted by Administrative Law Judges and by the Michigan Employment Security Board of Review.

Attorney General – The Office provides UIA with legal representation in court, prosecutes cases involving fraud, and seeks repayment of benefits.

FUND SOURCE:

U.S. Department of Labor, Employment and Training Administration

U.S. Department of Labor, Unemployment Insurance

Reed Act funds

American Recovery and Reinvestment Act

LEGAL BASIS:

Public Law 104-208 Funding Provisions for State UI Administration activities

Michigan Compiled Laws, Section 421.1, et seq.

The Work Opportunity Tax Credit Program was created by the Small Business Job Protection Act of 1996 (P.L. 104-188).

Trade Readjustment Act

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CUSTOMER IDENTIFICATION:

- Advocates
- Attorney General staff
- Chamber of Commerce
- Citizens of Michigan
- Communities
- Congress counterparts in the states
- Courts
- Departments within the State of Michigan
- Employer representatives/organizations/associations
- Employers
- Federal agents
- Executive Branch Officials
- Michigan Works! Agencies
- News media
- Partners with other governmental entities
- State Legislature
- UIA employees
- Unemployed workers and the underemployed and Interstate unemployed
- Unions
- Universities
- United States Department of Labor (USDOL)

CRITICAL GOALS/MAJOR OBJECTIVES and RESULTS

Program Goals:

GOAL 1

Technology Enhancements

The objective/goal will be completed by the projected date.

1.1 Objective: CAMS (Case Audit Management System) Phase 3

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Develop and implement an automated system with a data base that will allow the sharing of information between various Agency crossmatch programs and integrity investigations, in order to identify fraud patterns and major integrity issues.

<u>Highlight Status</u>	<u>Strategy</u>
G r Green	<p>This tracking system will also be designed to provide comprehensive integrity reports. There are three CAMS implementation phases. Phase 1, completed in FY2008, collects and reports on data from the UIA Benefit-Wage Crossmatch, the National Directory of New Hires Crossmatch, and the Drivers License/Identity Crossmatch. Phase 2, was completed in 2009 which replaced and enhanced the previous Benefit Fraud Investigation's individual case tracking system and brought the group's activities within the CAMS system. In Phase 3, the Integrity Initiatives group will use CAMS to generate reports to review UIA information for specific integrity areas of interest, such as multiple claims with the same/nearly the same addresses or same telephone numbers used to file multiple claims.</p> <p><u>Comment</u> CAMS was fully implemented with the creation of a data mining group in 2010. The use of the CAMS data is expected to result in the reduction of benefit overpayments and fraud.</p>

1.2 Objective: Electronic File Submission of Wage Detail Reports

As part of the Tape Drive Elimination project - for cost savings and keeping up with technology, UIA is transitioning to online file submission as another method of transmitting employer, vendor, and federal/state agency data.

<u>Highlight Status</u>	<u>Strategy</u>
G Amber	<p>The transition of payroll service providers and employers from filing wage detail reports by tape to online electronic file submission methods continued with much success in 2009. Only one company, doing business under two names, remains in transition and these service providers are scheduled to test their programming in December 2009 and file actual 1st quarter 2010 data by 1-25-2010. Efforts will continue into FY 2010.</p> <p><u>Comment</u> Due to legislative and program changes which required DIT resources and changes in business requirements, this initiative has not been completed. Efforts will continue in fiscal year 2011.</p>

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1.3 Objective: Employer Special Projects

Special Projects requested several system enhancements in the past that will facilitate consistency and timeliness when making adjustments to employer accounts or responding to their requests. These service requests will make the Agency better prepared when presenting exhibits and evidence at hearings.

This is connected to our quality assurance efforts and must be pursued in FY 2010.

- 1) Automated Statement of Accounts will reduce user errors because the financial information is pulled directly from the system.
- 2) Automated consolidation of tax accounts or merger of tax accounts will mandate no manual transactions on the Agency's part.
- 3) Correction of several system processes that do not match the letter of the law have also been requested.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u> Special Projects planned several system enhancement projects to alleviate many manual processes that were corrupting the database.</p> <p><u>Comment</u> Current status for the Automated Statement of Account is DTMB staff is waiting on sample accounts to work with. Expected response to DTMB is by 12/31/10. Once DTMB has done their initial testing, this will be turned over to ESS staff for additional testing. Expected completion of this service request is FY 2011.</p> <p>For Automated consolidation of tax accounts, there is currently no resource available in DTMB to undertake this service request. Therefore, it will become part of the Agency rewrite project.</p> <p>A re-evaluation of system processes will be done in FY 2011 to identify which issues to include in the Agency rewrite project.</p>
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1.4 Objective: Work Opportunity Tax Credit (WOTC) System Upgrades

WOTC gives employers federal tax credits for hiring certain workers who typically have difficulties in finding employment. The Unit is to be updated from paper intensive processes to automated processes.

<p><u>Highlight Status</u></p> <p>Green</p>	<p><u>Strategy</u></p> <p>Meetings to diagram the verification process between DHS and UIA have been completed. Suggestions were made to change the imaging system and to further automate the workflow process.</p> <p><u>Comment</u></p> <p>Project was put on hold in 2008 until August 2009 when DHS completed system upgrade.</p> <p><u>Update</u></p> <p>The automation between DHS and UIA was completed May 2010.</p>
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1.5 Objective: Employer Database Cleanup – 2 year project

Identify inaccurate information on database and manually review to determine errors and correct. Submit service requests to prevent any further incorrect data from being entered.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Through the data validation project, continue to identify inaccurate information on the database, request the appropriate system changes to prevent any further incorrect data from being entered, and manually review existing data errors to determine the appropriate corrections.</p> <p><u>Comment</u></p> <p>Tax populations 1, 2, and 3 have already been completed. Due to the legislative and program changes which required DIT resources, populations 4 and 5 have not been addressed. They will be addressed in fiscal year 2010.</p> <p><u>Update</u></p> <p>Work on the necessary automations for Field Audit that is the precursor to being able to complete population 5 has begun and will continue in fiscal year 2010. Work on population 5 is being done concurrently with the Field Audit automations.</p> <p>Work on population 5 will be completed by December 31, 2010. A validation file will be submitted in June 2011 to USDOL. Work will then begin to clean-up the data validation file for population 4.</p>
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1.6 Objective: Employer System Support

Objective: The following system enhancements implementation will be worked on by Employer System Support in FY 2010:

- 1) [EWAM for the submission of Form UIA 1110](#) for the Michigan tax credit available in FY 2010,
- 2) [Automated enrollment process for EWAM](#) to increase employer usage of the services,
- 3) Michigan Business One Stop project to [enhance the on-line tools provided to employers](#),
- 4) [Automated personal tax lien process](#) to enhance collections of delinquent taxes, and
- 5) [Automated termination process for reimbursing employers](#) to comply with TPS guidelines.

<u>Highlight Status</u>	<u>Strategy</u>
 Green	<p>This initiative includes changes to the automated system in the form of new computer programs, modified screen layouts, and new management reports.</p> <p><u>Comment</u></p> <ul style="list-style-type: none">➤ The EWAM modifications to accept and process Form UIA 1110 for the Michigan tax credit available in FY 2010 were implemented in May 2010.➤ An introductory letter was mailed to employers without EWAM accounts in November 2009 to let them know about EWAM and that an automated password would be sent to them stating two weeks after the mail date of the letter. An automated password generation process was created and activated. By December 31, 2009, all identified employers were sent a password letter.➤ Participation continues with Michigan Business One Stop to enhance the on-line tools provided to employers.➤ The addition of a personal tax lien process to enhance the collections of delinquent taxes was completed in June 2010.➤ An automated termination process for reimbursing employers to comply with TPS guidelines was implemented in January 2010.

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1.7 Objective: Tape Drive Elimination

Elimination of tape drives and substitution of another method for transmitting and receiving employer, vendor, and federal/state agency data as a cost savings and to update the technology used.

<u>Highlight Status</u> G Amber	<u>Strategy</u> Convert tape cartridge tax rate exchange process to a file transfer protocol. <u>Comment</u> Due to legislative and program changes which required DIT resources, this project has not been addressed. <u>Update</u> This item is still on hold for DTMB resources and will most likely end up being part of the Agency system rewrite project.
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1.8 Objective: MISDU (Michigan State Disbursement Unit) Friend of the Court Electronic Payments

The UIA currently issues paper checks to MISDU for child support payments withheld from unemployed worker's benefit payments. With the current claims load, the Agency is issuing over 20,000 paper checks a week to MISDU.

<u>Highlight Status</u> G r Green	<u>Strategy</u> The UIA will work with IT and staff at MISDU to develop a more cost effective and efficient way of forwarding child support payments to MISDU. The preferred method will involve sending MISDU an electronic file of all the payment info, and then sending an ACH wire transfer of the funds owed. This method will allow MISDU to process the electronic file without having to manually process, and will enable UIA to submit the funds without having to issue paper checks. The result will be a significant cost savings for the State of Michigan. <u>Comment</u> Implementation occurred in December 2009 as planned. Since then, the UIA has submitted 852,496 payments to MISDU via Electronic Funds Transfer for a total value of \$110.1 million. The total cost savings to date is \$420,433.
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1.9 Objective: Benefit Collection Software

Implement collection software that assists in overpayment collection activities by automating various components of the process which will allow a more efficient use of staff resources and higher restitution recovery rates.

<u>Highlight Status</u>	<u>Strategy</u>
G Amber	<p>Objective: Implement collection software that assists in overpayment collection activities by automating various components of the process which will allow a more efficient use of staff resources and higher restitution recovery rates.</p> <p><u>Comment</u> This objective was not met in FY 2010. A Supplemental Budget Request was made to USDOL to fund the purchase, implementation, and maintenance of software, but was not granted. In addition, IT resources were not available for this initiative due to the Unemployment Insurance System Rewrite and other priorities. Funding and IT resources are being explored for FY 2011 for this purpose.</p>

1.10 Objective: Auto-Coder

11/17/2010

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To provide a more accurate occupational code for unemployed workers filing claims for purposes of employment and job placement, as well as for the statistical data necessary for state economic development.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Develop plan to introduce Auto-coder into the business process and technical infrastructure by meeting with IT staff to discuss implementation issues and system deployment alternatives. Contact USDOL ETA for delivery of the Auto-Coder software. Develop and install Auto-Coder application software on the UIA Claims Entry Desktop Application.</p> <p><u>Comment</u></p> <p>The implementation of Auto-coder in the claims filing process has not yet been completed. Due to other critical and time-sensitive priorities, such as implementation of the EUC, EB and FAC programs, technology resources had to be diverted. Auto-coder is a priority on the Agency's technology development and implementation list, due to its impact on re-employment services. At the present time, the current software version is incompatible with state standards of security and the vendor is trying to remedy the situation. The project is impacted by a decision to act on a recommendation to move to the Auto-Coder software version.</p>
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GOAL 2
System Redesign

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PROGRAM: Unemployment Program

The objective/goal will be completed by the projected date.

2.1 Objective: Unemployment Insurance System Redesign

Continue to work with the Department of Information Technology and the Department of Management and Budget completing the RFP process.

<u>Highlight Status</u>	<u>Strategy</u>
 Amber	<p>The Agency's System Integration project will continue throughout FY 2011. The project goal is to upgrade as well as integrate the Benefits, Adjudication, and Tax systems into one cohesive system. This involves the integration of all current systems throughout the entire unemployment insurance program.</p> <p><u>Comment</u> The Agency began working with a vendor, CSG Government Solutions, in late February of 2010 and established a Project Management Office (PMO) for the system integration project. A project plan for Phase 1 was developed and implemented. CSG and State of Michigan (SOM) project staff worked to perform an assessment of other state UI system solutions to determine if customizing another state system is a viable option for Michigan, including publishing a Request For Information and hosting respondent presentations (completed in June, 2010). The major output from phase 1 of the plan was development of a Design, Development and Implementation (DDI) Request for Proposal (RFP). The RFP for the Development & Implementation vendor was completed 9/28/2010 (published 10/14/2010). The project plan calls for the award of the DDI Vendor contract in late April of 2011, and the DDI team in place by June of 2011. The project is on schedule.</p>

GOAL 3

Integrity Initiatives

The objective/goal will be completed by the projected date.

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3.1 Objective: TFT&FA Automation of Field Audit Data

Objective: System changes to collect and report data for field audit investigations. These changes will also automate the ETA 581 report data for field audit and allow for data validation of this area.

<u>Highlight Status</u> G Amber	<u>Strategy</u> This initiative includes changes to the automated system in the form of new computer programs, modified screen layouts, and new management reports. <u>Comment</u> Due to legislative and program changes which required DIT resources and changes in business requirements, this initiative has not been addressed. It will be addressed in Fiscal Year 2010. <u>Update</u> This project is now actively being worked and will be completed by December 31, 2010.
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3.2 Objective: Department of Corrections (DOC) Crossmatch

Automated crossmatch program to identify participants in the Youth Offender Program with those participants who have returned to work by crossmatching participants with UIA wage record data.

<u>Highlight Status</u> G Amber	<u>Strategy</u> This identifies youth offenders who have become employed. Completion date on this goal depends on resources from the other Agency, but estimated completion date is by July 2010. <u>Comment</u> Due to legislative and program changes which required DIT resources and changes in business requirements, this initiative has not been addressed. It will be addressed in the System Rewrite Project.
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3.3 Objective: Tax Collection

Increase the number of legal referrals per collector per month to the Attorney General's Office to take judgment against new delinquent employers.

Develop a collaborative effort between the Collections Unit and Tax Enforcement Unit.

<u>Highlight Status</u>	<u>Strategy</u>
 Amber	The Collections Unit has ten experienced collectors and hired four additional collectors in June 2010, who are still in training. The supervisor of the Collections Unit increased the number of legal referrals from the current two per collector each month to three per collector per month for a total of 30 legal referrals each month effective January 1, 2009. By March 2011, the four new collectors will be fully trained and start production. The number of legal referrals will increase to 40 for each month

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	<p>thereafter.</p> <p><u>Comment</u> The change in the number of legal referrals per collector from 2 to 3 was implemented in January 2009. The collectors are also cleaning up delinquent accounts assessed but unliened by issuing manual liens.</p> <p>The discussion with the Enforcement Unit was completed and a process was finalized. However, with the change in priority, the process will be revisited in January 2011. The goal is to clean-up all delinquent accounts so the implementation of the process will go smoothly.</p> <p><u>Update</u> Every month effective January 2009, each collector reviews 20-50 delinquent accounts and will identify the accounts that are a candidate for legal referral. Each week, three-five civil suit letters are mailed by each collector. Because the employer is given 30 days to cure the delinquency, the collectors while waiting for the 30 day period to pass, will continue to review delinquent accounts to add to the inventory of reviewed delinquent accounts. After the 30 day protest period has expired and the employer fails to cure the delinquency, each collector will prepare the legal referral and submit to the senior Account Examiner for review.</p>
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3.4 Objective: Tax Enforcement Unit

We plan to coordinate efforts with the State of Michigan Department of Treasury to share their Discontinuance of Business Form. These forms will then serve as source documents for us to inactivate the employer accounts that have (8) estimated quarters in the UIA 3270 system. This will significantly reduce the accounts on the Delinquent Run Report.

<u>Highlight Status</u>	<u>Strategy</u>
Green	TEU revised their strategy in obtaining Discontinuance Forms from the Department of Treasury. We took an alternative route by revising our criteria and format. We streamlined the process by creating a fill-in the blank form. This process has allowed us to complete reports on uncollectible accounts in a

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	<p>timelier manner, thus reducing the accounts on the Delinquent Run report.</p> <p><u>Comment</u> This revised strategy was initiated in March 2010. It has streamlined the process. It has also been effective in reducing the number of accounts on the Delinquent Run Report.</p>
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GOAL 4

Expanded Training

The objective/goal will be completed by the projected date. The objective/goal will be completed by the projected date.

4.1 Objective: Tax Training

Objective: Complete training materials for all modules in conjunction with the Center for Learning & Development. Ensure that all staff has been trained and provide refresher training on an as-needed basis and when feasible, make available operating procedures on the Intranet for staff use.

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<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <ul style="list-style-type: none">➤ Update all training reference materials to include law changes and new issues.➤ Finalize all updated operating procedures for posting on Intranet.➤ Complete procedures on Bankruptcy and Redetermination of Notice of Assessment (new) in Collections.➤ Finalize procedures for Team Support. <p><u>Comment</u></p> <ul style="list-style-type: none">➤ Refresher training was given on Tax Rates, Tax Liability, Account Maintenance and Secretarial/Duty.➤ Collection refresher training was completed in October.➤ All staff, which included Tax Enforcement, SUTA/1099 and Field Audit, was trained on Tax related matters.➤ All training reference material has been updated to include law changes and new issues.➤ Refresher training was given in all functional areas. <p><u>Update</u></p> <p>All refresher training was completed in FY 2010 with the exception of Collections which will be completed by 12/31/2010. New hire Collections/Tax Enforcement training was completed in April 2010.</p>
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4.2 Objective: Learning League

The Center for Learning and Development (CLD) will continue to increase the training skills and ability of Agency subject matter trainers, Learning League members. CLD has upgraded their Train the Trainer Program for Learning League members.

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<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>We will identify courses for development of Learning League members based upon assessment and industry learning and development standards. Develop training track based on courses identified. Prepare course resources and materials.</p> <p><u>Comment</u></p> <p>The HRD assigned to this Objective has been reassigned to the Agency's number one priority area, the System Rewrite. The HRD who has been given the assignment continues with the preparation of materials.</p>
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4.3 Objective: Level 3 Training Evaluations

The Center for Learning and Development (CLD) will continue to assess the transfer of knowledge learned during training class(es) and then applied or transferred when performing on the job using the Level-3 evaluation process.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Two training programs have been selected as evaluation targets. Our CLD Evaluation Coordinator prepared surveys for locations to implement. The results will be sent to the Evaluation Coordinator for the preparation of an evaluation summary, with results out to the management team no later than December 31, 2010. The first Level-3 evaluation was completed for a customer services improvement process that CLD coordinated on behalf of and in collaboration with the BOC Unit. The second Level-3 evaluation process was completed to evaluate the seven (7) days, new hire training initiative.</p> <p><u>Comment</u></p> <p>Level 3 evaluations conducted on these programs: New Hire Training / 7 day program and New Hire Training / 14 day program. The evaluations were completed in the Lansing, Saginaw, and Grand Rapids Remote Initial Claim Centers, and the summaries have been completed. The results are on target to be released no later than December 31, 2010.</p>
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GOAL 5
Communications.

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The objective/goal will be completed by the projected date.

5.1 Objective: Employer Customer Relations

Plans to be developed in FY 2010 are as follows: execute an outreach plan to promote UIA's updates to the employer community by March 2010 (this will be on-going as business practices dictate), expand the Employer Listserv (email database) capabilities which would allow employers and/or employer groups to subscribe and receive employer related updates from the Agency, by September 2010, and develop a series of Employer Seminars to educate the employer community on various unemployment topics, to be completed by 12/31/2009.

<p><u>Highlight Status</u></p> <p>Green</p>	<p><u>Strategy</u></p> <ul style="list-style-type: none"> ➤ Develop an email database to use in our outreach effort to communicate UIA's updates to the employer community. ➤ Increase the number of subscriptions to the Employer Advisor newsletter by promoting the Employer Advisor newsletter at various events. ➤ Develop a series of Employer Seminars for the employer community. ➤ Ongoing. <p><u>Comment</u></p> <ul style="list-style-type: none"> ➤ Developed an ECR e-mail distribution list to use for various outreach efforts December 2009. Database is updated on an ongoing basis. ➤ Increased the subscriptions to the Employer Advisor by almost 100% (nearly doubled the number of subscriptions). ➤ Developed the Employer Seminar agenda by December 2009. A schedule of the 2010 series was released by Spring 2010 for a June 2010 launch. The 2010 series of UIA Employer Seminars concluded October 2010.
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5.2 Objective: TFTA&FA Self-Help Tutoring

Develop reference materials created for self-help and hands-on tutoring for the Division of Trust Fund, Tax, and Field Audit. Resources must be readily available for staff to seek assistance for themselves when questions arise. Staff, through on-going automatic alerts should be encouraged to

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avail themselves
of these on-line and self-help applications right at their own work stations.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Staff needs to have readily available reference materials or resources to locate the necessary information which will improve the speed of customer services rendered and reinforce and promote furthering staff skill levels.</p> <p><u>Comment</u></p> <p>A new Intranet portal for the division is being created to provide self-help materials to staff in the Division of Trust Fund, Tax, and Field Audit. This portal will provide access to procedures, policies, training materials, resource materials, such as tax interpretations, court cases, and forms. Expected completion date is FY 2011.</p>
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5.3 Objective: Operating Procedures for Field Audit, TFAS, SUTA/Independent Contractor, Enforcement and Tax.

Complete Tax Office Manual procedures. All staff will receive updated procedures and Operating Procedures will be posted to the Intranet when completed.

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<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <ul style="list-style-type: none"> ➤ Finalize updated manual procedures and post on the Intranet operating procedures. ➤ New functionality added to this Unit is Quality Assurance. This entails a detailed review of multiple accounts and processes affecting those accounts. ➤ Currently, all procedures in the division will be completed by December 2011. <p><u>Comment</u></p> <ul style="list-style-type: none"> ➤ The completion of the Tax Office procedures was previously assigned to a different Unit outside of the Tax Office but within the division of Trust Fund, Tax, & Field Audit. Because this project was transferred to the Tax Office just in July 2010, the expected completion date will not be until the end of 2011.
	<p><u>Update</u></p> <ul style="list-style-type: none"> ➤ Tax Enforcement has completed an additional 30% of procedures in FY 2010. ➤ Trust Fund Accounting has completed 60% of procedures with an expected completion date of Dec 2011. ➤ TFAS is still working on new procedures, which was delayed due to the 4 new Federal Extensions. ➤ Collections Procedures – projected to be completed by April 30, 2011. ➤ Secretary/General Office Assistant Procedures – projected to be completed by May 31, 2011. ➤ Independent Contractor Procedures – projected to be completed by May 31, 2011. ➤ Work Opportunity Tax Credit Procedures – projected to be completed by June 30, 2011. ➤ Liability Procedures – projected to be completed by July 31, 2011. ➤ Team Support Procedures – projected to be completed by August 31, 2011. ➤ SUTA Dumping Procedures – projected to be completed by October 31, 2011. ➤ Reimbursing Procedures – projected to be completed by November 30, 2011.

GOAL 6

Customer Focus

The objective/goal will be completed by the projected date.

6.1 Objective: Conduct Employer Survey of UIA Performance

11/17/2010

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To measure employer perceptions of Agency performance and delivery of services to employer and unemployed worker customers, conduct a survey with a sample of 10,000 employers and compare the results with the last employer survey.

<u>Highlight Status</u>	<u>Strategy</u>
G Amber	<p>A focus group was assembled with management and staff from many parts of the Agency. After a couple of meetings, the focus group came to a consensus on a set of prioritized questions, per Director Stephen Geskey. These questions were formatted into a draft survey accompanied by a memo comparing the pros and cons of an online survey versus a survey mailed to a sample of 10,000 employers. The Surveys & Michigan Works! Agency (MWA) Outreach Unit is awaiting Executive Office approval to proceed with the survey and whether it will be an online or mailed survey instrument. Estimated completion date is June 2010.</p> <p><u>Comment</u> During FY 2011, UIA will leverage e-mail addresses from the entire Employer Advisor data base, and send an on-line survey to 50% of the employers..</p>

6.2 Objective: TAA Study

Michigan is participating in a US Department of Labor study on the effectiveness of the TAA/TRA Program – training programs, income support, trends, etc.

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<p><u>Highlight Status</u></p> <p>Green</p>	<p><u>Strategy</u></p> <p>In Michigan, this study involves UIA, the Bureau of Workforce Programs and the Michigan Works! Agencies. An initial database sweep was completed and sent to the contractor on 01/09/2008 for analysis. Two more database sweeps will be performed in 2009 and 2010. The UIA portion of the study will be completed following data base sweeps unless USDOL requests additional information.</p> <p><u>Comments</u></p> <p>Agency requirements completed.</p>
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6.3 Objective: Employer Customer Relations

Develop and implement the following plans by April 2010: to receive, assign and respond to employer emails in a timely basis, increase the percentage of assisted calls, and decrease the average response time.

<p><u>Highlight Status</u></p> <p>Green</p>	<p><u>Strategy</u></p> <ul style="list-style-type: none"> ➤ Developed a working procedure for monitoring and responding to employer emails. ➤ Evaluate and adjust staff break and lunch times to maximize number of staff on phones during peak call times. ➤ Added two staff as back-up who can login to the ECR phone lines during high call volume days. <p><u>Comment</u></p> <ul style="list-style-type: none"> ➤ All emails sent to EmployerLiaison@michigan.gov are responded to within 24 business hours. Most emails are responded to within the same business day. ➤ Staff answered on average 93.3% of all employer calls which is an increase from the prior year.
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6.4 Objective: Tax Office/Work Opportunity Tax Credit (WOTC)

Introduce WOTC to On-Line Services by having employers file a single application and/or multiple applications and view/print the determinations from the Internet which will decrease the use of paper and postage in mailing the determinations.

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<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Design and implement a WOTC Online Service for employers to file both single and multiple applications that are then automatically reviewed for exceptions, automatically verified for the new hire's target group membership, automatically processed to either certify or reject the application(s), and provide the employer with the ability to view and print the determinations in a log format.</p> <p>Secure mutual operating agreements that will totally automate the target group verification for Vocational Rehabilitation Referrals, Veteran target groups, Ex-felons convicted in Michigan, and the Designated Rural Renewal Community Residents.</p> <p><u>Comment</u></p> <p>This goal is in the process of being designed by DTMB in FY 2011 with a projected implementation date early FY 2012.</p>
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GOAL 7

Workload Management

The objective/goal will be completed by the projected date.

7.1 Objective: Adjudication Workload Management

Evaluate the Accepted Level of Performance (ALP) quarterly timeliness and establish measurable goals to improve the adjudication process for a two-year period.

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Improve the Agency's score of the Federal Acceptable Level of Performance (ALP) for Non-Monetary Timeliness to 50% by September 2011. Meet the ALP for Quality by September of 2012.

<p><u>Highlight Status</u></p> <p>G Amber</p>	<p><u>Strategy</u></p> <p>Continue to train and improve the adjudication skills of all examiners, maintain 250 full time writers, and continue mandatory overtime until the workload is reduced. Send only experienced staff to BTQ scoring to ensure our scores are accurate.</p> <p><u>Comment</u></p> <p>The Agency has developed a three year plan to achieve the Federal ALP for Non-Monetary timeliness. The Agency made tremendous progress toward meeting the Federal ALP through mid 2008. At the end of 2008 and much of 2009, the Agency's workload increased on average 70%. Also, in 2009, three Federal extensions were enacted that further increased the Agency's workload. In addition, the Work Distribution Center experienced equipment and software problems which caused a delay in scanning the documents that are needed to complete the adjudication process. These issues have resulted in the elimination of the workload gains. This goal will be updated based on new workload levels and additional benefit extensions. This objective will be continued in 2011.</p>
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7.2 Objective: Adjudication Timeliness

UIA expects to meet the USDOL acceptable level of performance of 80% for non-monetary separation and non-separation determinations by the end of fiscal year 2011; 50% for 2010.

<p><u>Highlight Status</u></p>	<p><u>Strategy</u></p> <p>Federal extension programs have been altered or increased on seven separate occasions necessitating program and procedure changes. A marked increase in customer contacts to file or to</p>
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<p>G Amber</p>	<p>inquire about the program changes required the allocation of staff resources to respond to telephone and internet contacts. The increase in claims resulted in a proportionate workload items that needed to be addressed by staff.</p> <p><u>Comment</u> Initiatives put into place during the American Recovery and Reinvestment Act (ARRA) program expirations and renewals resulted in decreasing pending adjudication workload from 107,000 issues in 2009 to 59,000 in May of 2010.</p>
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7.3 Objective: Postal Soft

Postal Soft, now known as IQ8, is software that validates mailing addresses to ensure proper mailing of decisions and documents, and to reduce returned mail and associated postage costs.

<p>G Amber</p>	<p><u>Highlight Status</u></p> <p><u>Strategy</u> Due to other critical and time-sensitive priorities, such as implementation of the EUC, EB, and FAC programs, technology resources had to be diverted, putting the implementation of Postal Soft on hold awaiting resources. The development progress status is currently listed at 40%, prior to being placed on hold. Expected implementation date is during FY 2011.</p> <p><u>Comment</u> Due to legislative and program changes which require DIT resources and changes in business requirements, this initiative has not been addressed. It will be addressed in the System Rewrite Project.</p>
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7.4 Objective: Restitution Collection Activity

Enhance unemployment worker restitution collection activity by utilizing a team of regulation professionals to enforce the terms of payment agreements and more aggressively collect restitution and penalties owed to the UI Trust Fund due to improperly obtained unemployment benefits.

<p><u>Highlight Status</u></p>	<p><u>Strategy</u> Enhance unemployed worker restitution collection activity by utilizing a team of regulation professionals to enforce the terms of payment agreements and more aggressively collect restitution and penalties owed to the UI Trust Fund due to improperly obtained unemployment benefits.</p>
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Gr Green	<u>Comment</u> The Benefit Enforcement Unit (BEU) was established at the end of FY 2010, with all staff hired and trained. The Unit is currently operating.
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7.5 Objective: Reduction of Duplicate 1020s

Reduce duplicate items in Error Suspense through review of every 1020 report that comes to the Tax Office before sending to the Lockbox. This will require Accounting Assistants to review 1020 reports before batching to go to the Lockbox. This is a manual review and ongoing until a program change is made to identify duplicate reports and write to an Error Report.

<u>Highlight Status</u>	<u>Strategy</u> The above objective is to catch the duplicate reports and remove the items from being processed by the Lockbox, thus reducing the number of items in the Error Suspense Report. However, a program
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<p>G Amber</p>	<p>change is required to have the system delete duplicate reports automatically.</p> <p><u>Comment</u></p> <p>There are only five Accounting Assistants in the Tax Office, Team Support Unit. With the high volume of mail to open, date-stamp, sort, distribute, and review documents to send to GSI for scanning, enter checks to the Check Register, process address changes, and process work items in AWDS, the Accounting Assistants cannot review every single 1020 report that comes to the Tax Office.</p> <p>At the time the Accounting Technicians review the Error Suspense Report, they will delete the duplicate reports.</p> <p>Currently, a Service Request has not been initiated. This will be part of the Agency rewrite project.</p>
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Processes/Services

Processes and services are developed based on the following:

- The state unemployment rate,
- Federal and State stakeholders,
- Collaboration with other states and implementation of federal mandates,
- Gathered and analyzed customer feedback based on the ease and ability to use the technology,
- Laws, rules, regulations, procedure manual, reports, unemployed worker and employee feedback,
- Employer hotlines,
- UIA staff requests,
- The Advocacy Program,
- Unemployed worker and employer Surveys, and
- Customer contacts.

PROGRAM EFFECTIVENESS and Efficiency (2010)

Program Goals/Metrics

See attached charts.

Performance Measures

Timeliness, Accuracy, and Customer Satisfaction as applied to:
Federal Reports,

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Answered Customer Calls,
Acceptable Level of Performance,
Tax Collections, and
Benefit Payments.

ViPR Team Measuring Instrument

Six months after launching the Virtual Problem Resolution (ViPR) Team - the UIA asked its customers, the unemployed workers, for their feedback through an online survey. Nearly 14,000 online surveys were emailed to recent ViPR users. The survey was completed by 17 percent of those contacted, and nearly 50 percent of respondents also provided written comments. Of the 2,400 respondents: 98 percent agreed that the online feature was easy to use, 94 percent agreed their issue was resolved in a timely fashion, and 93 percent agreed with the way responses were provided. The ViPR staff continues to meet or exceed the unemployed worker's expectations as evidenced by continued, unsolicited comments, and compliments received on an ongoing basis.

Program Improvements Made in FY 2010

- **Tax Performance System (TPS) Unit**-Adding an analyst to the TPS team to assist in the collection and auditing of Michigan's UI Tax System has proven to be a valuable addition to the efficiency of the federally required TPS review.
- **Benefit Enforcement Unit (BEU)**-Restitution collection activity has been enhanced with the addition of regulation professionals with the mandate of enforcing the terms of unemployed worker payment agreements and more actively pursuing the collection of restitution and penalties owed to the UI Trust Fund.
- **ViPR (Virtual Problem Resolution) Team** – The Team was established in January 2010 to allow unemployed workers, via a secure portal on the Agency's public website, another way to request and receive services. This online service can be accessed 24 hours per day, six days a week by unemployed workers to send inquiries regarding their claims to the Agency for resolution and response. Current staff members were redeployed from call centers to the ViPR Online Team, as unemployed workers began utilizing this online service instead of the telephone for assistance. Allowing contact with the Agency online provided yet another way for the unemployed workers to access services.
- **Trust Fund Accounting**-The UIA began submitting child support payments to Michigan State Disbursement Unit (MISDU) electronically in December 2009. By the end of September 2010, we issued over 850,000 payments, valued at \$110 million dollars to MISDU. This improvement not only represents a considerable cost savings to both UIA and MISDU, but also expedited the distribution of the funds to the recipients.
- **Work Opportunity Tax Credit (WOTC)** automated wage verification for the disconnected youth target group which helped the Unit

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because there was an increase in the number of applications received (20,860 more) when compared to FY09 and FY10, and automated the verification for the welfare, food stamp, and SSI target groups which applications increased by 9,499 when compared with FY 09. Also, an automated verification process between DHS and WOTC was implemented to streamline the WOTC certification process.

- **Webcasts**-Multiple employer and unemployed worker related webcasts were created and posted on the UIA website. These webcasts were designed to inform our customers about Agency programs and services, and in some cases, serve as guides or tutorials. There are 8,000 to 10,000 viewers per month.
- **Employer Seminars**-Twenty one seminars were held around the state for the employer community. The seminars educated employers on topics most frequently asked by employers. Through increased marketing, the seminars had 2,721 registrations for the 2010 series.
- **Employer System Support**-Developed and implemented a filing option for the Michigan tax credit into EWAM. An automated enrollment process for EWAM was implemented which resulted in the activation of almost 15,000 new EWAM accounts, a 43 percent increase in one year.

PROGRAM IMPROVEMENT PLANS FOR FY11

Goal 1: Technology Enhancements

1.1 Benefits Collection Software

Objective: Implement collection software that assists in overpayment collection activities by automating various components of the process which will allow a more efficient use of staff resources and higher restitution recovery rates.

1.2 ViPR (Virtual Problem Resolution) Team

Objective: A list of "Frequently Asked Questions" has been developed for inclusion in the Agency's online Claimant Portal site. It is expected that unemployed workers will be able to use this online feature to answer some of their questions, thus reducing inquiries by using self-help applications.

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1.3 Work Opportunity Tax Credits (WOTC)

Objective: - Phase 2 of DHS automation to issue certifications, and denials of applications that come back from DHS as verified.

1.4 Implement Agency Online Site for Electronic Repayment of Restitution and Penalties

Objective: To allow unemployed workers to repay restitution and penalties online by electronic check (EFT-Electronic Fund Transfer).

Goal 2: System Redesign

2.1 System Redesign

Objective: The Agency's System Integration project will continue throughout FY 2011. The project goal is to upgrade as well as integrate the Benefits, Adjudication, and Tax systems into one cohesive system. This involves the integration of all current systems throughout the entire unemployment insurance program. The major output from phase 1 of the plan was development of a Design, Development and Implementation (DDI) Request for Proposal (RFP). The RFP for the Development & Implementation vendor was completed 9/28/2010 (published 10/14/2010). The project plan calls for the award of the DDI Vendor contract in late April of 2011, and the DDI team in place by June of 2011.

Goal 3: Integrity Initiatives

3.1 Tax Enforcement Unit

Objective: TEU will continue to improve their collection efforts.

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3.2 Restructuring of Tax Collections Efforts

Objective: Restructuring of Division tax collection efforts by combining Tax Collection staff with Tax Enforcement staff thus creating the Tax Revenue Section. This will allow for coordinated and consistent responses and greater efficiency in the collections process.

3.3 Increase Detection of Benefit Overpayment and Fraud

Objective: The Benefit Payment Control (BPC) Unit has developed a plan to schedule the cross matching of benefits paid to wages earned each quarter with the fact-finding investigations and the resulting decisions completed by the next quarter. This will ensure that the benefit-wage cross match is conducted each quarter of a calendar year.

3.4 Electronic Repayments for Benefit Restitution

Objective: Allow benefit restitution repayments to be made online by electronic fund transfer via UIA's Claimant Web Account Manager (CWAM).

3.5 Implement the Federal Income Tax Refund Intercept for Delinquent Restitution Accounts with Fraud Penalties

Objective: To become a state participant in the Unemployment Compensation Tax Offset Program (UC TOP), another method of recovering restitution and penalties owed. UC TOP allows the application of a federal law permitting states to intercept federal income tax refunds to unemployed workers who owe restitution and penalties due to benefit payment fraud and who are delinquent in their repayments. For the first year of this enactment, Michigan will be one of the first states to implement this program, thus allowing UIA to receive benefit repayments.

Goal 4: Expanded Training

4.1 Learning Academy

Objective: Create a "Learning Academy" to compliment the training efforts in the Division of TFT&FA. Must develop scope,

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curriculum, and identify trainer(s). Develop schedules and standards to handle different classifications and work on logistics such as location.

4.2 Employer System Support

Objective: Create and implement a training program for TTFFA management/supervision. This program will include training classes available from Civil Service and CLD for improving management, communication, and planning skills. Develop and facilitate training programs which focus on performing quality reviews of completed work and using automated tools for managing workloads.

Goal 5: Communications

5.1 Employer Customer Relations

Objective: Plans to be developed in FY 2011 are as follows: ECR to expand relationship building with Michigan employer organizations/associations (such as Chambers of Commerce, trade organizations, Michigan Works! Business Services) by providing UIA information at various association meetings and conferences; ECR to draft an article in each Employer Advisor Newsletter that will address topics frequently asked through the Employer Hotline.

5.2 Create an Electronic Resource Book to aid Staff in Decisions on Issues

Objective: Develop a project plan for implementation of an electronic resource book for staff called the Benefits Book. This book will include resource documents that aid in the issuance of qualification and eligibility decisions on unemployment claims.

Goal 6: Customer Focus

6.1 Employer Customer Relations

Objective: Plans to be developed in FY 2011 are as follows: develop a series of Employer Seminars to educate the employer community on various unemployment topics requested by employers, and work with the Survey team on creating an Employer Survey to send out to those employers who call ECR.

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6.2 *Tax Office/Work Opportunity Tax Credit (WOTC)*

Objective: Design and Implement the Automatic printing of certifications and rejections for the welfare, food stamp, and SSI target groups and other target groups that can be automatically verified.

6.3 *Create an Online FAQ Section for Unemployed Workers*

Objective: To create a Frequently Asked Questions (FAQ) and Answers section for the Claimant Portal on the Virtual Problem Resolution (ViPR) site that unemployed workers can review first, before sending their online inquiry to the ViPR for response. The unemployed worker will select a topic the question may fall under and then several questions and answers will pop up. If this box does not contain their answer for the inquiry, the unemployed worker may still type out their question to the ViPR Team for response.

6.4 *Explore and Recommend Future Electronic Service Delivery Methods through Increased Use of Online Self-Service Features*

Objective: Through marketing increase the number of unemployed workers utilizing the Agency's online Virtual Problem Resolution (ViPR) Team for responses to inquiries and resolution of their issues. To also increase usage of current online self-service features (e.g., for change of address, to review payments made, etc.) and to recommend more features. Increased usage of these online services will decrease calls, mail, and faxes, allowing staff to perform other critical functions.

Goal 7: Workload Management

7.1 *Develop and Implement the Plan for Continuation or Discontinuance of the Federal Extension Programs*

Objective: To develop and implement procedures for the continuation or discontinuance of the Federal unemployment extensions, currently set to expire November 30, 2010, unless extended by Congress.

7.2 *To Ensure the Collection of Funds Due From Other States*

Objective: To collect funds due from other states for unemployment benefits paid by the State of Michigan on combined wage

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claims; claims filed in Michigan where wages have been earned that are combined with wages earned in other states to establish a claim.

7.3 *Resize Employer Filed Claims (EFC) Unit*

Objective: To re-evaluate the workload of the Employer Filed Claims (EFC) Unit and resize the unit and resources based on workload demands. This may result in redeployment of staff to other areas in need. Due to the economic downturn over the past couple years, with bankruptcies and downsizing by employers, massive lay-offs are no longer occurring as often as they have in the past, thus reducing the need for electronic submission of Unemployment applications for their employees.

CHALLENGES FOR FY11 and BEYOND

- **Staff Resources** – Current budget issues may not allow for additional staff. The challenge is to maintain customer service levels and timeliness with the current resources.
- **Benefit Payments** - Collecting enough taxes, interest, and penalties to pay UIA benefits.
- **Quality Assurance** - efforts have faced many obstacles in the past, especially due to the layers of supervision and their knowledge skills. This has to be worked on because inaccuracies and misinformation has a serious impact on customer service.
- **Systems Rewrite** – The Agency has begun the process to rewrite the benefit, adjudication, and tax systems. The challenge will be to continue the rewrite project, acquiring necessary resources, and staying on schedule with available funding. The current systems face critical risks due to its age within the next year due to support and service delivery issues. In the long term, this new integrated system is expected to yield efficient use of resources, staff reductions, and IT upgrades.
- **Reducing Workloads** – Due to the enormous economic challenges of the last several years, the incoming workload has increased to levels never recorded by the Agency. A major challenge for the coming year will be to continue to maintain production without significant backlogs. However, a number of support areas receive certain workloads at the end of their processes. Therefore, Internal Benefit Services will have higher workloads following the reduction of work in other Agency areas and as the claims load decreases with fewer new claim filings and the expiration of federal extensions.

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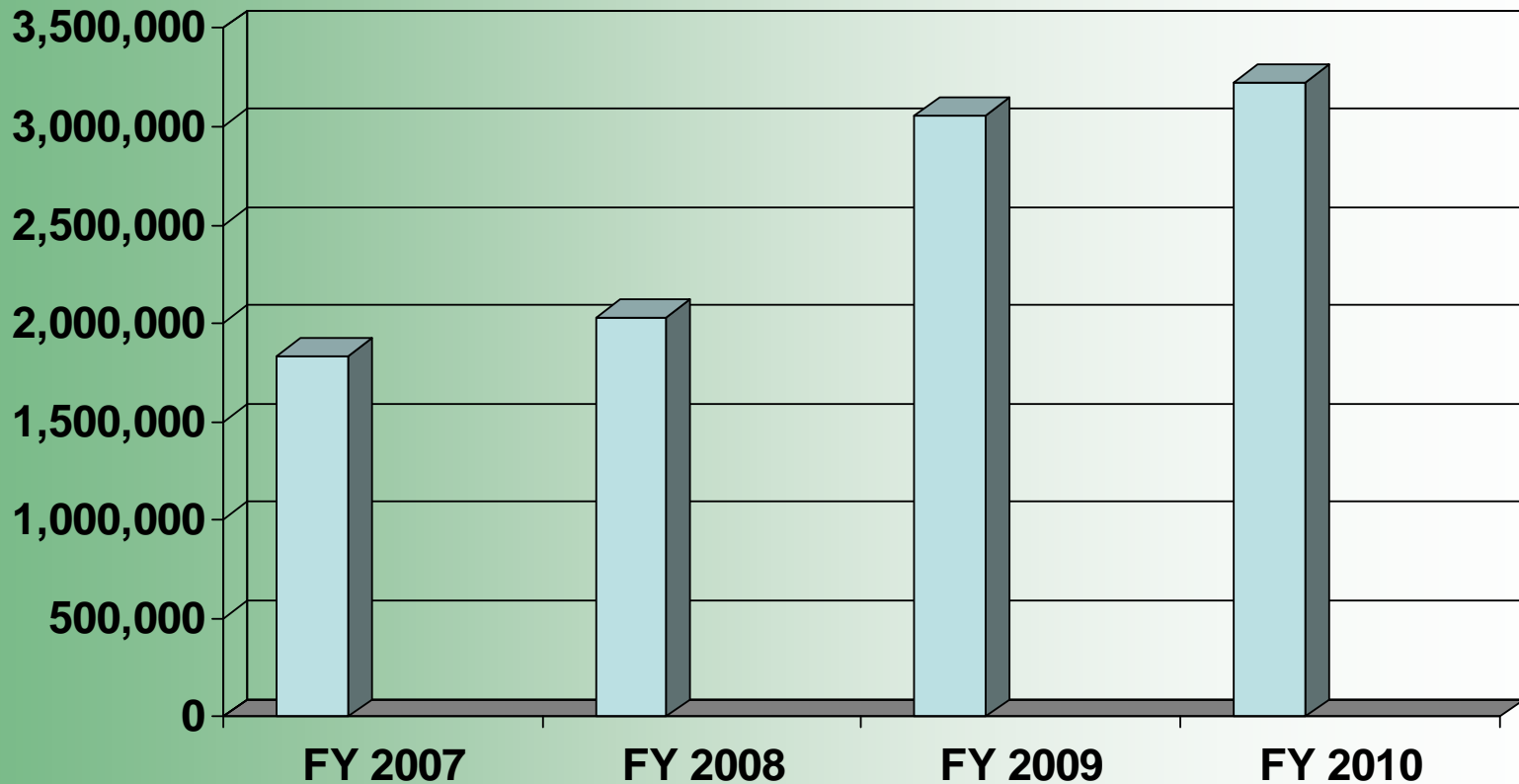
PROGRAM: Unemployment Program

- **Federal Funding** - The Unemployment Insurance Agency is in the process of reviewing our expenditures to achieve efficiencies as we anticipate a reduction in our federal funding. We have closed two offices in Livonia and Pontiac to reduce rent costs, and are making arrangements to move the Detroit RICC to the Cadillac Place building. The RICC move is expected to save us at least a million dollars annually in rent costs. We are dedicating resources to improve our mail and print services through the upgrading of equipment, reducing our postage fees and reducing our vendor charges. These initiatives to reduce postage costs and vendor charges are necessary as we have already seen reductions in our postage funding over the last few years and are expecting reduced funding levels for our production operations. The equipment we use to print documents that are mandated by federal guidelines will be upgraded, as we are seeing a substantial increase in required maintenance because of high-volume use and age. This activity will enable us to upgrade our equipment and reduce the number of envelopes we are processing. We expect to realize reduced postage costs that exceed \$500,000.00 in the first year of operation. We are exploring ways to utilize proven technology to reduce vendor-supplied manual processing. As we consolidate these functions, we expect to see approximately \$1.5 million in reduced vendor costs within 18 months. These changes will enable us to continue providing a high level of customer service, while also enabling us to gain efficiencies to meet the high levels of production expected.
- **Employer Filed Claims** - Due to the enormous economic downturn over the past couple years, it will be necessary to re-evaluate the workload of the Employer Filed Claims Unit and resize the Unit and resources on workload demands. This may result in redeployment of staff to other areas in need. Due to bankruptcies and downsizing by employers, massive lay-offs are no longer occurring as often as they have in the past, thus reducing the need for electronic submission of Unemployment applications for their employees.
- **Trust Fund** - During the economic down-turn, 31 states, including Michigan, borrowed money from the federal government to continue the legal obligation to make unemployment benefit payments when due. Michigan's outstanding principal balance is \$3.8B. Federal law governs the principal repayment process. While these are ordinarily interest bearing loans, the federal Recovery Act of 2009 waived the accrual and payment of interest through CY 2010 and Congress is considering extending the interest waiver provisions through CY 2012 (a number of organizations, agencies, and employers are urging Congress to pass the two year extension). If the interest waiver is not extended, interest payments will come due by September 30, 2011 and the UIA estimates that the outstanding interest charges will be around \$140M. At present, the UIA anticipates a \$68M shortfall in covering this interest expense, in the event the interest waiver provisions are not extended.
- **Tax Collections** - Low increase in collections of delinquent taxes due to downturn in the economy.
- **Employer System Support** - Limited availability of DTMB resources due to the on-going Agency system rewrite project.



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Unemployment Insurance Agency Customer Services Total Telephone Calls Received From Unemployed Workers



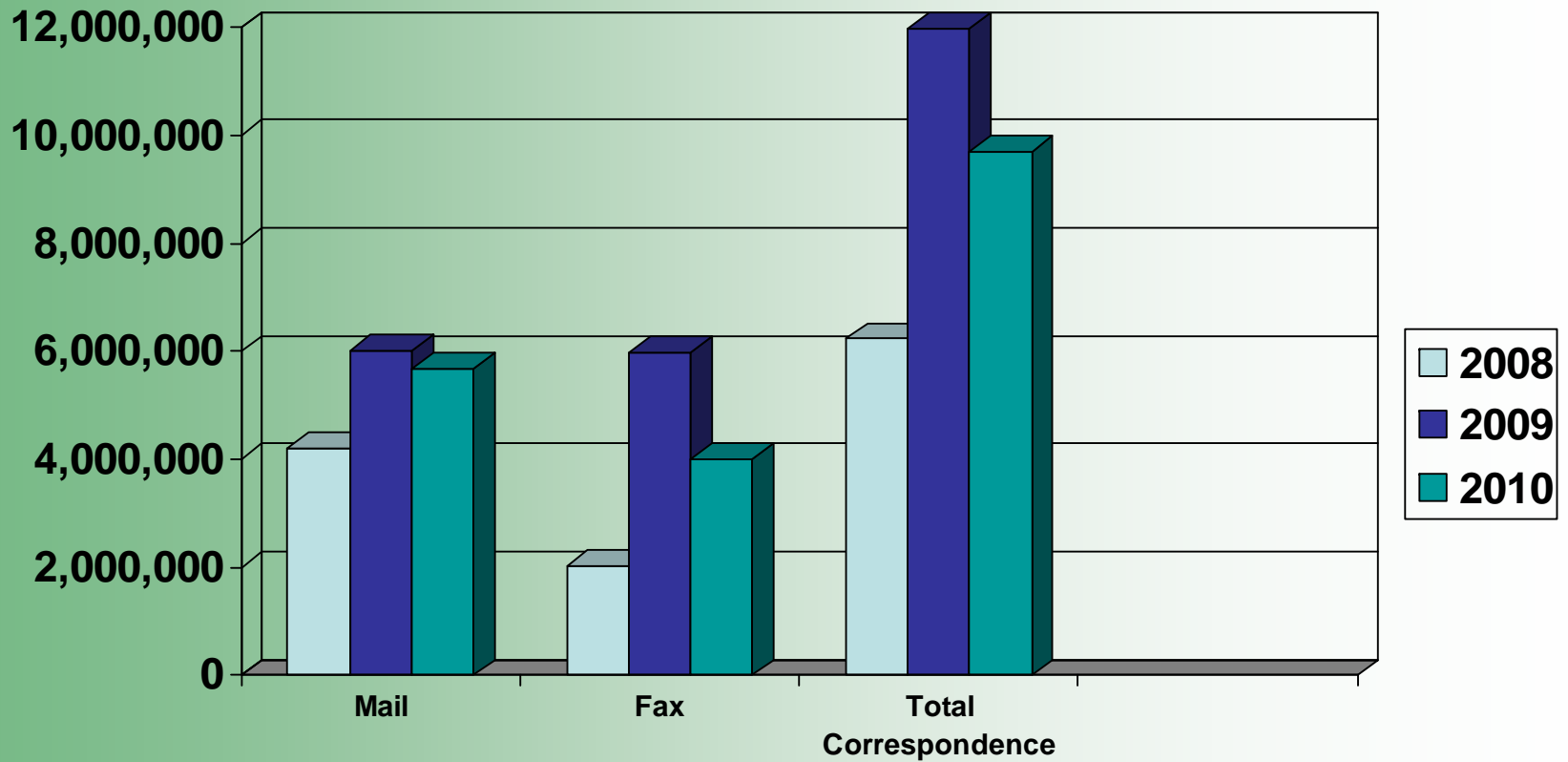
Comments:
Ninety three percent (93%) of total telephone calls were answered, with the exception during the three peak weeks.

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Unemployment Insurance Agency Customer Services Correspondence Handled By The Work Distribution Center

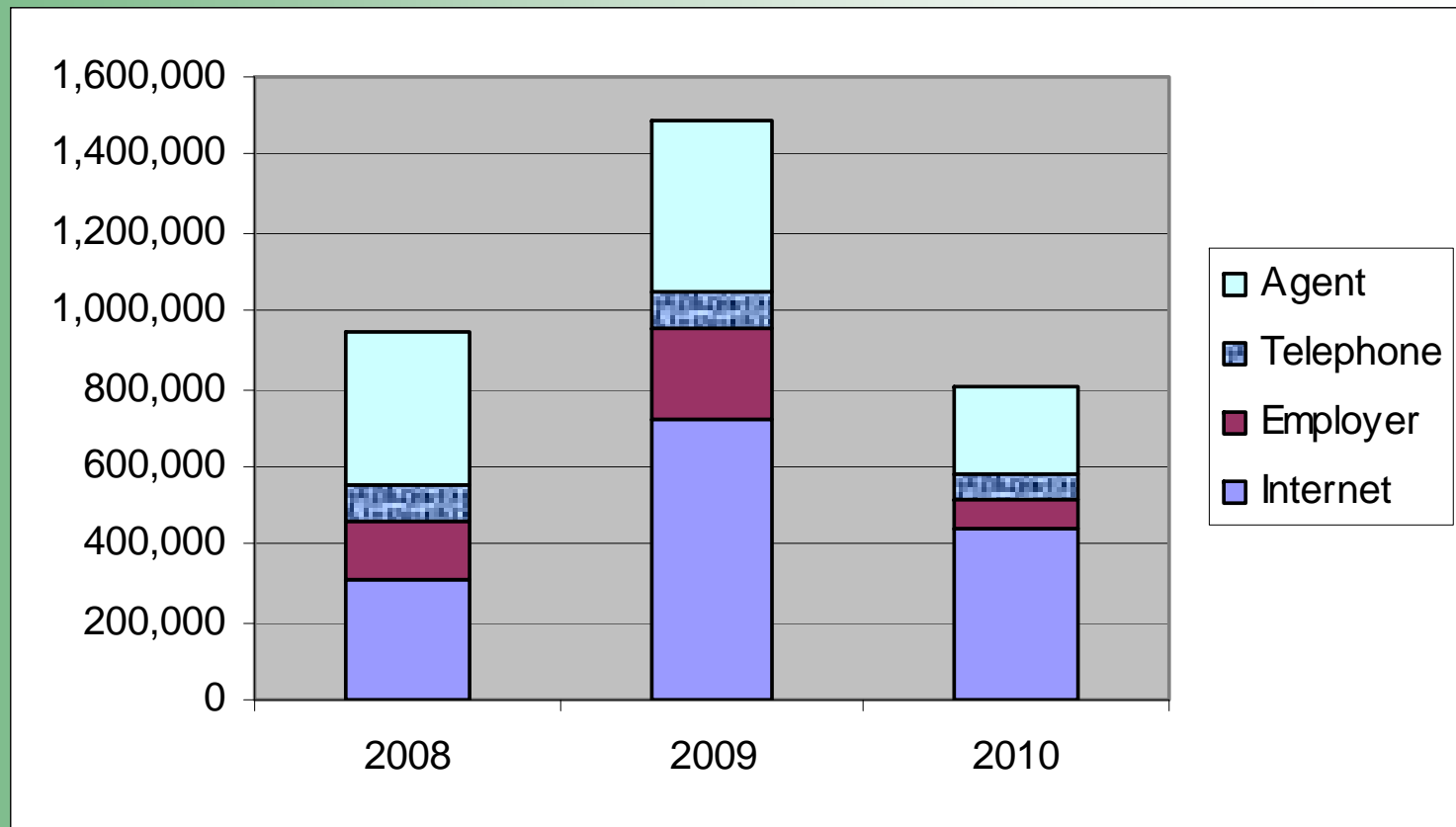


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Unemployment Insurance Agency Customer Services Claims By Filing Method

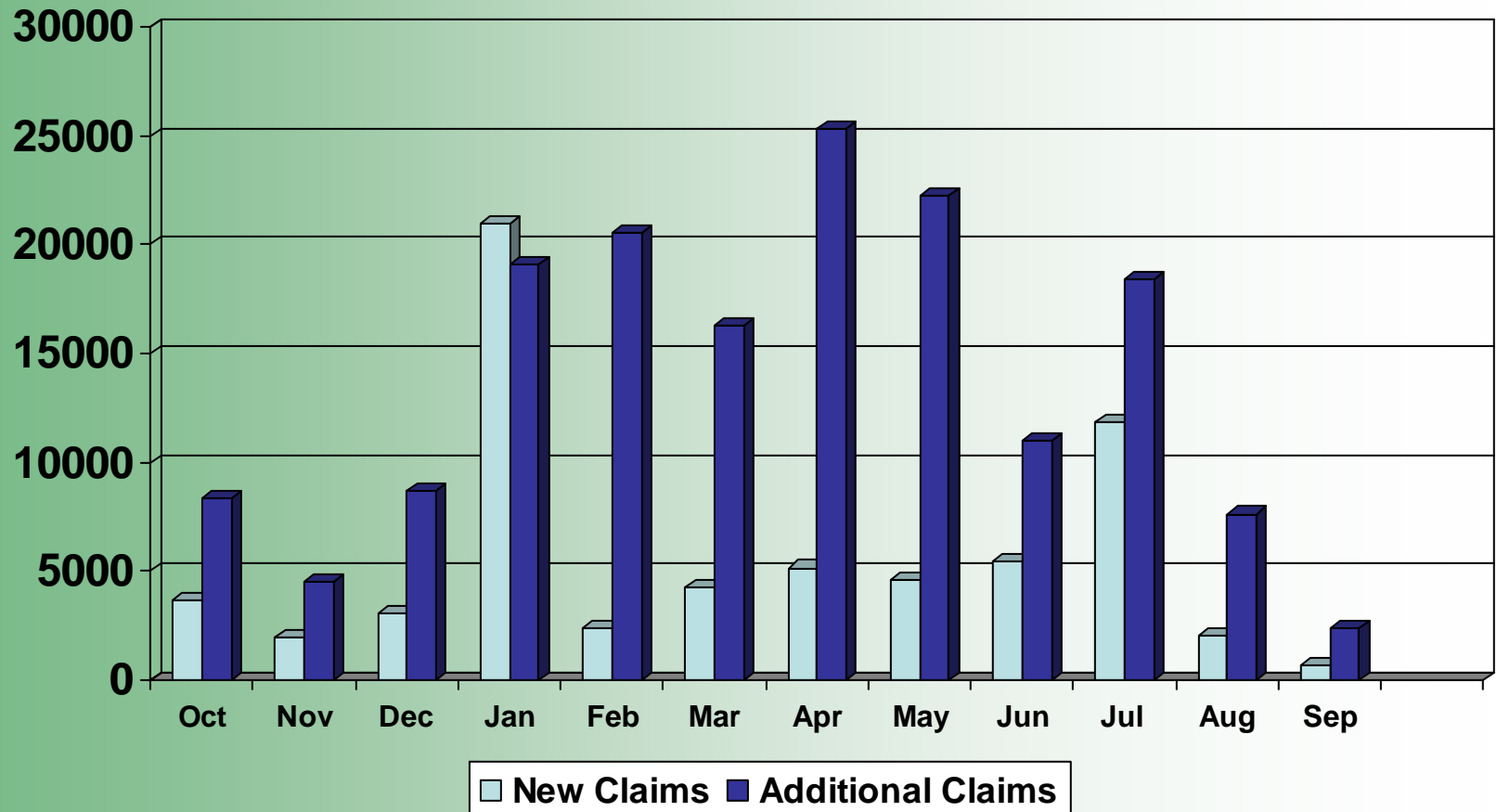


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Unemployment Insurance Agency Internal Benefit Services FY 2010 Employer Filed Claims



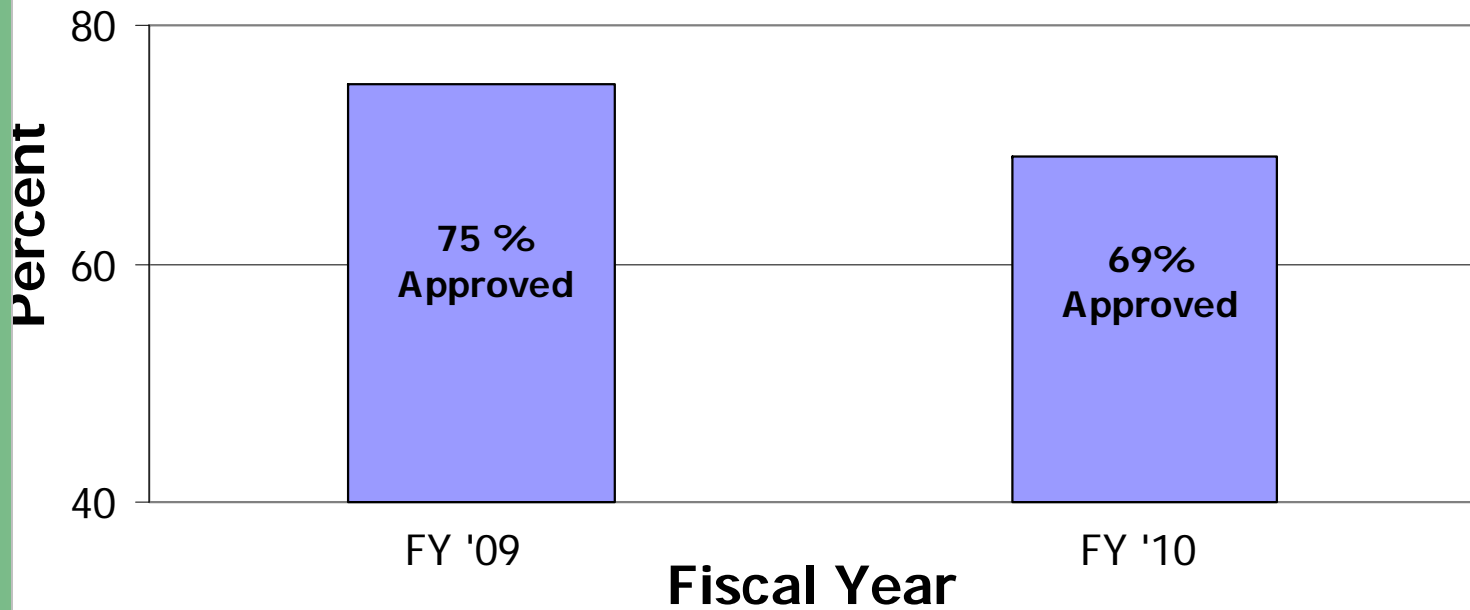
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Division of Trust Fund, Tax & Field Audit Tax Office Work Opportunity Tax Credit Unit

Work Opportunity Tax Credit Program Total Certifications FY09 vs. FY10

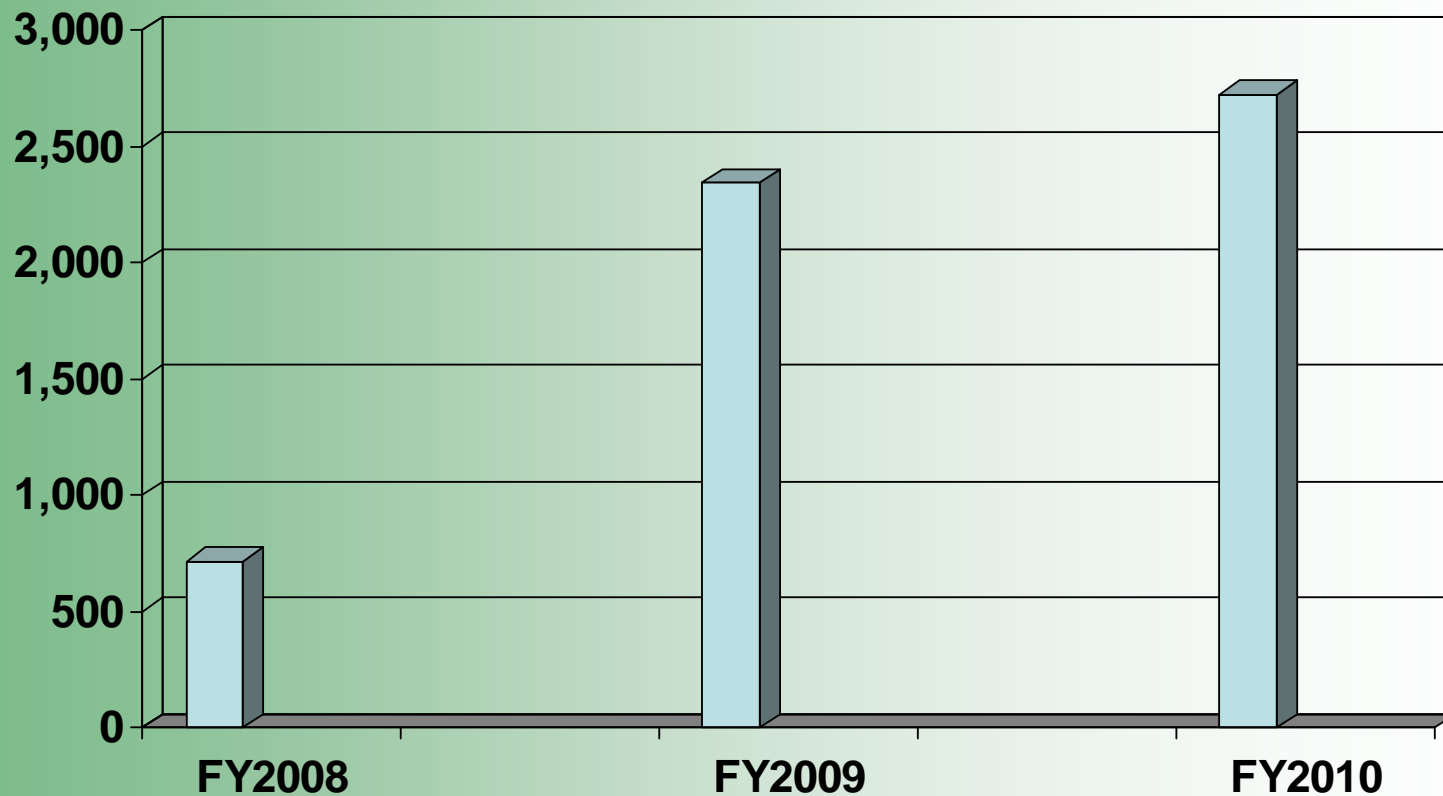


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Unemployment Insurance Agency Employer Customer Relations Employer Seminar Registrations



Comments:

Ninety three percent (93%) of total telephone calls were answered, with the exception during the three peak weeks

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**UIA Customer Service Contacts & Claim Filings
(Calendar Year Totals, 2010 data complete through November)**

	2008	2009	2010
Traditional Customer Service Channels:			
Call Centers, Call Answered	2,092,652	3,237,028	2,800,439
Problem Resolution Offices, Persons Assisted	101,119	339,812	336,390
Employer Customer Relations, Calls Answered	74,232	72,874	61,614
New and Enhanced Online Customer Service Channels:			
Claims Filed Online (as percentage of total filings)	39% ¹	53%	56%
Claim Portal (total accounts established) ²	31,134	296,941 (Nov. 2009)	500,000
Employer Web Account Manager (total accounts) ³	20,827	24,500	37,600
MARVIN: By Phone	5,160,763	10,460,838	7,262,119
By Internet ⁴	N/A	1,250,146	2,754,598
Webinars for workers and employers ⁵	N/A	68,257 (Launched in June)	91,495
ViPR ⁶ , Inquiries Received & Answered (Maintains 24-48 hour inquiry to resolution standard)	N/A	N/A	126,071
Claims Data:			
Regular UI, Initial Claims	1,132,684	1,515,347	839,599
<i>Regular UI, Continued Claims</i>	8,471,775	13,557,952	10,456,956
EUC, Initial Claims	170,822	809,406	373,553
<i>EUC, Continued Claims</i>	1,849,752	8,182,793	10,163,807
EB, Initial Claims	N/A	111,915	126,009
<i>EB, Continued Claims</i>	N/A	1,681,223	1,559,742

¹ In October 2008, the UIA leveraged the capabilities of its call centers and surveyed unemployed workers with the question, “do you have access to the internet?” The one month sampling produced data from 58% of claimants in the affirmative, foreshadowing actual 2010 data. This data forged the UIA’s strategic expansion of online services.

² The Claim Portal was launched in July 2008 and has been systemically enhanced to offer “value added” services as a strategy to drive more people to the UIA’s self-help, online services. Recent enhancements include: MARVIN online, changing benefit payment options, change of address, receipt of 1099G’s, and ViPR access. In November 2010, the UIA leveraged the Claim Portal’s capabilities to send emails to over 500,000 accounts – for free – to provide extension updates. A mailing of this magnitude would have cost \$200,000.

³ EWAM is the employer-side of the claim portal. Through EWAM, employers can file reports and pay their taxes online. In November 2009, the UIA executed a strategy to increase employer adoption rates. In one years’ time the strategy achieved a: (1) near 60% increase in employer accounts; (2) 35% increase in online payments submitted; (3) 37% increase in online tax reports submitted; and (4) 42% net increase in the total dollar amount received through EWAM.

⁴ MARVIN online was launched in February 2009 and is embedded within the Claim Portal. Rates of adoption increased quickly from date of launch (from 2.4% of all weekly MARVIN certifications) through the end of 2009 (19% of all weekly MARVIN certifications) through 2010 (about 27 ½% of all weekly MARVIN certifications).

⁵ The UIA launched its webinars in June 2009. At present, there are over 50 webinars for claimants and employers which (1) provide information on salient UI topics; and (2) serve as training modules for the UIA’s online services.

⁶ The Virtual Problem Resolution Team opened in January 2010 and serves as a virtual problem resolution office. The service is embedded within the secure “Claim Portal,” thereby protecting the confidentiality and security of personal information. In May 2010, the UIA emailed online surveys to 14,000 recent users where 98% of respondents stated that the feature was easy to use. The UIA earned a national award (NASWA) in September 2010 for this process innovation.